

NATURAL RESOURCES MANAGEMENT AS A SUSTAINABLE SOURCE OF STATE REVENUE IN ISLAMIC PUBLIC FINANCE: A PRELIMINARY REVIEW

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Abstract

Natural resource management in Islamic public finance is an important aspect that emphasizes the principles of justice, sustainability, and social responsibility. In this context, natural resources are not only considered a source of income but also a trust that must be utilized for the benefit of society as a whole. This study aims to analyze how natural resource management can contribute to sustainable state revenue, emphasizing the importance of fair distribution and protection of the environment. The result shows that applying Islamic principles in natural resource management in Indonesia is very relevant and in line with current practices. However, at the field level, the Indonesian state is still faced with several important things that contribute to the non-optimal contribution of PNBP SDA to total PNBP. This conclusion emphasizes the importance of reforms in natural resources management policies that are oriented towards sustainability, social, justice, and the welfare of the people to be relevant to continue to be rolled out and become scientific discussions.

Keyword: *Natural Resource Management; Islamic Public Finance; Income*

A. INTRODUCTION

Natural resources are one of the main components that support the country's economy. In various civilizations, natural resources have been a significant source of income, whether through agriculture, mining, forestry, or marine. Natural resources play a major role in improving people's welfare, providing jobs, and supporting infrastructure development.(Carl Bruch, Carrol Muffet, 2016) However, improper management often leads to overexploitation, environmental damage, and social injustice.(Sachs & Warner, 1995; Van Der Ploeg, 2011)

Data from the International Energy Agency (IEA), shows that carbon dioxide (CO₂) emissions from energy combustion and global industrial activities have reached 36.8 gigatons, an increase of 0.5 gigatons compared to 2021, causing geothermal temperatures to rise sharply because the earth lost 3.7 hectares of tropical primary forests due to forest burning(Adi Ahdiat, 2023). Then there are at least 23 million people in the world affected by mineral and coal mining processing waste.

Throughout the history of Islamic civilization from the time of the Prophet Muhammad SAW to the Uthmanids, it shows that natural resource management has played an important role as part of the source of state revenue. In addition, in Islam, the management of natural resources is not only aimed at obtaining state treasury income, but also how Islam teaches the value of justice, sustainability, and the welfare of society in general and also protects the natural environment.(Ramli, 2020)

From the Islamic perspective, natural resources are a mandate from Allah SWT which must be managed with the principles of *Al-Maqashid As-Syariah* including achieving justice, social welfare, and sustainability, and must not cause damage or harm(Kunaifi & Fachruddin Syah, 2023). Public finance in Islam, known as *Baitul Mal*, views natural resources as a source of income that must be used for social interests because it is public

ownership (*Milkiyyah Ammah*) as the prophet's hadith states that "Humans are united in three things, namely water, pasture, and fire" (H.R Abu Dawud).(Al-Mawardi, 1058)

This article aims to explore how natural resource management can be a sustainable source of state revenue. By analyzing empirical data, history, and Islamic principles, this article seeks to explore strategies and policies that can be adapted by modern countries, especially countries with abundant natural resources such as Indonesia.

B. RESEARCH METHODS

This research uses a qualitative approach with a literature study method (*library research*). The qualitative approach was chosen to deeply understand the principles of natural resource management in Islam and its relevance to natural resource management in the present, especially in Indonesia. Through narrative analysis, this research seeks to explore theoretical concepts from the Quran, Hadith, Islamic texts, historical studies, and contemporary academic sources as reference material in developing natural resource management policies as a sustainable source of income.

C. ANALYSIS AND DISCUSSION

Natural resource management in summary of Islamic history

The practice of natural resource management from an Islamic perspective has been running for a long time. Based on some literature, traces of successful natural resource management in the Islamic era can be traced from the civilization of water management in Andalusia to the era of the Abbasid caliphate(750-1258 AD).(Shamshiyev, 2024) Under Islamic rule, Andalusia became one of the most advanced examples of water management and irrigation. Muslim engineers there built highly advanced irrigation systems, with canals, dams, and underground water technology (*qanat*) that allowed dry land to become fertile. The state's success in managing water led to fertile agricultural areas such as olives, fruit, and wheat in large quantities and made Andalusia the main agricultural trade center in Europe at that time, thus strengthening the local and international economy.(Glick-Kirchner.Pdf, n.d.)

The Abbasid Caliphate (750-1258) was known for its success in managing gold, silver, and other metal mines. The mines were considered public property (*Milkiyyah Ammah*) and were managed by the state to support state finances. The proceeds from the mines were used for various purposes, including paying the salaries of government employees in building public infrastructures such as roads, bridges, and other public facilities. Some of the proceeds were allocated for military purposes.(Khaldun, 2001)

Success in mine management is also supported by the country's readiness to advance in science and technology. Mining mechanics, chemistry, and engineering advances greatly influenced mine exploitation efficiency. Scientists such as Al-Kindi and Al-Razi contributed to the fields of metallurgy and chemistry, making it easier to extract metals from ores more efficiently. (Ahmad Y.Al-Hassan, 1993)

During the Abbasid periods, mines were under the supervision of the central government. Mining management was not left to the private sector or wealthy individuals who could monopolize natural resources. The state took full responsibility for mining activities and implemented strict regulations regarding mine management. This prevented the misuse of mining wealth and ensured that mines were managed for the public good.(Khaldun, 2001)

The Abbasid Caliphate implemented policies to preserve the environment in mining activities. Although not as comprehensive as modern standards, these rules were based on sharia principles that prohibit

overexploitation and environmental damage. Abbasid caliphs, particularly Al-Ma'mun (813-833), ordered that mines should not be exploited indiscriminately and that they should be operated with consideration of their impact on local communities and the environment. (Arjomand, n.d.)

Natural resource as state revenue

Unlimited natural resources such as mining, oil, water, and gas are public property (*Milkiyyah Ammah*) (*Abd. Kholik Khoerulloh et al., 2020*) and individuals are allowed to benefit from them but are prohibited from owning them personally. As Hadith from Abu Khurasyi from some companions of the Prophet SAW said that the Prophet SAW said: (Hamdy, 2000)

الْمُسْلِمُونَ شُرَكَاءُ فِي ثَلَاثٍ فِي الْكَلِّ وَالْمَاءِ وَالنَّارِ

Meaning: Muslims are united in three things, pasture, water, and fire. (H.R Abu Dawud and Ahmad).

Imam Mawardi explains that general ownership is contained in the Law Chapter *Iqtha* (Granting of state land to the people), he explains that *Iqtha* is divided into two namely (Al-Mawardi, 1058):

- Iqtha'* with the status of property right (dead land, mining land, etc (if the amount is small)
- Iqtha'* with right of use status (*'usyr land*) there is subject to zakat obligation of one-tenth and caliph may not *Iqtha'* it. *Kharaj* lands the caliph may *Iqtha'*.

In the book, there is a specialization related to *Iqtha* mining which he subdivides into parts, namely, visible mining land and hidden mining land. Sheikh Abdul Qadim Zallum detailed Imam Mawardi's discussion related to mining, namely mining land as a limited natural resource and mining land as an unlimited natural resource.

In visible mining (limited) the Imams explained that the permissibility of the land is given by the state to individuals who want to manage it. Where the Prophet allowed Bilal bin Harith al-Mazaniy to own mining goods that already existed (since long ago) in the Hijaz region. So when the mining when the deposit is small and economical and not for trade, then someone can own it, and the state can also give it to individuals. However, they are obliged to pay *khums* (one-fifth) of the goods produced to the Bait al-Mal. (Abdul Qadim Zallum, 2009)

As for mining goods that are large in number, closed, and need further management, the state may not carry out *Iqtha*. And must be managed by the state directly and should not given to individuals or groups (Vidiati et al., 2024). The evidence used as a basis is the hadith of Abidh bin Hamal Al-Mazaniy (Abdul Qadim Zallum, 2009):

عَنْ أَبِيصَ بِنِ حَمَّالٍ أَنَّهُ وَقَدَ إِلَى رَسُولِ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ فَاسْتَقْطَعَهُ الْمَلِخَ فَقَطَعَ لَهُ فَلَمَّا أَنْ وَلَّى قَالَ رَجُلٌ مِنَ الْمَجْلِسِ أَتَدْرِي مَا قَطَعْتَ لَهُ إِنَّمَا قَطَعْتَ لَهُ الْمَاءَ الْعِدَّ قَالَ فَانْتَرَعَ عَنْهُ مِنْهُ قَالَ وَسَأَلَهُ عَمَّا يُحْمَى مِنَ الْأَرَاكِ قَالَ مَا لَمْ تَنْتَلُهُ خِفَافُ الْإِبِلِ ف

From Abidh bin Hammal he came to the Messenger of Allah SAW asking him to assign ownership of a salt mine to him and he assigned it to him. When he was about to leave, someone in the assembly said, "Do you know what you assigned to him? Surely you assigned him the land that has still water. Abidh said; He canceled it. He continued: He asked: What kind of land is permissible to live on? He replied: "That which is not trodden by the feet of camels." (H.R Tirmidhi No 1301).

Since the unlimited amount of mining goods is public property (*Milkiyyah Ammah*) of all the people, the state should not allow individuals or companies to exploit mining goods (natural resources). If the state is not able to do so, it can be delegated to groups or the private sector in the form of *shirkah* (cooperation) where the group receives a fee from the state for its efforts or services, or because the state rents equipment owned by them. (Abdul Qadim Zallum, 2009) So we get the scheme of natural resources management as state revenue as follows.

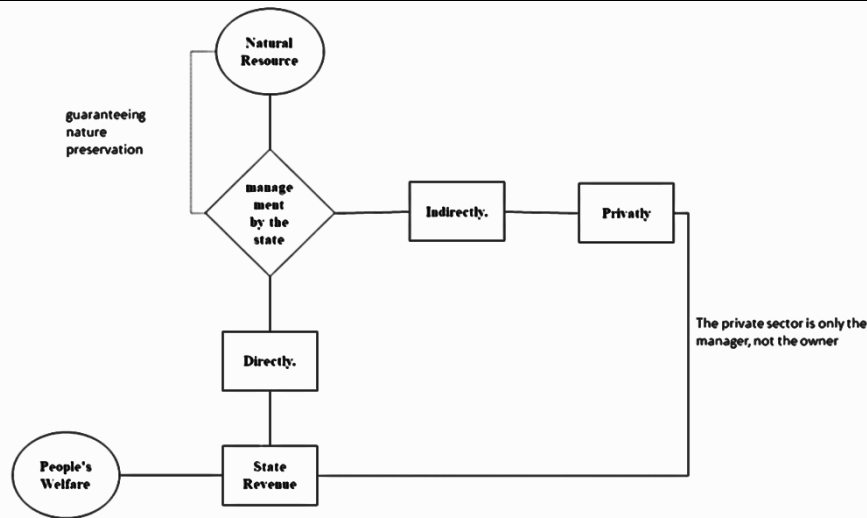


Figure 1. Schematic of unlimited natural resources as state revenue.

In Islam, natural resource management is not only for profit/ benefit. The basic principles of natural resource management are reflected in verses of the Quran that emphasize justice, sustainability, and care for the environment. The state is mentioned by Imam Mawardi as *Haritsatu ad-diin, wa Haritsatu dunya biddin*. That is a guardian of religion and the guardian of the world with religion. This is in line with the verse:

إِذْ قَالَ رَبُّكَ لِلْمَلٰٓئِكَةِ اِنِّىْ جَاعِلٌ فِى الْاَرْضِ خَلِیْفَةًۭ قَالُوْۤا اَنْتَ جَاعِلٌ فِیْهَا مَنْ یُّفْسِدُ فِیْهَا وَیَسْفِكُ الدِّمَآءَ وَنَحْنُ نُسَبِّحُ بِحَمْدِكَ وَنُقَدِّسُ لَكَۗ قَالَ اِنِّىْۤ اَعْلَمُ مَا لَا تَعْلَمُوْنَ
 “Remember when your Lord said to the Angels: “Surely I will make a caliph on the earth”, They Said: “ Why do you want to make on the earth one who will make mischief in it and shed blood, while we are always praising you and purifying you?” God said: “I know what do you do not know”. (Al-Baqarah:30)

Natural resources management in Islam based on several key principles, including:

- Fairness in Dtribution**
Natural resources are public property whose proceeds should be fairly distributed for the welfare of society.(Rohman, 2010)
- Sustainability (*Istishlah*)**
Natural resource management must consider the balance between economic utilization and environment. As Allah SWT says ((Hamdy, 2000; Iqbal, 2020)

وَإِذَا تَوَلَّى سَعَىٰ فِى الْأَرْضِ لِيُفْسِدَ فِيهَا وَيُهْلِكَ الْحَرْثَ وَالنَّسْلَ ۗ وَاللَّهُ لَا يُحِبُّ الْفٰسٰدَ

And when he turns away (from you), he walks the earth to cause mischief in it, and to destroy crops and livestock, and Allah love not mischief (Al-Baqarah: 205)

- Public Interest (*Maslahah*)**
The utilization of natural resources must be oriented toward the public interest, not just for the benefit of a handful of individuals or certain groups. In Islam, an Imam/ Caliph must prioritize *maslahah*, this is based on fiqh rules(Al-Nadwi, 1994):

تَصَرُّفُ الْإِمَامِ عَلَى الرَّأْيَةِ مَنُوطٌ بِالصَّلَاحَةِ

“ A leader’s policy towards his people must depend on the public interest”

Sustainable Management of Natural Resources as a Source of State Revenue in Indonesia

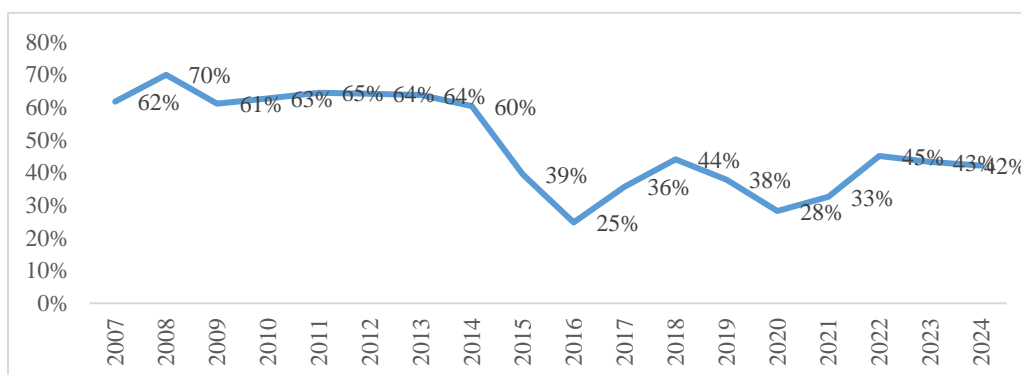
Based on the APBN Law from year to year, the sources of state revenue consist of two, namely taxes and non-taxes. Specifically, non-tax revenue is often referred to as Non-Tax State Revenue (PNBP). Based on the results of the investigation, it is known that one of the most significant contributors to the amount of PNBP in

Indonesia is derived from NTSR natural resources. In more detail, NTSR Natural Resource is divided into two parts, namely PNBP SDA MIGAS and PNBP SDA Non-Oil and Gas. For PNBP SDA MIGAS consists of petroleum and natural gas, while non-oil and gas consists of minerals and coal, forestry, fisheries, and geothermal.

In the period 2007-2024, the contribution of non-tax revenue from natural resources to total non-tax revenue was fluctuating but quite large. The largest contribution of PNBP SDA occurred in 2007 when the contribution of PNBP SDA reached 70% of total PNBP. Then after that, it fluctuates but tends to decrease to 42% in 2024.

The large contribution of PNBP SDA to total PNBP illustrates that the natural resources sector is important in the context of state revenue. In addition, the magnitude of this contribution shows that the acquisition of PNBP SDA is an important factor in achieving the target amount of state revenue from non-taxes. In its constellation with other sectors, revenue from natural resources is something difficult to replace.

Graph 1 Percentage of natural resources revenue to total non-tax revenues in Indonesia for the period 2007-2024



Source: BPS, Data processed

However, the amount of PNBP is still shaded by several crucial problems that hinder the maximum contribution to state revenue. From the results of the audit conducted by the Financial Audit Agency (BPK), there are at least three types of problems in the management of PNBP of mineral and coal natural resources, namely: First, there are levies without regulatory basis or managed outside the APBN mechanism. Second, there is a delay in depositing PNBP to the state. Based on the results of the BPK audit, in the 2008-2010 period, it reached 2.3 trillion.

Meanwhile, based on the results of the KPK study in 2013, based on field findings, and document analysis, there are at least four aspects of the problem that contribute to the non-optimal contribution of SDA to total PNBP. This aspect of management starts from the process of planning the types and rates of PNBP, the process of calculating PNBP obligations, billing and then depositing, then deviation and distribution. Regulatory aspects, there are still several unsynchronized regulations regarding the determination of PNBP. In organizational and human resource aspects, there are still limited organizational tasks and functions and limited human resources themselves. In a further context, these aspects of the problem ultimately contribute to the potential loss of state revenue from the non-performance of mandatory PNBP obligations. Based on the results of the KPK study in the same period, the total state loss from non-payment of PNBP SDA in 2011 reached 6.7 trillion. Technically, some components of the obligations paid consist of three components, namely in the form of a Mining Business License (IUP), Contract of Work, and Coal Mining Concession Work Agreement (PKP2B).

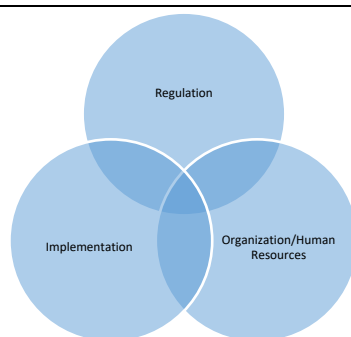


Figure 2. Aspects of Problems in Natural Resources PNPB Management

D. CONCLUSION

Natural resource management as one of the sources of Islamic public finance emphasizes justice, social responsibility, and sustainability. In Islam, natural resources are seen as a trust that must be utilized wisely for the public interest, not for a handful of individuals. Revenues from natural resources, such as zakat, kharaj, and ushur, play an important role in supporting state development and community welfare.

The principle of sustainability in Islam is highly relevant in the face of current global challenges, such as environmental degradation and economic injustice. By adopting Islamic principles that prioritize the balance between economic utilization and environmental sustainability, natural resource management can become a sustainable and equitable source of income for all people, both now and in the future.

However, at the field level, the Indonesian state is still faced with several important issues that contribute to the non-optimal contribution of natural resources non-tax revenues to total non-tax revenues. This is an urgent challenge that must be resolved immediately so that natural resource management can provide maximum contribution to total state revenue.

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