5th INTERNATIONAL CONFERENCE OF ZAKAT PROCEEDINGS
ISSN: 2655-6251

Fiscal Policy in Bahrain and Its Impact to State's Economic Performance

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Paper to be presented at the 5th International Conference of Zakat (ICONZ)
22-23 November 2021, Jakarta, Indonesia

ABSTRACT

Kingdom of Bahrain becomes one of Middle East State list that is worth considering. In 2020, a monarchy state that relies on its economy through hydrocarbons facing economic correction due to COVID-19 pandemic, despite it grew well years before. Bahrain's GDP with expenditure approach dominates by exports of goods and services. From 2016-2020 Bahrain experienced budget deficit, but the deficit decreased in every year. The purpose of this research is to explain Bahrain's fiscal policy and its effect to this state's economic performance. This research used qualitative method, describing empirical data to solve research problems through secondary data collected from credible institutions. The result of this research shows that during this past five years (2016-2020) Bahrain's fiscal policy affect its economics performance in general. Bahrain's fiscal policy is the type of policy that generate productive economy. The implementation of Zakat to reduce poverty shows that Bahrain implements fiscal policy in Islamic perspective. This kind of policy support state's economic performance that leads Bahrain to be great.

Key word: Fiscal Policy, Economics Performance, Bahrain.

INTRODUCTION

Fiscal policy is a basic system of a state that is directed by the government to allocate the state's resources. Other than fulfilling justice principal, fiscal policy also impacting multidimensionality of people's lives. Tahir (2013) stated that fiscal policy related to state's budgets decided by the government. The term government is described as central government, municipal government, and local government. However, there have been many sources stated that central government is the subject of fiscal policy. Fiscal policy generally includes government expenditures, tax and transfer, and debt management as well.

Islam as a comprehensive religion in directing many dimensions of lives-not only in term of individual context, but also in a wider range, called "state"- has complex perception about fiscal policy concept. Jaelani (2017) mentioned that fiscal policy in Islamic perspective concern in government duties on managing the state's budgets to achieve justice and guarantee public security. Metwally (1983) argued that in general, Islamic economic views the calculation of fiscal policy using fiscal policy in conventional economics variables, although application and impact will be different. Zakat is considered as important variable in Islamic fiscal policy, which affect macroeconomic variables, such as consumption and investment.

Real application of Islamic fiscal policy that includes Islamic variables such as zakat, infaq, alms, wakf, jizyah, ghanimah, ushr, kharaj, and others was only evidently implemented in early days of Islamic civilization, started from Prophet Muhammad SAW., until continued by Khulafaur Rashidin. Islamic fiscal policy also still be seen clearly when the Islamic caliphs were in power, such as during the Abbasid dynasty when caliph Harun Ar-Rashid led or Caliph Umar Bin Abdul Aziz who recorded extraordinary receipts and uses of zakat. Nowadays, Islamic fiscal policy instrument that is still widely used is zakat. However, not all countries that have regulation about zakat made this instrument to be official income, which means zakat is collected and distributed by legal institutions, official agency and NGO, but it is excluded from the state budget management.

States that implement or have regulations related to Islamic finance are interesting for further analysis of their fiscal policies to see Islamic fiscal policy implementation or at least to check the appearance of Islamic fiscal policy variables that might be used. Other than the state income and expenditure budget, the gross domestic product component can describe a state's fiscal policy, either with the tools of income or expenditure approach. Based on this matter, it can be seen implicitly whether expenditure of a state is the typical of a consumptive economy or a productive economy. Besides, policy related to poverty alleviation, debt management, and pricing in term of reduce inflation also well describing the appearance of Islamic fiscal policy implementation in a state. In other words, macroeconomics variables summoned before are influenced by fiscal policy directed by government of a state.

Fiscal policy that has the function of allocation, stabilization, and redistribution also affects economic growth, which is usually related to the taxation and transfer system (Macek & Janku, 2015). Olson in Macek & Janku (2015) mentioned health government institutions as a determinant of economic growth. One indication is government spending, productive or unproductive (Kneller in Macek & Janku, 2015). Citing a research conducted by Butkiewiez & Yanikkaya in Macek & Janku (2015), consumptive spending has a negative impact on economic growth, while productive spending has a positive impact on economic growth. Fiscal policy will also be affecting other macroeconomic variables, such as inflation, exchange rates, poverty, and others.

Bahrain is one of a state in the Middle East Region that is interesting for further analysis. The state that adheres to monarchical system of government (kingdom) is 20% of its state income depends onto hydrocarbons sector, 16.8% is contributed by financial sector, 14.1% is dominated by the manufacturing sector, and the rest is contributed by other sectors. Like most countries globally, Bahrain's economic growth also decreased by 8.9%yoy due to the Covid-19 pandemic. The oil sector contributed to increasing the Real GDP growth rate by 3.2%yoy, but Nominal GDP fell by 47.9% due to the decline in oil prices to the lowest level. The non-oil sector contracted by 11.5% in real terms and 14.7% in nominal terms (ICD, 2020). Bahrain's financial sector which ranked third in its contribution to Bahrain's GDP is also interesting to examine more deeply. The development of Islamic finance in Bahrain is noteworthy as well. According to ICD (2020) data, Bahrain ranks third in Islamic Development Index category, which is below Malaysia and Indonesia. Total Islamic financial asset of Bahrain is USD 96 billion, where this value reaches 124% of its GDP.

Based on the explanation above, it is interesting to do further analysis about fiscal policy in Bahrain and the state's economic performance with Islamic fiscal policy approach. This study aims to describe Bahrain's fiscal policy and its impact on Bahrain's economic performance. This study also tries to see the implementation of Islamic fiscal policy in Bahrain. Hopefully, the findings will be useful for other countries and Bahrain itself to achieve better economic performance through fiscal policy learned from what Bahrain already implemented.

LITERATURE REVIEW

Fiscal Policy in Islamic Perspective

In the early 30's, the state was not able to determine economic policies due to limited role in managing budgetary resources and allocation of funds to meet the needs of the public. This is related to the principle of individual freedom at that time. Then, government intervention is needed to overcome the crisis and the spread of socialists. It aims for macroeconomics stability by seeking a fair distribution of income (Marthon in Huda & Muti, 2011).

Suharto in Huda & Muti (2011) mentioned four important concepts in Abu Ubaid's thoughts on public income which means that several forms of wealth are managed by government for the people, namely the existence of amwal (wealth), territory (management), inamah (government), and ro'iyah (people).

According to Abu Ubaid, public wealth is divided into two, namely mall mutawwaqom (precious wealth) and maal ghoyr mutawwaqom (worthless wealth). As-Syayiji in Huda & Muti (2011) defines public finance as a collection of principles and rules of public wealth taken from Islamic sources, namely Qur'an, Sunnah, and Ijma' which regulates and explains public economic activities in Islamic States and the findings of the experts in the form of rules and solutions translated from these basic sources according to time and place.

There are several instruments a state may be used for managing the state's financial budget through fiscal policy. Huda et al, (2010) stated that fiscal policy pointed on taxation system as one of government income and determination of government spending to ensure the achievement of economic goals and infrastructure targets that have been set. The function of the state cannot be separated from fiscal policy in Islamic perspective. Huda et al, (2019) described fiscal policy in Islamic perspective is related to state revenue and expenditures. The function of fiscal policy in Islam are listed below:

a. Collection and distribution of fiscal duties in Islam, namely zakat.
b. Collection and allocation of non-zakat funds, namely taxes and other state's income.
c. Controlling and managing public goods and other resources.
d. Determining and growing public services and facilities.
e. Using fiscal instrument if it is necessary, in term of public interest.
f. Estimating the need for public borrowing and managing debt.

Rozalinda in Aini (2019) listed several characteristics of fiscal policy in Islamic perspective, they are:

a. The state spending is based on income; thus, budget deficit may be rare.
b. Proportional tax system, where in Islamic economic perspective, tax is based on productivity rate. For example, in kharaj system, the amount of tax is determined based on the condition of soil fertility, irrigation systems and plant types.
c. The amount of zakat is determined by profit, not on the amount of goods.

In Islamic history, fiscal policy occupies a strategic position to build a planned and directed the state's financial management (Aini, 2019). Income as one of the main studies in Islamic fiscal policy becomes an important variable, because it is related to wealth. Looking back at the history, at the era of the Prophet, the Khulafaur Rashidin, and the Caliphs after him, had their own style in collecting state revenues. Aini (2019) stated that the state income in Islamic economic perspective is zakat, kharaj (agriculture tax), jizyah (individual tax), khums (tax on spoils of war), ushyur (trade tax), kalalah inheritance (wealth from people who do not have heirs), kaffarat (fines), grants, and other income collected from halal assets.

Macroeconomic Performance

Makiw in Bella (2018) stated that macroeconomic is a study of the economy overall economic system, including income growths, price changes, and unemployment rate. Bella (2018) mentioned that macroeconomics is part of economic studies that focus on economy in large scale of state, including economic growth, inflation, unemployment, exchange rates, etc.

a. Gross Domestic Product (GDP)

GDP is the value of goods and services produced in a country in a particular year using the factors of production belonging to the public and those of residents of other states. GDP is commonly valued by nominal price and can also be calculated from nominal price and constant price as well (Sukirno in Bella, 2018).

GDP is one of three concepts in calculating national income in nominal units. The other concepts are Gross National Product (GNP) and National Income (Bella, 2018).

GDP growth is one of important indicator used for evaluating economic performance of a state (Mihaela et al, 2017). GPD in nominal and constant price are the instrument to evaluate this. Badan Pusat Statistik (BPS) (2021) explain PDB as amount of added value produced by all business units in a particular state or is the total value of final goods and services produced by all economic units.

GDP at nominal price describes the added value of goods and services which is calculated using current prices every year, while GDP at constant prices show the added value of these goods and services which is calculated using prices valid in one particular year as the base year.

b. Inflations

According to Karim in Bella (2018) inflation is a condition in which the general price level of goods or commodities and services during a certain period of time. Modern economists define inflation as the overall increase in the amount of money that must be paid (the value of monetary unit of calculation). For goods and commodities and services. Rahman et al, in Bella (2018) explain the classification of inflation based on its severity, namely: (i) mild inflation (below 10% a year), (ii) moderate inflation (10-30% a year), (iii) severe inflation (being between 30-100% a year), and (iv) hyperinflation (above 100% a year)

c. Exchange Rate

Exchange rate is the comparison of the value of a foreign currency with the value of the domestic currency. Determination of foreign exchange rates can be divided into two systems, namely fixed exchange rates and flexible exchange rates. Fixed exchange rate means a system of determining the value of foreign currencies in which the central bank sets prices for various foreign currencies and these prices are not changed over a long period of time. Meanwhile, the flexible exchange rate is the value of foreign currency which is determined based on changes in supply and demand in the foreign exchange market (Sukirno in Bella, 2018).

RESEARCH METHOD

Research method used in this study to answer research question is qualitative method. According to Moleong in Kusumastuti & Khoiron (2019) qualitative research is a research that used non-statistics analysis or other quantitative analysis. Data collection in this research is literature study, thus the type of data collected is secondary data. The data is collected from several sources: Ministry of Finance and National Economy Bahrain (MoFNE BH), Macrotrends, Knoema, and GCC-STAT. According to the research problem, this research needs data of Bahrain GDP, Bahrain Income and Expenditures, Bahrain state’s budget, Global Oil Prices, and other data related to economic performance of Bahrain during the period of study (2016-2020). After data needs is successfully collected, the analysis process is done through describing the data collected. The final process is describing the results by concluding and giving some recommendation related to this study.

RESULTS AND DISCUSSION

Bahrain Fiscal Policy

Bahrain is a country in the Middle East Region whose economic performance should be pointed. Bahrain become one of countries that relies on its economy through oil and gas (hydrocarbons). Although Bahrain is classified as a "small" country, its economic performance is worth considering. According to Kingdom of Bahrain Ministry of Finance and National Economy (MoFNE BH, 2021) during this past five years (2016-2020) Bahrain has experienced budget deficit. Figure 1 below shows Bahrain budget deficit 2016-2020.

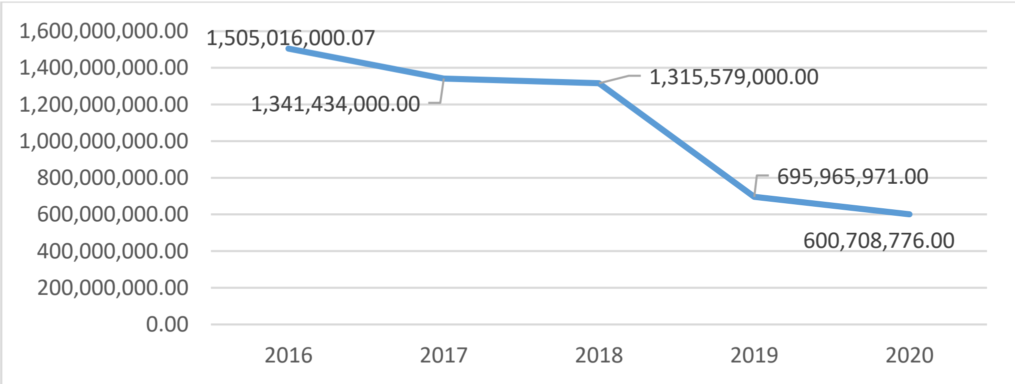

Figure 1. Bahrain Budget Deficit

Source: MoFNE BH, 2021 (processed)

Based on Figure 1 above, it shows that for the last five years Bahrain has experienced budget deficit. This is caused by negative different between income and expenditure. Nevertheless, Bahrain's budget deficit from year to year decreased, which means that there was improvement in the deficit. In other words, from year to year, Bahrain state's income is increasingly able to cover up the state's expenditure burden. In 2016 Bahrain experienced a budget deficit of BD 1,505,016,000, while in 2020 Bahrain's budget deficit decreased quite a lot of BD 600,708,776. In more detail, the following part is Bahrain's 2016-2020 income breakdown.

Table 1. Bahrain's 2016-2020 Income (BD)

Description	*2016 Budget*	*2017 Budget*	*2018 Budget*	*2019 Budget*	*2020 Budget*
Oil & Gas Revenue	1,883,722,000	1,780,737,000	1,842,273,000	2,076,773,000	2,141,819,000
Future Generations Fund	(20,641,000)	(20,586,000)	(20,586,000)	(20,586,000)	(20,586,000)
Oil Subsidies in Local Market	(105,468,000)	(34,598,000)	(25,490,000)	(24,140,000)	(24,950,000)
Net Oil & Gas Revenue	1,757,613,000	1,725,553,000	1,796,197,000	2,032,047,000	2,096,283,000
Non-Oil Revenue	391,721,000	484,508,000	547,218,000	783,654,359	850,210,554
Grants	28,200,000	28,200,000	28,200,000	-	-
Total Revenue	2,177,534,000	2,238,261,000	2,371,615,000	2,815,701,359	2,946,493,554

(Source: MoFNE BH, 2021)

According to table 1 shown above, it is known that Bahrain's Income consists of oil and gas, non-oil and gas, and grants. The grants became Bahrain's revenue only until 2018, while in 2019 and 2020 there was no grants income. From 2016-2018, Bahrain's income is dominated by oil and gas sector of around 80%, non-oil and gas sector contributes 19% of income, and the remaining 1% is generated by grant income. Meanwhile, in 2019-2020 the proportion of Bahrain revenue is dominated by the oil and gas sector as much as 71% and the remaining 29% is contributed by on-oil and gas sector.

The decline on the contribution of oil and gas was partly due to the increase in income from the non-oil and gas sector from year to year. This change the proportion of oil and gas to Bahrain's total income is interesting to look at more closely. One of the causes of the decline in income from the oil and gas sector is the decline in world oil prices. From table 1 above also known that Bahrain reserves funds for future generations and oil subsidies as deduction from oil and gas income accounts.

Table 2. World's 2016-2020 Oil Prices

Year	***Price/barrel (USD)***
2020	39.68
2019	56.99
2018	65.23
2017	50.8
2016	43.29

Source: *www.macrotrends.net*

World oil prices fluctuate as caused by the uncertainty global economy. Based on table 2 above, oil prices began to experience a significant decline in 2019, compared to 2018 of around USD 56,99/barrel. Oil prices in 2020 also continued to decline at USD 39.2/barrel. According to (Worldometer, 2021) Bahrain's oil reserves reach 124.5 million barrels per day (ranked 67th in the world), of which oil production reached 63,886 barrels per day and oil consumption reached 62,000 barrels per day. Bahrain also imported 212,417 barrels of oil, bringing the daily oil surplus to 1,886 barrels. Meanwhile, according to Knoema (2021) Bahrain's oil production is 205.87 thousand barrels per day, with crude oil export value of 153.05 thousand barrels per day and gasoline consumption of 41 thousand barrels per day.

MofNE BH (2021) recorded in the quarterly period, the oil sector experienced a short-term decline of 13% of real GDP in the 4th quarter of 2020 due to periodic maintenance at the Abu Safa'ah offshore oil field. Crude oil production in the last three months of 2020 was 181,777 barrels per day, which is decrease of 11.8% compared to the previous quarter. Oil production is relatively stable with extraction from Bahrain's onshore oil fields, with an average production output of 43,313 barrels per day, an increase of 2.2% compared to 2019.

Oil and gas as the main support of Bahrain's income is a long-term investment for the country. MofNE BH (2021) recorded several investment activities related to oil and gas, as follows:

a. The construction on Bapco's oil refinery expansion project, the largest in the Kingdom's history, reached 65% completion and is on track for completion by the fourth quarter of 2022.
b. The National Oil and Gas Authority and Eni Rewind, the environmental services subsidiary of the Italian oil company Eni, signed a Memorandum of Understanding to identify and promote opportunities for water, soil and landfill management and repurposing in Bahrain. Such projects will contribute to the implementation of the United Nations 2030 Global Goals for sustainable development.
c. Nogaholding, the government-owned oil sector holding company, signed a memorandum of understanding with the US chemicals company Air

Products & Chemicals to assess the feasibility of developing a hydrogen economy in the kingdom. The agreement will be carried out in multiple stages, the first being a local analysis of the availability of hydrogen gas.

d. Nogaholding signed a joint study agreement with Chevron Middle East with the objective of assessing the future demand for gas in the Kingdom and identifying potential sources of supply to meet these requirements as well as to support potential future supply chains linked to the LNG terminal.

Table 3. Bahrain's 2016-2020 Expenditures (BD)

Description	***2016 Budget***	***2017 Budget***	***2018 Budget***	***2019 Budget***	***2020 Budget***
Recurrent Expenditures	2,564,661,000	2,596,401,000	2,712,841,000	2,725,976,330	2,760,845,330
Government Subsidies	652,889,000	653,294,000	644,353,000	585,691,000	586,357,000
Total Recurrent Expenditure	3,217,550,000	3,249,695,000	3,357,194,000	3,311,667,330	3,347,202,330
Projects Expenditure	465,000,000	330,000,000	330,000,000	200,000,000	200,000,000
Total Expenditure	3,682,550,000	3,579,695,000	3,687,194,000	3,511,667,330	3,547,202,330

(Souce: MofNE BH, 2021)

Bahrain's Expenditures

Recurrent Expenditures dominate Bahrain's expenditures posts with a proportion more than 90%, while the rest is used for project expenditures of less than 10% of total expenditures. Bahrain's total expenditures is in the range of BD 3.5 billion, where this value has fluctuated but not too much volatility over the last five years, from 2016-2020. Recurrent expenditure consists of recurrent expenditures and government subsidies. The recurrent expenditures are in the range of BD 2.5 billion – BD 2.7 billion, where it does not change much every year. Meanwhile, the government subsidy in the first three years of observation, from 2016-2018 was n the range of BD 650 million, then decreased in the following years, namely in 2019 only BD 585 million and in 2020 it was BD 586 million. The largest expenditures for project expenditures were in 2016 which amounted to BD 430 million, then decreased in the following years until it reaches its lowest value in 2019 and 2020, which was only around BD 200 million.

GCC-STAT (2020) stated that based on the expenditures approach, Bahrain's GDP is dominated by exports of goods and services. For example, in 2018 this sector contributed 79.6% (USD 27.7 billion), while imports accounted for 71.8% (USD 23.5 billion) of total GDP. Investment achieved a fairly high growth of 17.1% with a contribution of 36.4% (USD 11.2 billion) to GDP. Meanwhile, household consumption is worth 39.6% of GDP (USD 12.7 billion) and government spending is 16.3% (USD 5.6 billion) of GDP.

The Impact of Bahrain's Fiscal Policy on the State's Macroeconomic Performance

MofNE BH (2021) reported that in fourth quarter of 2020 Bahrain was in the process of economic stabilization due to the Covid-19 pandemic. This is supported by several economic stimulation packages, preventive measures, as well as a campaign of Covid-19 vaccination. Bahrain's economic growth was contracted by 5.8% in Real GDP measurement, and 10.2% in Nominal GDP measurement. The Covid-19 pandemic affect more onto Bahrain's oil and gas sector generally. Table 4 below shows the summary of Bahrain's 2020 economic performance showed by some variables with 2019 as comparison.

Table 4. Bahrain's Economic Performance Summary 2019 & 2020

	2019	***2020***
Real GDP growth (%)	2%	-5.8%
Non-hydroacrbons sektor	2%	-7%
Hydrocarbons sektor	2.2%	0.1%
Nominal GDP Growth (%)	2.2%	-10.2%
Inflation (CPI %)	1%	-2.3%
Current Account (% of GDP)	-2.3%	-9.4%
Crude Oil Brent (USD)	64.4	41.7

(Source: MofNE BH, 2021)

Based on Table 4 above, it is known that most of listed economic variables experienced performance decline, except the hydrocarbons sector which gave better value by 0,1% growth in 2020 yoy. Even nominal GDP corrected by -10.2%. The decline in aggregate economic performance was caused by the decline in income from non-oil and gas sector. Hydrocarbons also contributed to this matter, which only grew by 0.1% due to the correction in crude oil prices. During this past five years, Bahrain reported excellent economic growth. GDP as one of the indicators of economic growth were positively increase from 2016-2019.

Table 5. Bahrain's 2016-2020 GDP

Year	***2016***	***2017***	***2018***	***2019***	***2020***
Value (Billion USD)	32.25	35.42	37.65	38.57	33.9

(Source: tradingeconomis, 2021)

Positive growths of GDP from 2016-2019 show that Bahrain has improved their economic performance. In 2017 Bahrain's GDP growth rate is 9.8%, the highest growth of this past five year. GDP growth rate still showed positive growths in 2018 and 2019, exactly at 6.29% and 2.44%. The special year, 2020 showed negative performance. GDP growth rate in 2020 decline at -12.1%, the worst performance during this past five years. The correction in GDP was caused by the decline in the national and global economy due to the Covid-19 pandemic. GDP describes the general economic condition. Positive growths of Bahrain's GDP in 2016-2019 shows increasing in economic activities. This also can be concluded that generally, Bahrain's economic performance over the last five years tend to increase.

Table 6. Bahrain's 2016-2020 Inflation Rate

Tahun	***2016***	***2017***	***2018***	***2019***	***2020***
Nilai (%)	2.79	1.39	2.09	1.01	-2.32

(Source: Statista, 2021)

Table 6 above describes Bahrain's 2016-2020 inflation rates over the last five years. It is known that Bahrain's inflation rate in 2016-2019 was in stable condition. Bahrain experienced highest inflation rate in 2016 at 2.79%. this indicates that prices in Bahrain are quite stable with inflation rate tends to be low. However, in 2020 Bahrain experienced deflation at -2.32%. This might be caused by decline in economic performance that also described public's purchasing power tend to be low.

In terms of poverty alleviation, Bahrain has adopted several procedures and policies to reduce poverty rate and distribution of the poor in the state (Abdelbanki in Abdelbanki, 2013). Among all procedures and policies that have been carried out to achieve this goal is the establishment of a Zakat and Charity Funds under Decree-by-Law No. (8) of 1979 which was amended to Decree-by-Law No (12) in 1993 to become officially accredited institution to collect zakat and other social funds, then distribute these funds to recipients based on applicable regulations. This institution aims to increase awareness of the obligation to pay zakat and is collection and distribution Mechanism as a bridge for zakat *mustahiq*. The Zakat and Charity Fund collects zakat funds and other social funds from institutions, individuals, and banks (Abdelbanki, 2013).

Zakat in Bahrain is managed by The Ministry of Justice and Islamic Affairs (MJIA). The MJIA does not only manage zakat but also collects other funds, such as *sadaqah* from public. Zakat Funds that the MJIA collect are subject to financial and administrative control by other ministries and organizing bodies including ministry of finance and external audit to ensure the funds are being managed with integrity and transparent, although reports of zakat collection are not published by MJIA. In terms of fund distribution, MJIA conducts various programs including food coupons to family in needs, Eid Fitri costume, project for people with disabilities and autism and winter clothing. Statistics on total *zakat* distribution to *asnaf* are also not publicly available. The MJIA provides online *zakat* services including *zakat* calculations tool and online *zakat* payment. Beginning 2018, the Ministry has upgraded the zakat payment services by introducing the online *zakat* payment through the e-government *Islamiyat* mobile app. This helps *zakat* payers to pay *zakat* anytime and anywhere (Muhammad, 2019).

Generally, Bahrain has good economic performance. Based on World Bank's Women, Business, and Law 2021, Bahrain score increased by 9.3% points, which is 55.6 out of 100. This report measures the level of women's participation in the economy and equality between men and women in 190 countries. Bahrain managed to score 100/100 in the entrepreneurship sub-index category and 75/100 in the pension sub-index. In addition, Bahrain ranks 15th out of all global competitive markets and ranks 7th in the business realm based on the Agility Emerging Markets Logistics Index 2021 which indicates ease of regulation for private companies and corporate governance by supporting more adaptable systems compare to international standards (MofNE BH, 2021).

CONCLUSION & SUGGESTIONS

Conclusion

According to explanations above, it can be concluded that:

a. Bahrain's income is dominated by hydrocarbons sector. In this case, Bahrain relies its economy on hydrocarbons sector by utilizing resources they have. Bahrain have also set several long-term investments, so that the main support for their economy sustain, either by maintaining or seeking new oil refineries.
b. From expenditures approach, known that Bahrain's GDP is dominated by export of goods and services at % in 2018. Other sectors, in order mentioning, are import of goods and services, consumptions at 39%, and investment at 17%. According to this data, Bahrain's economy can be classified as productive economy. High exports value describe ability to meet domestic's needs of goods and services. Household consumption that contributes 50% of GDP indicates non-consumptive economy. Therefor, investment contribution to GDP is quite low especially for a state that is blessed by hydrocarbons resources.
c. It can be concluded that Bahrain's fiscal policy affects its state's macroeconomic performance. Except in 2020, Bahrain's GDP always meets positive growths over last five years. The stable rate of inflation also indicates price stability of the state.
d. Bahrain's fiscal policy reflects Islamic fiscal policy in Islamic perspective. It can be known from productive economy. By utilizing state's resources and doing several investment projects on them, Bahrain shows their seriousness in managing resources in term of sustainability. This also meets Islamic value. Poverty alleviation program by

manage zakat funds and other charity funds well, become other example of Bahrain fiscal policy in implementing Islamic fiscal policy in Islamic perspective.

Suggestion

a. To meet the objectives of this research, a qualitative method is done by doing literature study. This causes limited analysis due to lack off information. Other methods can be used for future studies to answer research problem more deeply, for example by doing interview to the experts related to this case.
b. Fiscal of Bahrain reflect value in Islamic fiscal policy and resulted good economic performance. Other countries may learn from Bahrain with all the limitation and imperfections

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