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Conversion of DAPM Institution Community Empowerment Trust Fund Allocation Transactions in Konda District into Sharia Contracts

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A B S T R A C T

This research aims to convert the Community Empowerment Allocation Fund Distribution Transaction contract into a Sharia-compliant alternative for individuals seeking to avoid usury. It employs a qualitative approach, focusing on a case study of the DAPM Institute in Konda District, Southeast Sulawesi. Data gathered through observation, interviews, and documentation reveals that the transaction contracts in the Women's Savings and Loans (SPP) and Productive Economic Enterprises (UEP) programs in Konda District contain elements of Riba. These programs primarily cater to community needs for goods and services procurement and serve as capital or additional business capital, which can be substituted with *murabahah*, *istishna*, *mudharabah*, and *musyarakah* contracts. In conclusion, financing for goods and services should utilize *murabahah* or *istisna* contracts, while capital or additional business capital may employ mudharabah or musyarakah contracts.

1. Introduction

Microbusinesses are individual businesses or companies that are closed in nature and rely on capital from the owner. Therefore, the amount of capital for business development is one of the problems that often occurs. Limited capital can affect the production process of micro businesses. The reluctance of micro-business entrepreneurs to take advantage of loans is also possible because they do not know anything about loan funds or the loan procedures are complicated in addition to the low ability of micro-businesses to provide collateral, either due to limited ownership of valuable assets or the lack of legality of assets owned by micro businesses (Hidayanti, 2019). In fact, micro-businesses are one of the business clusters that have a large contribution to creating jobs in Indonesia. In the Ministry of Cooperatives report, it is stated that Micro, Small and Medium Enterprises (MSMEs) contribute up to IDR 8,573.9 trillion to the Indonesian economy, much higher compared to large businesses, which only amount to IDR 5,464.7 trillion. Apart from this quite large economic contribution, MSMEs also absorb large-scale labor so they can reduce unemployment. (Ministry of Cooperatives, 2020). Based on the results of data collection from the Southeast Sulawesi Province Small and Medium Enterprises Unit, for the South Konawe district, there are 29,680 Micro and Small Enterprises (UMK) and 110 Large Medium Enterprises. Meanwhile, BPS data for South Konawe Regency in 2020 showed that there were 348 registered business actors, especially in Konda District, totaling 348 Micro and Small Enterprises. (Central Statistics Agency, 2020).

Paying attention to this, the government, especially the Ministry of Home Affairs, has created a program that they hope will help strengthen capital and develop small businesses that are run by the community through a follow-up program from the National Independent Community Empowerment Program (PNPM-MD). The Ministry further decides on the choice of form of DAPM Management Legal Entity in accordance with applicable laws and regulations, namely: (1) Cooperative, (2) Legal Entity Association (PBH), and (3) Limited Liability Company (Indriani et al., 2020). DAPM, which is located in Konda District, Tenggar Sulawesi, was founded in 2015 in the form of a legal entity that focuses on revolving savings and loan funds and productive economic businesses.

The results of research conducted by Kartika Ayu Pratiwi, the Community Empowerment Trust Fund, have an important role in improving Micro Enterprises in the Konda District area. The role that has been given is disbursing loans for businesses, as well as disbursing loans for consumers, especially for health and education funds. However, the transactions carried out still use an interest system. Transactions applied to DAPM revolving funds with a service application of 1.5% at the beginning of the agreement as service interest on the loan. (Kartika Ayu 2019). Research entitled Improving Community Socio-Economic Status Through the Community Empowerment Trust Fund (DAPM) Program in Pakuncen Village, Pakuncen District, Banyumas Regency. The research results show that the DAPM program in Pakunecn village is considered to be able to develop by providing SPP and UEP loan capital to the community so that they can become productive people who can develop their businesses further. This data can be seen from the high participation of the Pekuncen village community in the DAPM program. In each RW, there are SPP or UEP groups.

Meanwhile, the success rate reached 90%, while the UEP rate reached 96%. The economic impact felt by the Pekuncen village community is that it can improve the family economy by developing productive businesses. The social impact is an element of cooperation that has the character of taking responsibility in resolving group problems and can help poor residents in the village.

Based on BPS data from the South Konawe Regency, Konda District is one of the 25 sub-districts in the South Konawe region. The population in Konda District is 21,573, with a Muslim population percentage of approximately 97.83% (South Konawe Regency Central Statistics Agency, 2021). From these two studies and other research regarding the DAPM Institution, no one has discussed the conversion of transaction contracts as an alternative contract so that people are free from usury. Therefore, this research aims to find out how to convert contracts in the Konda sub-district DAPM distribution to Sharia contracts.

2. Literature Review

2.1 Community Empowerment Trust Fund (DAPM)

The Community Empowerment Trust Fund (DAPM) is a continuation of the previous government program, namely the National Rural Community-Independent Empowerment Program (PNPM-MPd). This program is part of the Indonesian government's efforts to empower rural communities by tackling the problem of poverty in an integrated and sustainable manner. PNPM-MPd is a correction to the previous government development program system, which was generally considered to be centralized. So, it is hoped that this program can become a development system that allows all forms of development resources to be accessed equally and fairly by all actors and components of the nation. The form of DAPM Management Legal Entity in accordance with applicable laws and regulations is (1) Cooperative, (2) Legal Entity Association (PBH), and (3) Limited Liability Company (PT). The Community Empowerment Trust Fund (DAPM) has strong basic powers as a legal umbrella for the DAPM itself. The legal umbrella for DAPM as a basis for taking further steps is the issuance of Presidential Regulation (PERPRES) Number 2 of 2015. (Indriani et al., 2020) Public Relations of the Coordinating Ministry for Human Development and Culture stated that DAPM is a revolving fund for a poverty alleviation program based on community empowerment with the status of belonging to village communities as a whole. Collective so that it is managed by the District level UPK, which comes from Community Elements. Community empowerment is carried out in the form of capital assistance and business assistance for small business actors through the Women's Savings and Loans (SPP) and Productive Economic Enterprises (UEP) programs. Fund assets managed on a rolling basis by the community are jointly owned by the villages in the sub-district as representatives of the community but are not to be distributed to each village. (Public Relations of the Coordinating Ministry for PMK, 2017).

The series of DAPM program implementation is guided by basic value principles which are believed to be able to encourage the realization of program implementation objectives through implementation principles which include:

a. Focusing on human development, therefore, society should choose activities that have a direct impact on human development efforts rather than physical development alone.
b. Autonomy: Society has the right and authority to regulate itself independently and responsibly, without negative intervention from outside.
c. Decentralization: The community has wider space to manage sectoral and inter-village development alignment activities sourced from the government and regional government.
d. Oriented towards people with low incomes, so that all decisions taken must be pro-poor.
e. Participation: The community plays an active role in the program and supervision stages, starting from socialization, planning, implementation and preservation of activities by providing donations of energy, thoughts or in material form.
f. Gender equality and justice: In the program stages, every community, both men and women, has an equal role in every stage of the program and enjoys every benefit of development activities.
g. Democratic: Making development decisions is carried out by deliberation and consensus.
h. Transparency and accountability: Management of activities can be carried out openly and responsibly where the community has access to all information and decision-making processes.
i. Priority: In selecting activities, it is prioritized that they can be carried out openly and can be accounted for by considering poverty alleviation.

j. Coherence, harmony and coherence of policies; various aspects of program activities place more emphasis on the planning system for aligning political and technological aspects while still referring to participatory planning.
k. Continuity: every decision-making or development action, starting from the planning, implementation, control and maintenance stages of activities, must take into account the program sustainability system... (Indonesian Ministry of Home Affairs, 2010).

2.2 Sharia Transaction

Transactions are economic/financial events that involve two or more parties carrying out exchanges, involving themselves in business alliances, borrowing and borrowing on the basis of mutual consent or the basis of applicable legal or sharia provisions. (Sunarto, 2020). In the discussion regarding transactions, Rifki Muhammad stated that transactions in the Sharia economic system are known as contracts, which are agreements in an agreement between two or more parties to carry out and not carry out certain legal acts. Transactions basically adhere to several principles, namely, Brotherhood (ukhuwah) (Muhammad, 2008).

Sharia transactions uphold the value of togetherness in obtaining benefits so that one person must not gain at the expense of another person's loss. The principle of ukhuwah in sharia transactions is based on getting to know each other (ta'aruf), understanding each other (tafahum), helping each other (ta'awun), guaranteeing each other (takaful) and mutual synergy and alliance (tahaluf).

a) Justice (al-'adalah);

Eka Sakti Habibullah states that the implementation of the principle of justice in contracts is when the parties entering into the contract are required to act correctly in expressing their interests according to the circumstances in fulfilling all obligations (Habibullah, 2018).Implementation of muamalah principles, which prohibit elements such as usury, *masyshir* and *gharar*. Fitri Setyawati explained that the word riba comes from Arabic. Etymologically, it means addition (*azziyadah*), development (an-numuw), enlargement (*al-'uluw)* and increase (alirtifa'). In connection with the meaning of usury from a linguistic perspective, there is an ancient Arab expression that states the following; arba *fulan 'ala fulan idza azada 'alaihi* (a person commits usury against another person if there is an additional element in it or it is *called liyarbu ma a'thaythum min syai'in lita'khuzu aktsara minhu* (taking from something you give in excess of what given).

According to Wasilul Chair, quoting Abd al-Rahman al-Jaziri, the scholars agree that in addition to a loan amount when the loan is paid within a certain period, iwadh (reward) is riba. What is meant by addition is the additional quantity in sales. Assets that cannot be carried out with differences in quantity (*tafadhul*), namely the sale of fadhal riba goods: gold, silver, wheat, as well as all kinds of commodities that are equivalent to these commodities (Setyawati, 2017). According to the Bank Muamalat article, it states that the basis for usury is already in the Al-Qur'an, Surah An-Nisa, verse 29:

"O ye who believe! Squander, not your wealth among yourselves in vanity, except it is a trade by mutual consent, and kill not one another. Lo! Allah is ever Merciful unto you".

The prohibition of usury and the prohibition of buying and selling are certainly not carried out without "something" that differentiates them and that "something" is the cause of their prohibition. As in His words in Surah Al-Baqarah verse 275:

"Those who swallow usury cannot rise save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say that trade is just like usury, whereas Allah permitteth trading and forbiddeth Usury. He unto whom a warning from his Lord cometh, and (he) refraineth (in obedience to that), he shall keep (the profits of) that which is past, and his affair (henceforth) is with Allah. As for him who returneth (to usury) – Such are rightful owners of the Fire. They will abide therein.." (Bank Muamalat, 2019).

According to Muhamad Arif, the types of usury are as follows:

1. Usury Fadhl, namely exchanging two goods of the same type with different qualities required by the person exchanging. Example: exchanging gold for gold, silver for silver, rice for rice and so on.
2. Riba Yadd, namely parting from the place before it is weighed and accepted, means a person who buys an item, then before he receives the item from the seller, the buyer sells it to someone else. Such buying and selling is not permitted because the buying and selling is still tied to the first party.
3. Riba Nasi'ah, namely riba imposed on people who are in debt due to taking into account the deferred time. Example: 'Aisyah asked Amina for a 10-gram ring. Amina is required to pay next year with a gold ring amounting to 12 grams, and if it is one year late, then add another 2 grams to 14 grams and so on. Provisions for slowing down payments by one year.

4. Riba Qardh, namely, lending something with the condition that there is a profit or additional benefit for the person who lends or gives the debt. Example: Muhammad borrowed IDR 25,000 from Ali. Ali required and required that Muhammad return his debt to Ali, amounting to Rp. 30,000, then additional Rp. 5,000,- (Arif, 2019).

b) Benefits (Maslahah)

It is all forms of goodness and benefits that have worldly and spiritual dimensions, material and spiritual, as well as individual and collective. Benefits must fulfill two elements, namely halal and useful and bring goodness in all aspects as a whole so that it does not cause harm (Muhammad, 2008).

Profit Sharing Financing System

Profit sharing is a cooperative agreement between the bank as the capital owner and the Customer as the capital manager to obtain profits and share the profits obtained based on the agreed ratio. There are two types of financing with a profit-sharing system, namely, (Hanik, 2020).

a. Mudharabah

Apart from that, in terms of terms, mudharabah is a cooperation agreement between two parties, where the first party is the capital owner and the second party is the capital manager. In contrast, both parties share the profits in accordance with the agreement stated in the agreement (Hanik, 2020).

The conclusion from the definitions above is that the main things contained in mudharabah are the existence of capital owners (banks), the existence of people who can do business and need capital, the existence of cooperation or agreements for profit-seeking businesses, the parties share the profits according to the agreement. , the fund owner (bank) bears losses not caused by the manager as long as the principal capital is not reduced (Hanik, 2020).

b. Musyarakah

According to the DSN-MUI fatwa, musyarakah is financing based on a cooperation agreement between two or more parties for a particular business, where each party contributes funds with the condition that profits and risks of loss will be borne jointly according to the agreement. According to Law no. 21 of 2008 concerning Sharia Banking, musyarakah is a cooperation agreement between two or more parties for a certain business where each party provides a portion of funds with the stipulation that profits will be shared according to the agreement, while losses will be borne according to their respective portions of funds (Hanik, 2020).

Buy and Sell Financing System

The buying and selling system is based on buying and selling goods, which is usually for financing productive goods, for example, purchasing ordered goods. Based on practice, there are three, namely, murabahah, istishna', and *as-salam* (Hanik, 2020).

a. Murabahah

In terms of terminology, there are several opinions namely: According to DSN-MUI, murabahah is selling an item by confirming the purchase price to the buyer, and the buyer pays the excess price as a profit. According to Law No. 21 of 2008 concerning Sharia Banking, what is meant by a murabahah contract is an agreement to finance an item by confirming the purchase price to the buyer, and the buyer pays the excess price as an agreed profit. From the definitions above, it can be understood that murabahah is a sale and purchase agreement between the bank and the Customer. The bank buys the goods needed and sells them to the Customer concerned at the cost price plus the agreed profit (Hanik, 2020).

b. Istishna'

Etymologically, istishna' comes from the word Sana'a, which means "to make," while the meaning of the word istishna' is "to ask for something to be made." That is asking a maker to do something. In terms of terminology, istishna' is, according to the MUI DSN, a sale and purchase contract in the form of an order for the manufacture of certain goods with certain criteria and conditions agreed between the orderer (buyer, mustashni') and the seller (maker, *shani*'). According to Law No. 21 of 2008 concerning Sharia Banking, istishna' is a goods financing agreement in the form of an order for the manufacture of certain goods with certain criteria and conditions agreed between the orderer or buyer (mustashni') and the seller or maker (shani'). The legal basis for buying and selling istishna' is the same as buying and selling salam. (Hanik, 2020)As-Salam

In terms of terminology, greetings are as follows: According to the DSNMUI fatwa, greetings are buying and selling goods by ordering and paying the price in advance with certain conditions. According to law no. 21 of 2008, concerning Sharia banking, salam is an agreement to finance an item by ordering and financing the price, which is done in advance with certain agreed conditions (Hanik, 2020).

3. Research methods

The type of research carried out is qualitative research, namely as a research procedure that will produce descriptive data in the form of written or spoken words from people and behavior that can be observed to understand the phenomena experienced by research subjects, using the case study method in management. DAPM program in Konda District. The data used is primary data through direct interviews with the Konda District DAPM Manager, customers and community leaders, as well as secondary data through previous research documents. The author uses triangulation of sources and techniques to ensure the validity of the data.

4. Results and Discussion

DAPM Transactions in Improving Community Welfare

The Konda District DAPM program is a revolving fund consisting of Women's Savings and Loans (SPP) and Productive Economic Enterprises. The following is the explanation:1. Women's Savings and Loans (SPP).

SPP is an activity that provides business capital specifically for groups consisting of women, where this group of women has the potential to run a business in the form of selling vegetables, cakes, necessities, etc., so that it can have an impact on improving the household economy and absorbing labor.2. Productive Economic Enterprises (UEP).

UEP is a community empowerment activity that involves men and women group members by providing business capital assistance so that this group can carry out businesses that can improve the economy at a micro level and encourage business creativity in each community group. The business fields carried out are in the form of workshop service businesses trading in vegetables and fish carried out in this UEP group. Konda District DAPM revolving fund allocation, minimum revolving fund loan disbursement amount of IDR. 2,000,000 with a maximum of Rp. Twenty million per person in one group with a repayment period depending on the Customer, ten months, 12 months, 16 months to 20 months with monthly installments depending on the agreement and ability of the group members. The Customer signs the Credit Deed Agreement, which stipulates the borrower's obligation to pay off his debt after a certain time by taking a service profit of 1.5% in monthly installments. If he is late in paying the monthly deposit, he will be given a penalty for paying a predetermined fine.

According to Sunardi, the Head of Konda Village, the Konda District DAPM Institution is a microfinance institution that aims to empower rural communities by developing community self-reliance capabilities in an integrated and sustainable manner through providing revolving loan funds to help with community business capital so that they are able to overcome poverty problems. This source is also in accordance with the teachings of the Islamic religion, namely helping each other and helping each other in good things, similar to providing loan assistance to people who are experiencing difficulties or are in need. As Allah SWT says in Q.S. Al-Maidah:2

"O ye who believe! Profane, not Allah's monuments nor the Sacred Month nor the offerings nor the garlands, nor those repairing to the Sacred House, seeking the grace and pleasure of their Lord. But when ye have left the sacred territory, then go hunting (if ye will). And let not your hatred of a folk who (once) stopped your going to the inviolable place of worship seduce you to transgress; but help ye one another unto righteousness and pious duty. Help not one another unto sin and transgression, but keep your duty to Allah. Lo! Allah is severe in punishment."

However, in the event that the transactions used are not in accordance with the implementation of Sharia economic principles because there are applications:

The practice of Riba Qardh

Riba Qardh, namely the taking of benefits or a certain level of excess that the recipient of the debt implies, is not in accordance with the Islamic economic system. Based on the fatwa decision of the Indonesian Ulema Council no. 1 of 2004 concerning interest (Intersat/*fa'idah*) states that interest is an additional fee charged in money loan transactions (*al-qardh)* which is calculated from the loan principal without considering the use/results of the principal, based on the time, calculated definitely in advance and at Generally based on percentage. This practice of interest is legally haram, whether carried out by banks, insurance, capital markets, pawnshops, cooperatives and other financial institutions or carried out by individuals. The practice of Riba Nasi'ah

The practice of Riba Nasi'ah is riba imposed on people who are in debt due to taking into account the deferred time. Apart from that, in the revolving fund loan repayment process, a service profit of 1.5% is taken at the beginning of the agreement. There are also sanctions in the form of fines for group members who experience delays in paying monthly deposits. So, this practice is the same as committing Riba. If we refer to the decision of the Indonesian Ulema Council fatwa no. 1 of 2004 concerning interest (Intersat/fa'idah) states that Riba is additional (*ziyadah*) without compensation, which occurs due to delays in previously agreed payments, and this is what is called usury *nasi'ah*. Talking about Riba' is also based on Q.S. Ali Imran:130.

“O ye who believe! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that ye may be successful.)”

Then, the opinion of the fiqh expert, Nawawi, was put forward in Al-Majmu';

"Riba Nasa" is known to the ignorant community, and additional requests for receivables are due to additional repayment periods. "So if one of them is due for payment of his receivables and the debtor does not fail to pay it, he adds his receivables, and the debtor also adds his payment period."

Konda District DAPM Financing Sharia Agreement Conversion

Data obtained by BPS Konsel Regency, Konda District in 2020, the population of Konda subdistrict is predominantly Muslim, around 97.83 percent, and there is a strong desire from the community, especially customers, to emigrate to the Sharia system, and the majority of DAPM customers in Konda subdistrict are Muslim. In the financing cycle, there is often misuse of what should be productive financing. Sometimes, it is used for community consumption, so to provide the principles of justice and blessings to the Community Empowerment Trust Fund and maintain the sustainability of this allocated fund, the manager needs to provide a sharia contract for the distribution of this trust fund. Conversion can be carried out based on two categories, namely financing transactions aimed at owning goods as business capital, which are carried out using the principle of sale and purchase, which is implemented in the form of Murabahah and Itisna contracts. In contrast, financing transactions for cooperative businesses, which are intended to obtain goods and services simultaneously, are carried out using the principle of sharing. The results are implemented into two forms of contract, namely Mudharaba and Musyarakah.

Table3.1. Konda District DAPM contract conversion model to Sharia contract

	Buying and Selling Financing (Procurement of Goods and Services) and Consumption	Collaboration Financing and Additional Business Capital
Conversion of Contracts that Can Be Used	1. Murabahah financing is financing using a sale and purchase agreement stating the amount of profit. 2. Istishna financing, namely an agreement to finance an item by ordering and paying the price, can be made with a down payment, and the remainder is paid in installments.	1. Mudharabah financing is a business cooperation agreement between the first party (shahibul mal), who provides all the capital and the second party (mudharib), who acts as fund manager by sharing business profits in accordance with the agreement stated in the contract. 2. 2. Musyarakah financing is

		a cooperation agreement between two or more parties for a particular business in which each party provides a portion of funds with the stipulation that profits will be shared according to the agreement,

Financing transactions aimed at owning goods and services are carried out using the principle of buying and selling, which can be implemented in two forms of financing;

a. Murabahah financing

Murabahah financing is financing using a sale and purchase agreement stating the amount of profit. The pillars of murabahah buying and selling are the same as the pillars of buying and selling in general, namely: Seller, Buyer, Goods being traded, Price of goods, and Ijab qabul, namely a statement of agreement between both parties. Ijab is the seller's statement, while qabul is the buyer's statement (M. Soleh Mauluddin 2018). In this transaction, customers can represent DAPM managers to provide goods or services as capital for their micro businesses. Murabahah provisions are also regulated in DSN Fatwa No.04/SDSN MUI/IV/2000.This buying and selling mechanism includes:

1. Members or customers submit detailed requirements for the goods to be purchased. Details of these goods can include type, brand, year of manufacture, color, size, shape and place of purchase. The more detailed, the better
2. The manager, together with members or customers, sees for sure the goods in question.
3. The manager will buy the goods as a supplier, and the basic price is known to the Customer.
4. The manager then sells the goods to the Customer at a profit agreed upon by the manager and the Customer.
5. If it is not possible for the manager to represent the Customer to purchase the goods, then submit the note to DAPM management.
6. Customers make payments in monthly installments in accordance with the agreed contract.

b. Istishna Financing

Istishna financing is a contract for financing an item by means of which orders and price payments can be made several times (Daeng Naja, 2011). This financing model can be done if the price of the goods the Customer wants exceeds the financing limit that the DAPM Manager can provide. For example, a customer wants capital goods worth Rp. 30,000,000- while the financing that can be provided is only Rp. 20,000,000,- then the Customer can make an initial payment of IDR 10,000,000.00, and the remainder can be paid in installments according to the agreement. The Istisna financing mechanism can be carried out as follows: Members or customers submit detailed requirements for the goods to be purchased. Details of these goods can include type, brand, year of manufacture, color, size, shape and place of purchase. The more detailed, the better

1. The manager, together with members or customers, sees for sure the goods in question.
2. The manager will buy the goods as a supplier, and the basic price is known to the Customer.
3. The manager then sells the goods to the Customer at the agreed profit
4. If it is not possible for the manager to represent the Customer to purchase the goods, then submit the note to DAPM management
5. The Customer makes a down payment in cash then the remainder is paid in monthly installments in accordance with the mutually agreed contract.

Financing transactions for cooperative businesses aimed at simultaneously obtaining goods and services, with the principle of profit sharing implemented in two forms of financing;

a. Mudharabah Financing;

Mudharabah financing is a business cooperation agreement between the first party (shahibul mal), who provides all the capital and the second party (mudharib), who acts as fund manager by sharing business profits in accordance with the agreement stated in the contract. In contrast, losses are borne entirely by *Shahibul Mal* unless the second party makes an intentional mistake, is negligent or violates the agreement. Many arguments allow this contract both in the Qur'an and hadith, as well as the Ulema Ijma. The National Sharia Council DSN MUI has also issued fatwa 07/DSN-MUI/IV/2000 concerning Mudharabah. Several pillars need to be considered in carrying out mudharabah contract financing (Neneng Nurhasanah 2015). The pillars of mudharabah are as follows: The existence of a capital owner (*Shahibul Mal*), the existence of a manager (mudharib), the existence of an agreement or contract, the existence of capital provided by the owner to the business manager for investment purposes, the existence of a ratio for sharing business profits, the existence of a job or business which will be executed. The implementation mechanism that can be carried out in this mudharabah contract is as follows:

i. DAPM institutions act as fund owners who provide funds as working capital, and customers act as fund managers in their business activities.
ii. DAPM institutions have the right to supervise and guide businesses managed by customers, even though they do not play a direct active role in their activities, by means of financial institutions requesting evidence of financial reports based on supporting evidence that can be accounted for.
iii. Distribution of profits from business in accordance with the agreed ratio.
iv. The agreed yield ratio cannot change throughout the investment period except on the basis of agreement between both parties.
v. The term of financing based on a mudharabah agreement, refund of funds and distribution of business results is determined based on an agreement between the financial institution and the Customer.
vi. Financing based on a mudharabah agreement is provided in the form of money and goods, not in the form of bills or receivables.
vii. In the financing process, on the basis of or in the form of money, the amount is clearly stated.
viii. In the financing process, on the basis of or in the form of goods, it must be valued on the basis of market prices and the amount clearly stated.
ix. Refunds can be made in two ways, namely in installments or all at once at the end of the period according to the financing period,
x. Distribution of business profits in accordance with the financial report from the manager and accompanied by supporting evidence.
xi. Losses borne by capital owners are limited according to the amount of financing provided.

b. Musyarakah Financing

Musyarakah financing is a cooperative agreement between two or more parties for a particular business in which each party provides a portion of funds with the stipulation that profits will be shared according to the agreement. At the same time, losses will be borne according to their respective portions of funds.

Many arguments allow this contract both in the Qur'an and hadith, as well as the Ulema Ijma. The National Sharia Council DSN MUI has also issued fatwa 08/DSN-MUI/IV/2000 concerning Musyarakah. The pillars of musyarakah, according to the majority of ulama', include:

1. Sighat (consent and qabul) The conditions for whether a musyarakah contract is valid or not depend on the thing being transacted and also the terms of the contract
2. *Al 'aqidain* (two people entering into a contract) The requirements for a person entering into a musyarakah contract are: a) Reasonable, b) Baligh, c) Independent or not under coercion. It is also required that a partner be competent in providing representative power because, in musyarakah, the partner's work also means representing assets to be cultivated.
3. Ma'qud alaih (contract object) The object of the contract in musyarakah includes working capital.

The implementation mechanism that can be carried out in this mudharabah contract is as follows. The implementation mechanism that can be carried out in this mudharabah contract is as follows:

1. The DAPM institution acts as the owner of part of the funds, which is in agreement with the Customer in terms of capital, and the Customer, apart from being the owner of part of the capital, also acts as a fund manager in its business activities.
2. DAPM institutions have the right to supervise and guide businesses managed by customers, even though they do not play a direct active role in their activities, by means of financial institutions requesting evidence of financial reports based on supporting evidence that can be accounted for.
3. The distribution of profits from the business in accordance with the agreed ratio is usually smaller when compared to mudharabah contracts.
4. The agreed yield ratio cannot change throughout the investment period except on the basis of agreement between both parties.
5. The term of financing based on a mudharabah agreement, refund of funds and distribution of business results is determined based on an agreement between the financial institution and the Customer.

6. Financing based on a mudharabah agreement is provided in the form of money and goods, not in the form of bills or receivables.
7. In the financing process, on the basis of or in the form of money, the amount is clearly stated.
8. In the financing process, on the basis of or in the form of goods, it must be valued on the basis of market prices and the amount clearly stated.
9. Refunds can be made in two ways, namely in installments or all at once at the end of the period according to the financing period,
10. Distribution of business profits in accordance with the financial report from the manager and accompanied by supporting evidence.
11. Losses borne by capital owners are limited according to the amount of financing provided.

5. CONCLUSION

Based on the results of research conducted by researchers, it can be concluded that the Allocation of Community Empowerment Trust Funds or DAPM for Konda District is not in accordance with the Islamic Economic system because the contract used by the DAPM Institution in implementing the distribution and return of revolving loan funds to the community applies the practice of Ribawi/interest. The conversion of sharia contracts for DAPM allocation in Konda District can use two models, namely financing transactions aimed at owning goods as business capital, which are carried out using the sale and purchase principle, which is implemented in the form of Murabahah and Itisna contracts. In contrast, financing transactions for cooperative businesses are aimed at obtaining goods at the same time. And services, with the principle of profit sharing implemented in two forms of contract, namely Mudharaba and Musyarakah.

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