

ZAKAT AND POVERTY ALLEVIATION

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ABSTRACT

Rethinking poverty reduction programmes in Africa points to the prospects of Zakat Funds as 'agents of transformation and development' because of dwindling public-sector resources to support national and international Developments Agenda. This paper attempts to examine the issue of poverty and looking at the Nigerian situation and the role of Zakat in eradicating poverty among other strategies. Poverty reduction finds justification as one of the key thrusts of the Sustainable Development Goals (SDGs). A qualitative research approach is preferred relying on systematic and planned collection of secondary data from scholarly works and annual reports of the Jaiz Zakat & Waqf Trust Fund and the Zakat & Sadaqat Foundation for 2016 fiscal year. Data from the annual reports of the selected Zakat organisations and insight from scholarly works were critically reviewed using content analysis. This approach provided useful information on the promising impact of Zakat as tools for eradicating poverty in Nigeria. By extension, it also justifies the potency of Zakat Funds as a complementary mechanism for the actualization of SDGs in the development policy literature. The study concludes by recommending the need for governments of Muslim countries to enunciate relevant policies and develop necessary legal infrastructure for the effective collection and distribution of Zakat.

1.0 Introduction

Over the years, the International Community has taken various steps to address the challenge poverty poses to the world. Taking the lead steps, the International Monetary Fund (IMF) and the World Bank came up with the **Poverty Reduction Strategy (PRS)** in 1999 to reduce or eliminate poverty. Further, in 2000, the United Nations (UN) also rolled out a roadmap towards achieving the Millennium Development Goals (MDGs) by 2015 (the 1st of the MDGs was to eradicate extreme poverty and hunger). Due to the inability of the latter to tackle its 1st target frontally, Sustainable Development Goals (SDGs) (the 1st target) were considered vital among other things for sustainable poverty eradication (Lucas et al. 2013). All these initiatives underscore the importance of tackling the mother of all social problems – poverty.

A report of the World Health Organization (WHO)/United Nations Children Fund (UNICEF)(2012) indicate that more than 1 in 6 people worldwide – 894 million do not have access to improved water supply; 2.5 billion people including almost 1 billion children live without access to basic sanitation while more than 1 in 5 people lack electricity (Human Development Report 2011) and a building on that, a recent report of the United Nations shows that one person in nine in the world is hungry and one in three is malnourished (Human Development Report 2016). Furthermore, another study indicate that an estimated 1.3 billion people currently live in poverty slums (Uwejamomere, 2011) and this estimates suggest that this figure may rise to 1.5 billion by the year 2020 (Payne, 2005).

A few studies from the United Nations Food and Agriculture Organization (FAO) suggests that nearly 870 million people of the 7.1 billion people in the world, or one in eight, were suffering from chronic

undernourishment in 2010-2012. Among majority of all the hungry people, 852 million live in developing countries, representing 15 per cent of the population of developing countries. On the other hand, there are 16 million people undernourished in developed countries (FAO 2012). It is saddening to note that while the number of hungry people decreased in Asia and the Pacific, Latin America and the Caribbean from 1990-1992 to 2010-2012, the reverse was the case in Africa with the number of undernourished people that grew with nearly 20 million people added. In Sub-Saharan Africa, hunger is rising at 2 percent per year since then (Lappe et al, 2013).

Therefore, it is no news that in Africa and Nigeria in particular, poverty is deepening year in year out (Human Development Report 2011). With a population of about 182 million (NPC, 2017), the proportion of people living below the national poverty line in Nigeria has worsened from 65.5 per cent in 1996 to 69.0 per cent in 2010. Poverty is higher in rural areas at 73.2 per cent than in urban area at 61.8 per cent. A deplorable account of the state of the poor people is the figure emanating from the National Bureau of Statistic which projected that the number of entrance to the labour market yearly would grow from 3 million in 2012 to about 8.5 million in 2015 (African Economic Outlook, 2013).

It is a balance of apparent contradiction that Nigeria is blessed with both human and natural resources coupled with the fact that its economy is growing on the average by 6 per cent in the last four years, yet the proportion of Nigerians living in poverty is increasing every year (Kale, 2010). Some facts and figures from the National Bureau of Statistic (2013) also indicate that 112 million Nigerians live below the poverty line while the World Bank estimate that 67 per cent of Nigerians (Premium Times, 2013) live on less than US\$2 a day in 2010, while about 1 billion people will still live in extreme poverty in 2015 (World Bank www.worldbank.org/en/topic/poverty/overview).

Unless this monster and major social challenge is tackled from its source, it will be practically difficult for individual growth and development to be achieved. And when this is not attainable, the Society at large can hardly grow and develop.

2.0 Concepts and Definitions of Poverty

Poverty continues to ravage the Muslim Worlds despite the high level of technological breakthrough such that the living conditions of majority of Muslims has not improved proportionally to the technological development of the world (Amuda and Embi, 2013). This trend has brought about increase in absolute poverty levels, worsened income distribution and continuous unemployment rising profile. It has also been argued that all definitions of poverty can be included in one of the following three categories: It is not having much as expected; others having more than one and the feeling of not been able to flow along with others (Hagenaars, de Vos (1988).

Commenting on the above definition, Jacob (2011) argues that the first category refers to absolute definitions of poverty, while the second refers to relative definitions of poverty. Definitions in the third category can lie anywhere on the absolute vs relative continuum. While the first two categories may define poverty objectively, the third takes a more subjective interpretation. In the same vein, Burtliss, Smeeding (2001) defined absolute poverty in terms of a fixed level of purchasing power that is sufficient to buy a fixed bundle of basic necessities. In other words, being below subsistence level implies being in a state of absolute poverty. On the other hand, a relative poverty is defined in terms of the typical income or consumption level in the wider society.

On his part, Ayorinde (1999), conceptualized poverty based on four criteria as follows:

- i. Lack of access to basic needs/goods;
- ii. Lack or impaired access to productive resources;
- iii. An outcome of inefficient use of common resources;
- iv. And an “exclusive mechanisms”

Sumodiningrat (1998) opined that there are five kinds of poverty; two of them are based on income level and the remaining three kinds are based on the causal factor.

Absolute poverty is described when income level is under poverty line or the amount of income is not enough to fulfill the minimum life needed. Thus, absolute poverty is counted by incapability to prepare daily needs, food and clothing, healthy, and education. According to World Bank, Poverty line is \$50 per capita per year (village) and \$75 (city).

The World Bank in its ‘May 2013 Nigeria Economic Report’ said the number of Nigerians living in poverty was increasing too rapidly. It noted further that poverty rates remain high in Nigeria, particularly in rural areas such that 63 per cent of the population lives on less than \$1.25 a day with one billion two hundred thousand people living in destitution out of which 100 million are Nigerians (World Bank, 2013).

Relative poverty: When income level is over the poverty line, but still poorer than any other society group. It is declared with national income presentation, which is earned by population with certain income degree and compared with population proportion and other income proportion. In Nigeria, 69 per cent of the total population of the country lives in relative poverty conditions compared with the estimated 173.6 million population of the country.

Natural poverty is the poverty caused by natural factor such as the age differences, health and geographical location. They do not have proper resources - human resources, natural resources, and other developing resources.

Cultural poverty is the poverty caused by different custom and traditions, work ethics, etc. It refers to the individual’s behaviour such as life style, life habit and culture. Some of these customs and traditions make it difficult to intervene in the life of the people in order to improve their standard of living, to make a change and bring about development.

Structural poverty is the poverty caused by human brand factors such as inequitable distribution of productive asset, discriminatory economic policy, collusion – corruption, and economy arrangement beneficial to a certain society group with the exclusion of others. Sometimes, it is called pauperization, because it is caused intentionally.

Eurostat (2010) agrees more or less with the aforementioned definitions. It defines the poor as “persons, families and groups whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life of the member state to which they belong.”

From the foregoing, there seems to be no general agreement on a single definition and measurement of poverty (Kotler et al. 2006; Laderchi et al. 2003; Ayorinde, 1999). The difficulty of having a single definition is compounded by several factors and this has often led poverty researchers and policy

makers to relate poverty to the concepts of impoverishment, deprivation, the disadvantaged, inequality, the underprivileged and the needy (Kotler et al. 2006; Hurst, 2004; Laderchi et al. 2003).

Summarily, poverty is linked with negative conditions such as substandard housing; homelessness; inadequate nutrition; food insecurity; inadequate child care; lack of access to health care; unsafe neighbourhoods and under resourced schools among others.

2.1 Measurement of Poverty

Poverty is commonly measured in terms of a single dimension, income or consumption. However, there has been a growing recognition that poverty cannot be defined in economic terms alone and that non-monetary, political, and social aspects of poverty should be taken into account as well (Alkire, Santos, 2009; Nolan, Whelan, 2010); thus, calling for multidimensional measures of poverty.

In Europe, the trend is that multidimensional measures are now used in order to improve policy design by providing a more comprehensive picture of factors associated with poverty (Gilbert, 2009; Wagle, 2008). Following this trend, the 2010 United Nations Development Programme Human Development Report introduces the Multidimensional Poverty Index (MPI), a new international measurement of poverty, developed by Sabina Alkire and James Foster at the University of Oxford. The MPI is to replace the Human Poverty Index (HPI).

The MPI firmly established in the capability approach to poverty, supports income poverty measures by directly measuring the number of deprivations a poor person faces simultaneously with respect to education, health, and living standard. While most appropriate for developing countries, the MPI makes it possible to get a clear picture of people living in poverty, both across countries, regions and the world and within countries by ethnic group, urban/rural location, and other key household characteristics (HDR, 2010).

3.0 Islam and Poverty Alleviation

The Islamic principles of poverty alleviation are based on the Islamic views of social justice (Adl) and the belief in Allah (Iman). According to Ghazali (1058-1111) in *Al Mustasfa min Ilm Usul Al Fiqh*, the primary objectives of Sharia (*Maqasid Sharia*) aim to protect human beings and their environment through fivefold tenet of safeguarding and protection of religion (*deen*) life (*nafs*), progeny (*nasl*), wealth (*mal*) and intellect (*akl*). The Islamic economy identifies and recognizes individual differences, even though individuals are provided with equal opportunities, the economic status of two individuals may not be equal because each person is endowed with different types and levels of human abilities (Alhabshi). Therefore, poverty cannot be alleviated simply through income redistribution or ensuring equitable opportunities for all. An Islamic approach to poverty alleviation would ideally involve a holistic approach including a set of anti-poverty measures: (a) increasing income level with pro-poor programs, (b) achieving an equitable distribution of income and (c) providing equal opportunities for all social segments (Hassan, 2006).

Haq (1996) viewed poverty from two angles – individual angle and societal angle.

- i. Individual angle: People facing poverty due to unemployment, old age, poor health and poor health etc.

- ii. Societal angle: Poverty induced by certain general conditions:
 - a) Is a phenomenon that evolves over time and from a variety of sources
 - b) It is not directly correlated with economic resources/endowment of societies – poverty may be present anywhere – in rich countries and poor countries. (According to Al-Ghazali, poverty can be either spiritual or material).
 - c) Poverty is a modern phenomenon notwithstanding the abundant natural resources.

3.1 Factors Responsible for Poverty in Islam

Quite a number of factors have been enumerated in the Qur'an responsible for the prevalence of poverty in the society. Some of these factors include:

- i. Failure of mankind to actionize divine teaching into the social life. For example, Allah says in Qur'an 16:90:
Allah command justice, the doing of good and liberality to kith and kin, and He forbids all shameful deeds, and injustice and rebellion. He instructs you that you may receive admonitions (Ali, 2012).
- ii. Historically, the Qur'an shows mankind daily examples of societies where the rich and the poor have generally co-existed without much ado. Therefore, the existence of certain vulnerable people (due to their ages, sickness and handicap among others) is a natural way of life but the association of their vulnerability with poverty is majorly due to the attitudes and human irresponsibility of those economically better-off among them. On this, Allah says in Qur'an 63:7:
They are the ones who say: Spend nothing on those who are with Allah's Messenger, to the end that they may disperse. But to Allah belongs the treasures of the heavens and the earth; but the hypocrites understand not (Ali, 2012).

There is also another argument advanced in the Qur'an against the notion that certain society is seen as "*resource poor*" such that it will not be able to take proper care of the needy. In Qur'an 15:20, Allah says:

And We have provided therein means of subsistence, for you and for those whose sustenance you are not responsible (Ali, 2012).

Again, in Qur'an 7:10, Allah says:

It is We who placed you in authority on earth, and provided you therein with means for the fulfillment of your life: small are the thanks that you gave! (Ali, 2012).

Prophet Muhammad (pbuh) said: "**Richness does not lie in the abundance of worldly goods but richness of heart itself**" (Muslim).

Reason being that in Qur'an 43:32, Allah says "**...It is We Who have distributed their livelihood among them in the life of this world, and have raised some above others in rank that some of them may employ others to their service...**" (Ali, 2012).

Against this background, one of the reports of the United Nations indicate that a deliberate and conscious effort to reduce global military spending and reallocating the resources has

the potentials of drastically reducing global poverty affecting the world's 1.57 billion people. For example, the Human Development Report (2013) indicates that military spending worldwide exceeded \$1.4 trillion in 2010, more than the GDP of the world's 50 poorest countries combined.

- iii. The Qur'an also points out the fact that poverty ravaging the world is the handwork of man. It rejects the doctrine of scarcity of resources propounded by the classical economists. It has been confirmed that material resources created by Allah are always enough to meet the requirements of human needs. Qur'an 20:118-119 argues that:
There is therein (enough provision) for you not to go hungry nor to go naked nor to suffer neither from thirst nor from the sun's heat (Ali, 2012).

Again, Allah says in Qur'an 29:60:

How many are the creatures that carry not their own sustenance? It is Allah who feeds them and you. He hears and knows (All things) (Ali, 2012).

- iv. A corollary to the above is the fact that mankind is endowed with all the necessary faculties he needs for his livelihood as well as many natural resources created by Allah for his benefit. Unfortunately due to the greediness of man, he often restricts the distribution and/or utilization of these resources to certain groups and excludes others – thus, leading to the poverty of those excluded. This act of injustice leads to inequitable distribution of resources which creates poverty. Allah says:

And let not those who covetously withheld of the gifts which Allah hath given them of His Grace think that it is good for them. Nay, it will be the worse for them; soon shall things which they covetously withheld be tied to their necks like a twisted collar on the Day of Judgment. To Allah belongs the heritage of the heavens and the earth; And Allah is well acquainted with all that you do (Q3:180).

- v. It has been pointed out that the attitudinal challenge of the wealthy people refusing to assist other less-privileged people by sharing some of the bounties of Allah given to them in order to help the poor and needy also deepen the culture of poverty in the society. Allah says: **This was he that would not believe in Allah Most High, And would not encourage the feeding of the indigent!** (Q69:33-34).

Again, Allah says: **And (the wealthy man) collects (wealth) and hides it (from use)!** (Q70:18).

Again, Allah says: **Then such is the (man) who repulses the orphan (with harshness), And does not encourage the feeding of the indigent...Those who (want but) to be seen (of men) but refuse (to supply) (even) neighbourly needs** (Q107:2-3, 6-7).

- vi. Often times in many of the developing countries, poverty is created and deepened by several factors such as imperialistic tendencies, poor planning and implementation of development policies and programmes resulting in harsh economic conditions, low human capital development, low labour productivity, corruption and bad governance, inequitable distribution of resources and morally bankrupt protocol regulating the relationship of the rich and the poor in the society.

4.0 Overview of Zakat Institution and Poverty Alleviation

The main objective of Zakat is to eliminate poverty (and in place restore economic freedom), hence the term “**enriching the poor**” is very often used among the Jurists. The level of abject poverty in the Muslim World is unpalatable (Amuda and Embi, 2013). For instance, Bangladesh, Egypt, Indonesia, Nigeria and Pakistan accounts for over half a billion of the world’s poor (i.e.528 million approximately) with incomes below US2\$ a day or certain under poverty line as these are lower middle income countries of the world (World Bank, 2016).

In view of this inequality of livelihood, this paper will focus on poverty in the economic sense. Islam discourages extreme income inequality and poverty because “**...Excess of wealth may endanger the faith and morality of the Muslims, and on the other hand, poverty may drag them to disbelief**” (Abu Dawud).

Zakat is institutionalized to mitigate social inequalities incurred as a result of economy activities, promote social justice and ensure sustenance to the economically unfortunate sections of the society. Hence, through the instrumentality of Zakat, Islam seeks to overcome the challenge of poverty by breaking the vicious cycle of poverty and grant economic freedom to Muslims as espoused in Q70:24-25 (Ali, 2012). This, it can achieve with Zakat fund because, Zakat has the potential to alleviate poverty in the society if judiciously disbursed and utilised ()

Zakat as a tool for economic freedom is in tandem with the five objectives of Shariah (Al-Ghazali) namely; protection of **Deen** (Religion), **Nafs** (Life), **Nasl** (Progeny), **Mal** (Wealth) and **Aql** (Reasoning/Knowledge) which is meant to eradicate all forms of inequalities, injustice, exploitation, oppression and wrongdoing in the Muslim World.

Zakat is meant to combat poverty and enhance welfare in the society. It also helps to generate a flow of funds and recruitment of the necessary manpower to develop and grow the Ummah. An Islamic approach to poverty alleviation would ideally involve a holistic approach including a set of anti-poverty measures (Hassan, 2006):

- a) Increasing income level with pro-programs
- b) Achieving an equitable distribution of income and
- c) Providing equal opportunities for all social segments

4.1 Poverty Alleviation Strategies in Islam

There are three distinct sets of measures in this regards, namely:

1. **Positive Measures:** As indicated in figure 4-1, this includes (a) income growth, (b) functional distribution of income, and (c) equal opportunity (Hassan, 2006).
 - a) **Income Growth:** Islam emphasizes moderate consumption behaviour at individual level that produces necessary savings for both the individual and the overall economy (Sadeq, 1995) and also stresses on the need for halal (permissible) earning as the Qur’an teaches “**That man can have nothing but what he strives for**” Q53:39.

The Messenger of Allah (peace be on him) said: “**Earning a halal living is obligatory after the compulsory rituals**” (Al-Bayhaq, Tabrani).

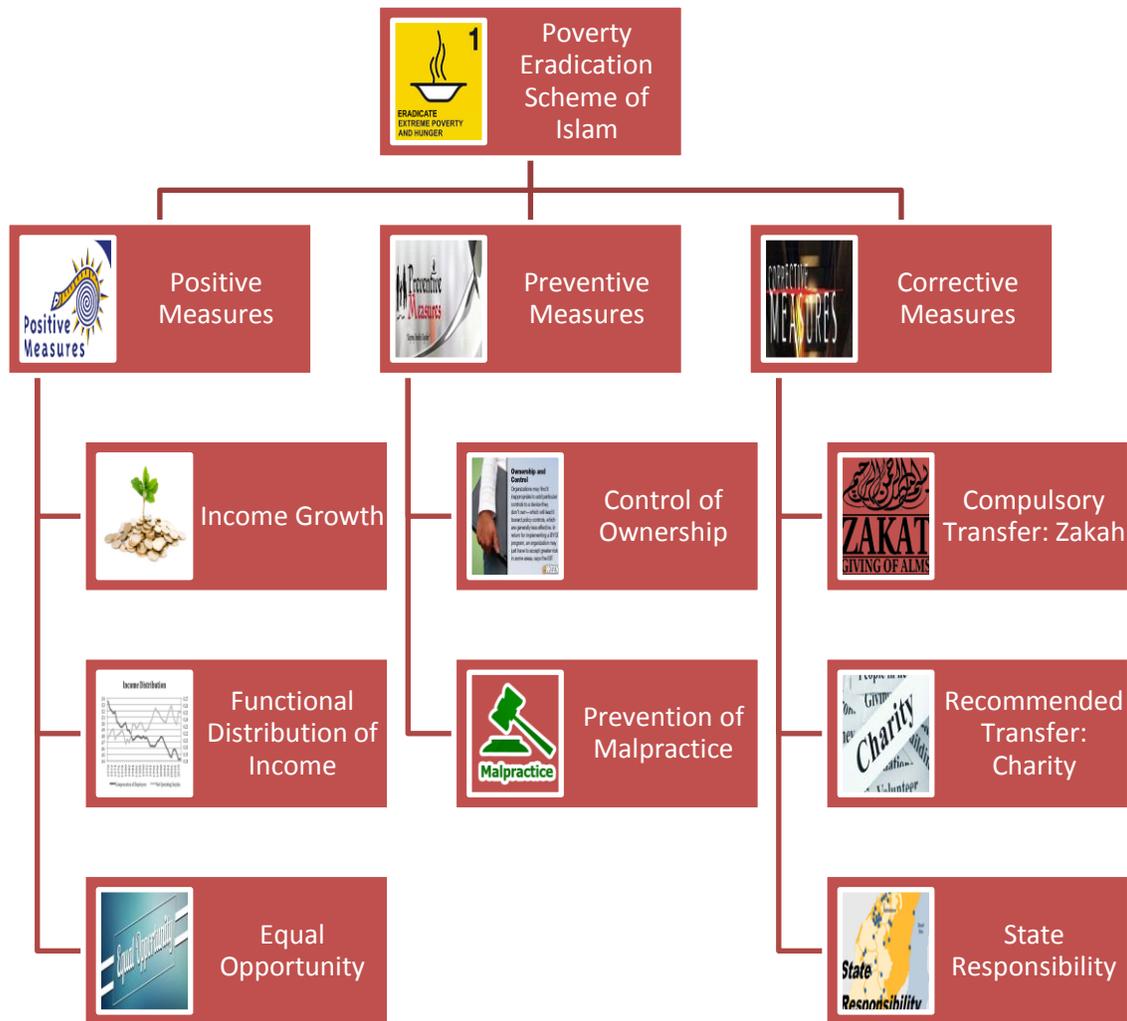


Figure 4-1: Poverty Alleviation Scheme of Islam

Partially modified from source: Sadeq, A. M. 1995, Poverty Alleviation: An Islamic Perspective.

b) **Functional Distribution of Income:** This refers to the distribution of income equitably among all the factors of production and the absence of which high income-growth alone may not be able to alleviate. According to Islam, the norms are to ensure that justice and fairness plays out regarding the principle for factor pricing. The Qur'an is very instructive in this situation because **"Allah commands justice and benevolence..."**(16:90) and **"Woe to those that deal in fraud; those when they receive from man take full measure, but when they give by measure ro weight to others give less than due..."** (83:1-3). Therefore, one of the recommended measures Islam suggests is an equitable distribution of income among factors of production such as profit sharing as against taking Riba (interest).

2. **Preventive Measures:** This must be taken in order to ensure that wealth is not concentrated in a specific section of a population; such as (a) control of ownership, and (b) prevention of malpractices (Hassan, 2006) as shown in figure 4-1.

- a) **Control of Ownership:** To Allah belongs all that exist in the heavens and the earth but man serves as His trustees. In other words, secondary ownership belong to man for utilizing the created resources per the terms and conditions of the trust. Resources meant for public use such as natural resources cannot be privately owned so that access to them by the masses will not be restricted. Islam on the other hand allows private ownership in business and industry provided they are based on Islamic ethics and norms.
 - b) **Prevention of Malpractice:** Some of the prohibitions of Islam are malpractices that lead to economic disparity such as gambling, hoarding, cheating, bribery, and interest. The Qur'an says: **"O you who believe! Squander not your wealth among yourselves wrongfully, except it be a trade by mutual consent"** (4:29).
- 3. Corrective Measures:** As clearly shown in figure 4-1, corrective measures foster wealth transfers so that wealth is not concentrated among the few wealthy people through (a) compulsory transfers (Zakat), (b) recommended transfers (charity), and (c) state responsibility (enforcement and basic needs).
- a) **Compulsory Transfers (Zakat):** Islam establishes Zakat as a compulsory rite for all well to do Muslims. It is a unique instrument for poverty alleviation (Akram and Afzal, 2014) as wealth is being transferred from those better-off to those worse-off. It is one of the pillars of Islam and anybody who denies its obligation ceases to be a Muslim.
 - b) **Recommended Transfers (Charity):** Islam encourages charity and acts of benevolence rather than mandatory transfers like Zakat and Sadaqat al-Fitr. The Qur'an is apt when it says: **"And in their wealth, there is a known right for those who ask for it and for the deprived"** (70:24-25).
 - c) **State Responsibility:** The state should be held responsible for maintaining a favourable environment for legal business and economic activities. Also, it is the responsibility of the state to ensure that its citizens are protected from all forms of malpractices while making effort to enhance the institution of Zakat and provide equal opportunities for all.

4.2 Zakat as a Tool for Poverty Alleviation

4.2.1. Meanings of Zakat

The word Zakat according to Al-Qardawi (1999), is the infinite of the verb zaka, meaning growth. Literarily, it means cleansing (**Taharah**) Q91:9, purification (**Tazkiyyah**) Q9:103, growth (**Nama'**) Q30:39, righteousness (**Salahah**) Q18:81. When said about a person, it means to improve, to become better. Zakat is regarded as a compulsory levy imposed on Muslim so as to take surplus money or wealth from the comparatively well-to-do members of the Muslim Society and give it to the destitute and needy" (Zaim, 1989:101).

Jurisprudentially, it refers to the **determined share of wealth prescribed by Allah to be distributed among deserving categories of people (Zulfiqar, 2011) out of the net worth or agricultural output of a payer, if these are higher than the threshold of Zakat (Chapra, 2000), with consideration of the passage of a lunar year and satisfaction of the condition of Nisab given to the right people (Anshori, 2002; Qardawi, 1999:34).** At times, Zakat is called Sadaqat Q9:103.

It is mentioned about 29 times along with Prayer in the Qur'an (Haq, 1996). The first verse on Zakat (Q73: 20) was revealed in the early Meccan period, signifying the importance of welfare expenditure in the Islamic scheme of life. Since the Muslims were a relatively small group without formal institutions, Zakat was given privately, without formal specific rules or rates. It was essentially used for two purposes: to assist the indigent and the poor and to buy the freedom of those in slavery or bondage. In the words of Al-Qardawi (1999), the Zakat, which is mentioned in the Meccan verses, was in the general form of voluntary payments.

Refusal to pay it represents a rebellion against the Muslim Ummah because Prophet Muhammad (pbuh) said: **"I am ordained (by Allah) to bring to book (rebellious) people until they recognize that there is no deity except Allah and that I am the Messenger of Allah, and establish prayers and give out Zakat..."** Ibn Majah

Abubakar As-Siddiq (RA) also said: **"If they withhold giving (as Zakat) even a (little) rein of a camel or a small baby sheep (that is due on them), I will fight them for it. Zakat is the due obligation on properties. By Allah, I will fight(i.e. bring to book) whosoever discriminates between prayers and Zakat"** (Bukhari, Muslims, Tirmidh, Abu Dawud and Nasai'

4.2.2 Purpose of Zakat

Zakat is primarily an act of worship as instructed by Allah that the faithful **"...have been commanded no more than this: to worship God, offering Him sincere devotion, being true in faith; to establish regular prayer; and give poor due..."** Q98:5. As a social man, if left uncontrolled, man's inordinate passion for wealth can lead him to be self-centered and restrictive of the wealth created by Allah. So, Zakat serves as a unique distributive mechanism of wealth to regulate man's inordinate passion **"...Surely (he) loves riches with a passionate loving"** Q100:8.

Moreso, it is a spiritual purifying process that suppresses man's unwanted desires and whims **"As for him who gave out his wealth (for Allah's sake) and abstained (from disobeying Him) and affirm the Truth of goodness:"** Allah**"...shall facilitate for him the Way to Bliss...and the God-fearing shall be kept away from the Blazing Fire, the God-fearing who spends his wealth to purify himself; not as payment for any favours that he received, but only to seek the good pleasure of his Lord Most High..."** Q92: 5-7; 17-20. Therefore, it serves as a means of attaining the mercy of Allah for the payers **"As for My Mercy, it encompasses everything. I will show Mercy to those who do right and pay Zakat, and have faith in Our Signs."** Q7:156.

As mentioned earlier, Zakat causes one's wealth to grow and multiply. This is aptly captured in the Qur'an where **"The parable of those who spend their wealth (property) in the way of God is as the parable of a grain growing seven ears, in every ear a hundred grains. And God multiplies further for whom He likes..."** Q 2: 261.

4.2.3 Role of Zakat

Zakat plays moral, social and economic roles in the life of individuals as well as the society at large. **Morally:** It instills moral qualities and uprightness in man and washes away the greed and acquisitiveness of the rich, thereby seeking to undermine the excessive and over-zealous wealth accumulative attitude of some elements of the society. Hence, Allah says: **"Rivalry in worldly increase distracts you until ye come to the graves. Nay, but ye will come to know! Nay, but ye will come to know!"** Q102:1 – 4.

Socially: It eradicates poverty the mother of all social problems when the haves show mercy, care and compassion to the have-nots by empathizing with them and also sharing their wealth to accommodate the needs of the less-privileged (Akram and Afzal, 2014). The Messenger of Allah was reported to have said: **“The believers, in their affection, mercy and sympathy towards each other, are like the body – if one of its organs suffers and complains, the entire body responds with sleeplessness and fever”** (Bukhari). More importantly, the Prophet (pbuh) also said: **“He is not a true Muslim who eats his full when his next door neighbour is hungry”** (Al-Albani).

Economically: It prevents the unpleasant accumulation of wealth in a few hands and seek to establish a society in which wealth, goods and services are both equitably distributed and shared and Muslims care for one another **“Whoever offers prayers but does not pay Zakat, his prayers are in vain”** (Al-Mundhir). Again the Prophet pbuh said: **“Whoever wakes up in a day and does not feel concern for the affairs of his fellow Muslim brothers, is not (really) one of them”** (Muslim).

4.2.4 The Beneficiaries of Zakat

The disbursement of funds collected as Zakat should be in accordance with the rules delineated by Allah (SWT) (Maidugu, 2013). Allah (SWT) said in the Holy Quran: **Collected Zakat is for the poor, the destitute, those who collect it, reconciling people’s hearts, freeing slaves, those in debt, spending in the way of Allah, and travelers. An obligation imposed by Allah. Allah is All-Knowing, All Wise (Q9: 60).** In view of this verse, it is not permissible to disburse Zakat funds to areas other than the eight beneficiaries approved by Allah. And to do the contrary will amount to committing a sin in the sight of Allah.

The Maslahah (benefit) of Zakat is its socio-economic justice and equitable redistribution of wealth around the Ummah. If Zakat system is fully integrated into government budgetary allocation, it will stimulate economic activities favourable to the poor. In turn this will also go a long way to improve their standards of living as well as enhance their welfare (Azam et al, 2014). An important Fiqh position on the general rules of distribution that targets poverty is that a person capable to work may be given what he/she needs to become a productive earner so that he/she can earn an income that satisfies his/her basic needs.

The summary is that the Zakat funds meant to be given out should target:

- The Training of the beneficiaries
- Their rehabilitation
- Provision of craft’s tools
- And seed capital to start a business or grow it

Economically, Zakat funds are expected to result in economic prosperity as it is paid by those who have surplus to the poor. So that, this will improve and enhance the latter’s purchasing power which may lead to a higher demand on goods. When Zakat is disbursed, it has the propensity to increase consumption pattern of the beneficiary since the marginal propensity to consume of the Zakat payer is lower than the Zakat beneficiary, so that increases the purchasing power parity of the poor.

The power of Zakat funds to grant economic freedom to the poor cannot be over-emphasized under certain assumptions, namely:

- Zakat proceeds are sufficient to cover the basic needs of the poor
- Government ought to be responsible for collecting and distributing it so that high proceeds can be generated

- ❑ Zakat is backed by an enabling legal law from which it draws its power of enforcement on those considered as rich and deserves to fulfill their obligation.
- ❑ It allows government to directly supervise the mechanism and ratio of Zakat distribution so that Zakat is able to fulfill the desired objective of economic freedom.
- ❑ In the absence of government intervention, faith-based organizations can also intervene though their impact may not be as high as that of government-driven

5.1 Case Study of Zakat Non-Governmental Organisations (NGOs)

However, two examples of Zakat NGOs (one based in the Northern region and the other in the Southern region of Nigeria) are given below and their contributions to poverty alleviation cited. Thus, confirming that if given a level playing field, Zakat NGOs can also make meaningful impact in terms of poverty alleviation with the instrumentality of Zakat.

Table 5-1: TOTAL ZAKAT FUND ₦40, 146,000 (\$111,516.66 USD) DISTRIBUTED FOR THE YEAR ENDED 1437AH (2016) TO 1,119 BENEFICIARIES ACROSS THE NORTHEAST, NORTHCENTRAL, SOUTHEAST AND SOUTHSOUTH REGIONS OF NIGERIA

SECTORS	ECONOMIC EMPOWERMENT		EDUCATIONAL SUPPORT		MEDICAL SUPPORT		RESETTLEMENT/DAWAH SUPPORT INSTITUTION		GRAND TOTAL
	AMOUNT	NOS	AMOUNT	NOS	AMOUNT	NOS	AMOUNT	NOS	
%	61.65		21.94		12.15		4.26		
AMOUNT (₦)	24,750,000	772	8,810,000	200	4,875,000	119	1,111,000	28	
GRAND TOTAL									40,146,000

Source: Jaiz Zakat & Waqf Trust Fund, 2016
Exchange rate: \$1: ₦360

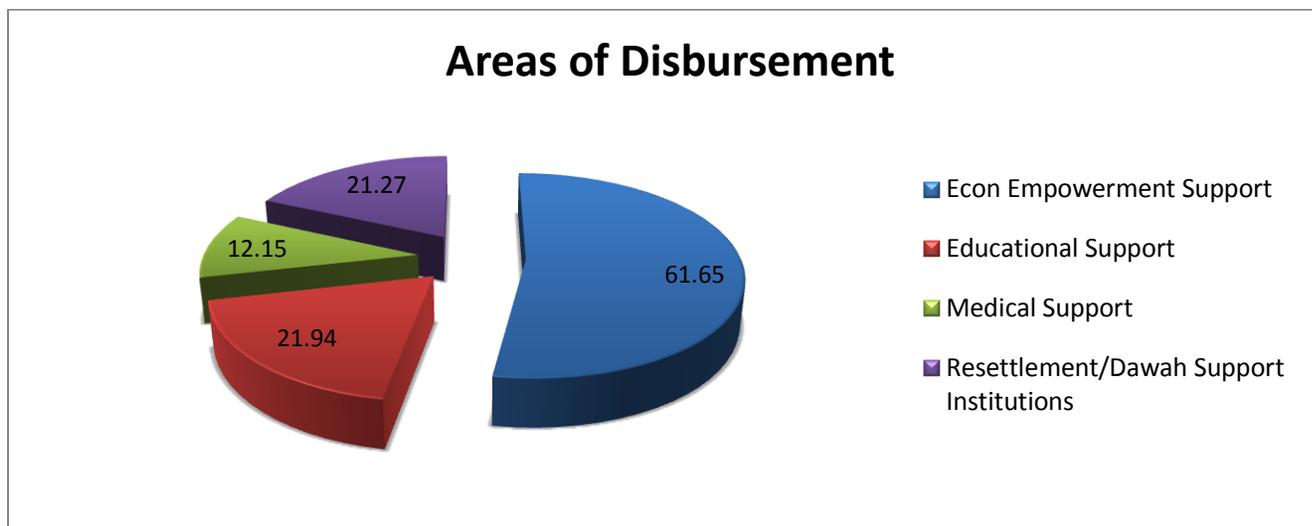


Figure 5-1: 3-D PIE CHART OF ₦40,146,000 (\$111,516.66 USD) TOTAL ZAKAT DISBURSED 1438AH (2016)

Source: Jaiz Zakat & Waqf Trust Fund, 2016

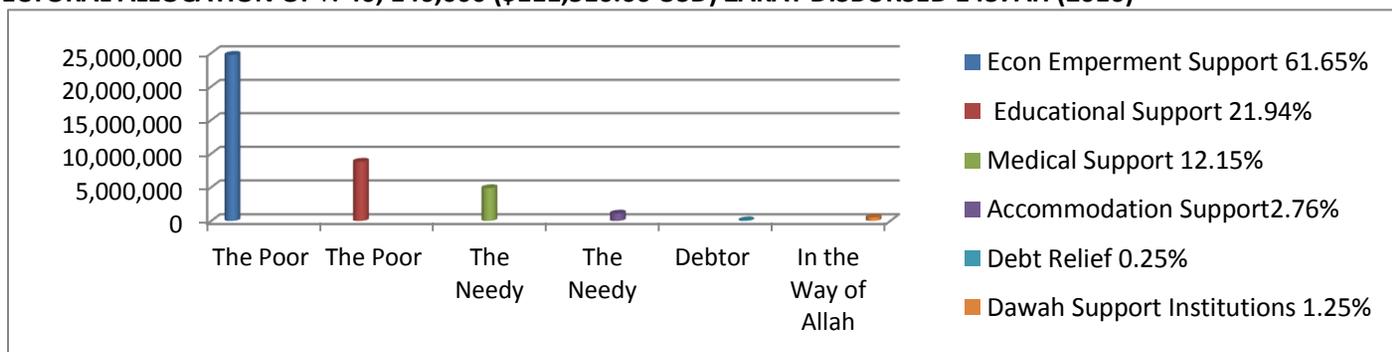
TABLE 5-2: ALLOCATION OF MASAARIF ZAKAT BASED ON NEEDS & DEMAND FOR THE YEAR ENDED 2016 ACROSS NORTHEAST, NORTHCENTRAL, SOUTHEAST AND SOUTHSOUTH REGIONS OF NIGERIA

BOZ	The Poor (EES)	The Poor (ES)	The Needy (MS)	The Needy (AS)	Debtor (DR)	In the Way of Allah (DSIs)
%	61.65	21.94	12.15	2.76	0.249	1.245
AMOUNT (₦)	24,750,000	8,810,000	4,875,000	1,111,000	100,000	500,000

Source: Jaiz Zakat & Waqf Trust Fund, 2016

KEY: (BOZ) Beneficiaries of Zakat: (EES) Economic Empowerment Support; (ES) Educational Support, (MS) Medical Support, (AS) Accommodation Support, (DR) Debt Relief, (DSIs) Dawah Support Institutions

Figure5-2: SECTORAL ALLOCATION OF ₦ 40, 146,000 (\$111,516.66 USD) ZAKAT DISBURSED 1437AH (2016)



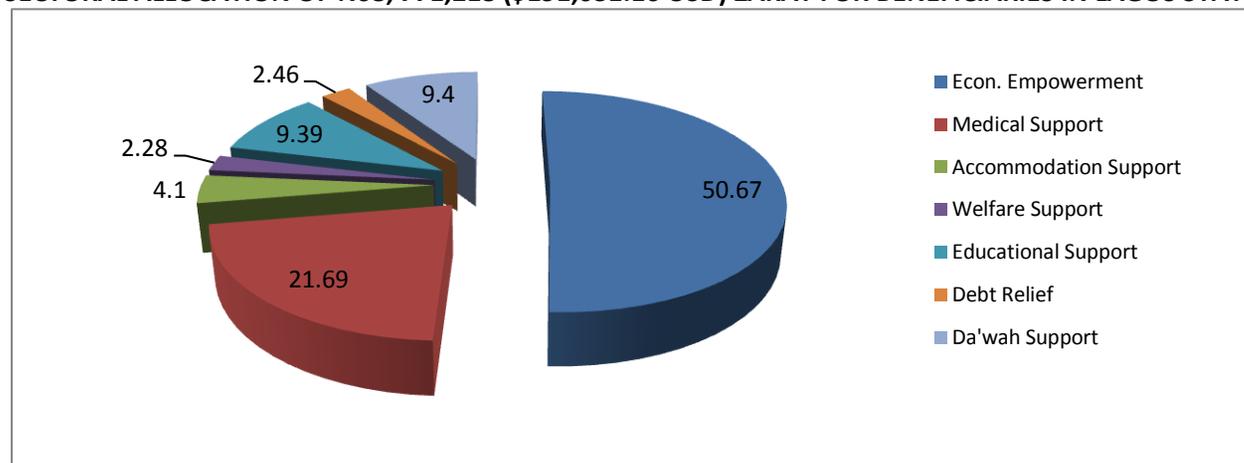
Source: Jaiz Zakat & Waqf Trust Fund, 2016

TABLE 5-3: 2016 SECTORAL ALLOCATION OF ₦68, 771,218 (\$191,031.16 USD) ZAKAT FOR BENEFICIARIES IN LAGOS STATE

Sector	Education	Economic Empowerment	Debt Relief	Medical Support	Welfare Support	Housing Support	Dawah Support	Total
Amount (₦)	6,460,271	34,843,888	1,694,000	14,913,372	1,571,000	2,821,000	6,467,687	68,771,218
%	9.39	50.67	2.46	21.69	2.28	4.10	9.40	100%

Source: Zakat & Sadaqat Foundation, 2016

Figure 5-3: 2016 SECTORAL ALLOCATION OF ₦68, 771,218 (\$191,031.16 USD) ZAKAT FOR BENEFICIARIES IN LAGOS STATE



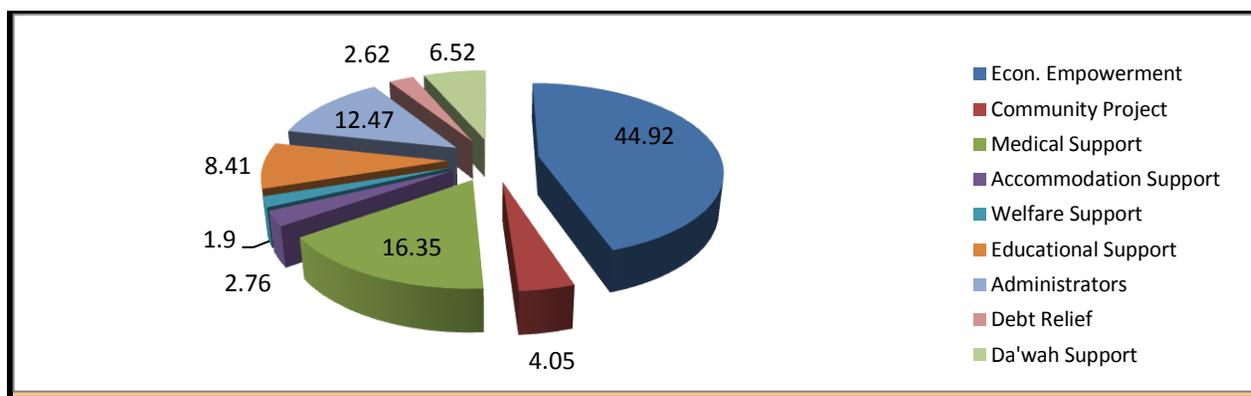
Source: Zakat & Sadaqat Foundation, 2016

TABLE 5-4: 2016 SECTORAL ALLOCATION OF ₦102, 251,490 (\$284,031.91 USD) ZAKAT FOR BENEFICIARIES ACROSS SOUTHWEST REGION OF NIGERIA

Sector	Education	Economic Empowerment	Debt Relief	Medical Support	Community Project	Welfare Support	Admin Support	Housing Support	Dawah Support	Total
Amount (₦)	8,598,871	45,932,093	2,682,000	16,713,372	4,139,600	1,941,000	12,755,867	2,821,000	6,667,687	102,251,490
%	8.41	44.92	2.62	16.35	4.05	1.90	12.47	2.76	6.52	100%

Source: Zakat & Sadaqat Foundation, 2016

Figure 5-4: 2016 SECTORAL ALLOCATION OF ₦102,251,490 (\$284,031.91 ZAKAT FOR BENEFICIARIES ACROSS SOUTHWEST REGION OF NIGERIA



Source: Zakat & Sadaqat Foundation, 2016

As mentioned earlier, two case studies of Islamic faith-based organisations in Nigeria that have contributed positively towards poverty alleviation are relevant to validate their contributions to poverty alleviation with Zakat fund. One is Jaiz Zakat & Waqf Trust Fund (JZWTF) based in Abuja, the capital of Nigeria. It was established in March 2015 and started its operations in 2016 with ₦40,146,000 (\$111,516.66 USD) as Zakat collected. It distributed the Zakat collected in Abuja, Borno, Yobe, Adamawa, Enugu, Abia, Ebonyi, Imo, Bayelsa, Rivers and Cross River States to a total of 1,119 beneficiaries.

The other Zakat NGO based in Lagos is Zakat & Sadaqat Foundation which started its operations in 2005 with ₦1.6million Zakat collected and disbursed in Abuja, Lagos, Ogun, Oyo, Osun, Kwara and Edo/Delta States.

By 2016, it collected and disbursed over ₦102,251,490 (\$284,031.91 USD) in the Southwest region including Abuja, Kwara and Edo States with ₦45,932,093 (\$127,589.14 USD) of the total Zakat fund expended on economic empowerment and skill acquisition for the poor and needy people. Thus, economic empowerment of the poor took 44.92% of the total Zakat fund as indicated in table 5-4 and figure 5-4.

Out of the total Zakat fund of ₦102,251,490 (\$284,031.91 USD), ₦68,771,218 (\$191,031.16 USD) was disbursed in Lagos State alone as shown in table 5-3 and figure 5-3 with economic empowerment still taking 39.25% Zakat fund disbursed in Lagos State. However, the source of data for Zakat & Sadaqat Foundation did not indicate the number of beneficiaries in all the places where it disbursed Zakat fund for the year 2016.

It is noteworthy to mention that out of the total Zakat fund of ₦40,146,000 (\$111,516.66 USD) disbursed to 1,119 beneficiaries as shown in table 5-1 and figure 5-1, ₦24.7million naira (\$68,750 USD) representing 61.65% was allotted to support the economic empowerment and skill acquisition of 722 beneficiaries while ₦8.8million naira (\$24,472.22 USD) representing 21.94% of the fund was used to meet the educational needs of 200 beneficiaries. Furthermore, 119 people benefited from the 12.15% allotment representing ₦4.8million naira (\$13,541.66 USD) used to cater for their medical needs while 28 beneficiaries were also supported with ₦1.1million (\$3,086.11) representing 4.26% of the total Zakat fund for their resettlement and supports for Dawah institutions among others.

Further analysis of the data as shown in table 5-2 and figure 5-2 supported the view of some scholars that Zakat as an institution if properly administered has the potency of alleviating poverty in the worlds (Akram and Afzal, 2014). From the aforementioned data in Section 5.1, it is clear that the level of poverty in those states where Zakat was disbursed has not abated while access to qualitative and affordable housing, medical and educational services was far out of the reach of the poor and needy people. This finding has been validated in table 5-2 and figure 5-2 where 98.52% of the overall Zakat fund disbursed was given to the poor and needy people across the aforementioned 10 states and the Federal capital Territory of the country in order to cushion the adverse effect of poverty in those regions.

6.1 Summary and Recommendations

Over the years till date, poverty, as a global phenomenon has received the attention of the international community, governments, donor-agencies and non-governmental organizations. Despite the

intervention strategies put in place to tackle it, the vast majority of the populations of the world are still trapped in the cycle of poverty. This paper made an attempt to examine the issue of poverty and looking at the Nigerian situation and the role of Zakat in eradicating poverty among other strategies.

There is need for governments of Muslim countries to enunciate relevant policies and put in place necessary legal infrastructure for the effective collection and distribution of Zakat. In order to encourage vast majority of the public who are willing to contribute and support Zakat institutions, the public policies should be tailored along these directions:

- i) Facilitating the establishment of institutional framework for these activities;
- ii) Supervising, monitoring and regulating the activities to minimize misuse of the institutions and of the resources mobilized by them;
- iii) Developing legal and institutional infrastructure to facilitate the institutions to carry out their activities in fighting hunger, disease and poverty (Maidugu, 2013).

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