THE ROLE OF ZAKAT AS A POVERTY ALLEVIATION STRATEGY AND A TOOL FOR SUSTAINABLE DEVELOPMENT: INSIGHTS FROM THE PERSPECTIVES OF THE HOLY PROPHET (PBUH)

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Abstract
Eradication of extreme poverty and hunger is a major challenge of the entire universe in the 21st century. In fact it is the number one goal of Millennium Development Goals (MDGs). Poverty in Islam is defined as a state whereby an individual fails to fulfill any of the five basic human requirements of life (Religion, Physical self, Knowledge, Offspring and Wealth). In line with brotherhood concept which is emphasized in Islam, the Holy Prophet (PBUH) in 9AH received obligation on Muslims to pay zakat on wealth. The institution of zakat is a unique instrument and mechanism in Islam that is used to combat poverty. This paper intends to explore and share through guidance from relevant verses of the Quran and Hadith of the Holy Prophet to examine the role of zakat as an institution in tackling poverty. Thus, this paper provides an in depth, state of the art knowledge and insights that are inspired by prophetic worldviews on how Islam addresses poverty with the aid of zakat and it concludes that the institutionalization of zakat as an alternative strategy would provides the foundations for sustainable development and good life (hayat tayibah).

Keywords: Zakat, Sustainable Development, Strategy, Poverty Alleviation, Islam, MDGs

INTRODUCTION
Poverty is a problem as old as the human existence itself. This has been a cause of concern in every society and throughout the history. During current era poverty came under limelight recently and has been a focus of international community. It is one of the most widespread and dangerous problems faced by humanity today. Millions of human souls on this planet are living under extreme poverty and very inhuman conditions which is quite alarming. At the social front, Sachs (2005) opined that every day about 20,000 people perish because of extreme poverty. Less than 10 per cent of the world’s gross national product (GNP) stems from low-income countries (World Bank, 2000). Average annual income is less than $300 per head in
Burundi, Cambodia, Chad, the Democratic Republic of Congo, the Central African Republic, Eritrea, Ethiopia, Malawi, Mali, Nepal, Niger, Nigeria, Rwanda, Sierra Leone, Tanzania and the Yemen Republic. Many, although not all, of these poorest countries are in Africa, and many are also suffering the destruction brought by civil or international war (for example, Sudan, Sierra Leone, Liberia, Democratic Republic of Congo). The share of global wealth enjoyed by the world’s poorest countries, and by the world’s poorest people in all countries, is low and falling.

The above indicates clearly that Poverty has become an economic, social, and political issue all over the world particularly in the developing and third-world nations. Parties from various organizations, such as the United Nations (hereafter, UN) and World Bank are working hard to eradicate poverty with all kinds of activities, programs, services, and policy developments. It was in realization of this astonishing fact that In September 2000 for example, the United Nations Millennium Summit agreed on eight Millennium Development Goals, with 18 targets and 48 indicators as yardsticks for measuring improvements in people’s lives” by the year 2015. Goal one of the objectives is to significantly reduce the number of extreme poverty and hunger globally (United Nations, 2012).

Another good attempt was the recommendation of The World Development Report (2000) that emphasized on a dual approach to reducing poverty: (a) efficient labor-intensive growth based on appropriate market incentive, physical infrastructure, institutions and technological innovations; (b) adequate provision of social services, including primary education, basic health care and family planning services. In fact, the reality proved all programs were only temporary, casualistic, and not significant. However an interesting opinion came from Roar Bjonnes founder of the Center for Sustainable Villages, who said that to alleviate poverty there are some long-term program that can implement, among of them are equitable distribution of wealth, justice through both political and economic democracy, a decentralized, ecological and self-sufficient economy, a balance between cooperation and competition, a constitutional right to life’s basic necessities, culturally appropriate education, a consumption-motivated rather than profit-motivated economy, agricultural reform, a philosophy of life that supports all human beings’ interests rather than self-interest. Thus, he suggests that the solution to eradicate global poverty only emerge in coalition with sustainable spirituality or a worldview that sees the spiritual unity of all life. This statement further emphasized that poverty alleviation programs are very closely related to spiritual matters. Islam as a religion that encompasses universal economic and social issues has also confirmed it.

It is therefore argued that the current concern for sustainable development needs to be replaced with a new and broader concern for ‘environmental sustainability and justice (adl)’. This must embrace both the familiar concerns for intragenerational justice (justice for the poor now) and inter-generational justice (justice for those yet unborn), and also justice with respect to other species. Justice (Adl) from an Islamic perspective is the cornerstone for good governance and a sustainable civilization. Islam is a complete code of life. The five pillars of Islam help to bring people at levels of society together in interaction of a mutual support. It is a religion that has a theoretical framework at guides its followers to observe and adopt as a system of life. It provides a basic of guidelines of living one’s life and within this, there is a very detailed concept of ethical and social behavior which clearly shows that concept of sustainable development has a role in Islam. The fundamental concept of how Islam sees the world is tawheed, which is normally translated as the “Unity of God” but which by extension also signifies the unity of
mankind or unity of people and nature. Within this all embracing framework of unity, creation is a trust from God, and men and women who are equal in the face of God and trustees (khalifas) of God, (Nadzri, AbdRahman and Omar, 2012). The pursuit of happiness and good life (tayebah) is about adding value to life through good deeds and knowledge as part of the human role in the construction of the universe. Based on this concept, it is obvious that one needs to adhere to the Islamic requirements in every aspect of his or her life including religious, political, social, and economic activities in order to maintain a good relationship with God.

It is understanding of the above that constitutes the unique characteristics of the Islamic economic system as opposed to the conventional economy. One of the uniqueness of the Islamic economic system is the requirement to pay zakat Muslims are obligated to pay zakat, one of the five “pillars” of Islam. It is payable on business revenues and assets, gold and silver, and savings at the basic rate of 2.5% (Gambling & Karim, 1986; Hamid et al., 1993; Mohamed, 2007; Mohamed Ibrahim, 2001; Lewis, 2001; White, 2004). Mohamed (2007) opined that Islam requires its followers to pay zakat so that the money collected can be of help for the poor to have basic requirements in life. In addition, Islam also provides Zakat as one important instrument to solve social economic problems. In fact, Zakat has benefits for consumption and also have benefits for productivity, which give capital ability to attempt independently and improve quality of life of recipients. It is the contention of this paper to examine the pivotal role that zakat plays in eliminating poverty and attaining sustainable development.

LITERATURE REVIEW

Conceptualizing Poverty

Poverty is a multidimensional economic phenomenon that has both political and social ramifications. It exists throughout generations and societies irrespective of cultural affiliation and geographical boundaries. Although the nature of poverty may vary from community to community, culture to culture and time to time, poverty persists in both rural and urban areas alike; and also in both developed and developing economies (Hassan, 2010).

Poverty is usually meant to be deprivation of wellbeing, and basically there are many factors that cause it and various approaches to explain the concept. Basu (1984) stated that poverty is close to the condition whereby poor are weak and vulnerable to hostile factors and events beyond their control. Again, poverty is characterized to be persistently in what referred to as the vicious circle of poverty. Levitan (1980) in Kusuma and Sukmana (2010) defines poverty as the lack of goods and services which are needed to reach the proper standard of living. Similarly, according to Schiller (1979) in Kusuma and Sukmana (2010), poverty is incapability to have proper goods and services to fulfill limited social needed. Ala (1981) in Kusuma and Sukmana (2010) gives similar definition; poverty is the lack of income to fulfill the proper standard of living. Chambers (2005) clearly explain about the complete definition of poverty according to the reality and conceptually. The point of poverty is deprivation trap, it is consists of five aspects, they are physical weakness, exclusion or isolation level, susceptibility, and desperation.

Sumodiningrat (1998) in Kusuma and Sukmana (2010), said poverty is classified to five kinds; they are two kinds based on income level and three kinds based on the causal factor, namely: First, absolute poverty is described when income level in 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. **Second**, relative poverty is described 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. **Third**, natural poverty is the poverty that is caused by natural factor such as the different of, age, healthy, geographical location. They do not have proper resources, both human resources, natural resources, and other developing resources. **Fourth**, cultural poverty is the poverty that is caused by the different of custom and tradition, work ethics, etc. it is referred to the individual’s behavior that is caused by life style, life habitual and culture. This society is difficult to participate to raise their standard of living, to make a changing and to develop. **Fifth**, structural poverty is the poverty that is caused by human brand factors such as inequitable of productive distribution asset, discriminatory of economic policy, collusion – corruption, and economy arrangement which beneficial to the certain society group. Sometimes it is called pauperization, because it is caused by intentionally factors.

Generally, poverty is measured in monetary terms, based on the income levels or consumption per capita or per household. In 2008, the World Bank has redefined the international poverty line at $1.25 a day instead of $1 a day, based on the purchasing power parities (World Bank, 2008). Based on this new figure, it was suggested that those who earned less than $1.25 a day are categorized under absolute poverty. Furthermore, according to a UN declaration, poverty is defined as: “...denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to; not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation”. (UN Statement, June 1998)

On the other hand, Islam defines poverty based on an individual failure to fulfill any of the five basic human requirements of life that is based on *MaqasidSyariah*: i) religion, ii) physical self, iii) knowledge, iv) dignity, and v) wealth (Hassan, 2010). Islam, being a religion of balance, views poverty as social and ideological problems. It is considered as social problem because the effects are felt in the society as a whole. Moreover, it is also an ideological problem as it affects the performance of one’s socio-religious obligation towards the community and Islam, and may even lead to kufr. Furthermore, a hadith reported that Prophet Muhammad (pbuh) has sought Allah’s refuge from poverty.

"O Allah! I seek refuge with You from laziness and geriatric old age, from all kinds of sins and from being in debt; from the affliction of the Fire and from the punishment of the Fire and from the evil of the affliction of wealth; and I seek refuge with You from the affliction of poverty, and I seek refuge with You from the affliction of Al-Mesiah Ad-Dajjal. O Allah! Wash away my sins with the water of snow and hail, and cleanse my heart from all the sins as a white garment is cleansed from the filth, and let there be a long distance between me and my sins, as You made East and West far from each other."

(Hadith – SahihBukhari)
Conceptualizing Zakat

The word "Zakat" is derived from the Arabic word "Zakah" which means "cleanliness, purification, increase, growth, righteousness, blessing and praise". Literally, zakat means to grow and to increase, while in Shari'ah, Zakat is a concept referring to the redistribution of wealth prescribed by God to the deserving category of people. Besides poverty eradication, zakat aims to eliminate greediness among Muslims and encouraging socially oriented behavior (Nadzri, AbdRahman and Omar, 2012). According to Qaradawi (1999), the word “al-zakah” has been mentioned thirty times in the Holy Quran.. According to Chapra (2000), Zakah has literary meaning as purification (thaharah), growth (mana’), blessing (barokah), and praise (madh). Zakat is a form of worship which involves wealth. When a Muslim person's earnings reach a prescribed amount (called "nisab") in excess of his needs, that person is required to pay a portion (on monetary wealth and on gold and silver it is 2.5%, or the 40th part of the wealth) of his earnings to the poor and needy. This is called Zakat or obligatory charity in Islam (Al-Kindi, 2007). It is one kind of charitable practice done by Muslims based on accumulated wealth, and is obligatory for all who are able to do so.

It was commanded to the Muslims in the second year of Hijra calendar through the Holy Qurán. Allah (SWT) says in the Holy Qur'an: "And establish regular Prayer and give Zakat, and bow down your heads with those who bow down (in Prayer)". (2:43). It purifies the payers from their greed and selfishness and also safeguarding future business. It also purifies the receivers because it saves them from the humiliation of begging and prevents them from envying the rich. The payers give Zakat as an act of worship, while the poor receive it as a right, without any obligation towards the payers. It gives increase to the poor in the sense that he gets something for his benefit and his mind is being satisfied which is a psychological increase. In this way, Zakat purifies the heart, mind and wealth of both sides of people, payers and receivers (Al-Qaradawi, 2003).

Historically, zakat has been practiced since the early Muslim community in Mecca with the main objective is to help the poor and the needy (Qaradawi, 1999). Consistent with the brotherhood concept in Islam, Muslims were strongly encouraged to look after the poor in their community. As stated in Surah Al- Muddaththir, verse 38-45, one of the reasons those people are sent to Hell is because of the failure to feed the poor and the needy. Although zakat has been practiced earlier in Mecca, it was only made compulsory after hijrah to Medina. In general, there are two types of zakat, i) zakat al-fitr or zakat on oneself, and ii) zakat almal or zakat on wealth. Zakat al-fitr was made compulsory for all Muslims in 2 AH (after Hijra). It is a small amount that all Muslims are obliged to pay during the fasting month (Ramadhan). On the other hand, Muslims also have been required to pay zakat al-mal since 9 AH and it is payable at any time of the year if a person’s annual income (haul) exceed the exemption limit (nisab). The obligation to pay zakat on wealth was received by the Prophet Muhammad (pbuh) in 9 AH. Under the governance of Prophet Muhammad (pbuh) zakat funds was collected and distributed by the appointed zakat workers (amil). As one of the eligible asnafs, the amil were given a portion of the zakat funds (Nadzri, AbdRahman and Omar, 2012).

Sustainable Development

The 1987 UN Commission on Environment and Development, chaired by Norwegian Prime Minister Gro Harlem Brundtland, coined the term sustainable development, referring to “progress that meets the needs of the present without compromising the ability of future
generations to meet their own needs.” Sustainability means not only the survival of the human species but also maintaining the productivity of natural, produced, and human assets from generation to generation. The Islam economic system which owns its framework paradigm, value system and foundational axioms on doctrines such as oneness (tawhid), justice and charity (adl wal-ihsan), self development (tazkiyah) responsibility (fardh) etc have a guideline for attaining sustainable development economically. Al-Jayyousi (2010) opined that the combination of Wisdom (hikma), Justice (adl), Public interest (maslaha), Innovation (ijtihad), yields a set of notions that inform sustainability in islam. 

Islamic economics is built upon knowledge coming from the basic sources of the religion of Islam which are Quran, plus the accumulated knowledge of Islamic jurisprudence generated by consensus (ijma) analogy (qiya) and independent interpretation (ijtihad). According to Ahmed (2002) Islamic economics is the science that studies the best possible use of available economic resources endowed by Allah, for the production of maximum possible output of Halal goods and services that are needed for community now and in future and the just distribution of this output within the framework of shariah and its intent. 

The above shows clearly that a sustainable economy requires an effective mechanism for the distribution of wealth in a society because if poverty prevails, there cannot be a sustainable development (Kates, 2005). In order to ensure sustainable economic development that ensures intergenerational equity, Islam has put in place certain mechanisms one of which includes zakat whose socio and economic objectives of zakah lies on its ability to help the poor, circulate wealth and helping the causes of Allah. 

**Zakat and Poverty in Islam**

Zakah is important institution in the socio-economic framework of Islam. It is taken place as one’s of five pillar on which the Islamic code of life is founded. As matter of fact that the injunction of Salah is frequently followed by the obligatory to release of Zakah. The obligatory of Zakah has been ordained and enforced since the advent of Islam brought by Prophet (pbuh), and continued by his wise successors until his companions (Kusuma and Sukmana, 2010). Islam establishes Zakat as a compulsory for all well off Muslims. Zakat is a unique instrument for poverty alleviation as wealth is transferred from well-off people to worse-off people. Islam identifies Zakat as one of the five pillars. Anybody denying obligation of Zakat ceases to be a Muslim. According to the Quran: “The Zakat is meant only for the poor and needy, those who collect the tax, those whose hearts are to be won over, for the freeing of human beings from bondage, for the relief of those overwhelmed by debts, for the cause of God, and for the wayfarer: [this is] an ordinance from God - and God is All - Knowing, Wise”. (9:60).

Islam establishes zakat as a compulsory charity tool that can be used on eight purposes. Among them, five are meant for poverty eradication such as the poor, the needy, the debtors, the slaves (to free them from captivity), and the travelers in need. Other heads are the administrative cost of Zakat, 'those whose hearts are made inclined' (to Islam), and in the way of Allah. Although eight heads for spending Zakat revenue have been mentioned in the Qur'an, there is general agreement that the first priority in the use of Zakat funds has to be accorded to the alleviation of poverty through assistance to the poor and the needy. Metwally (1983) in Kusuma and Sukmana (2010) also stated that the Zakat disbursement has the ability to increase consumption since the marginal propensity to consume of the Zakat payer is lower than the Zakat recipient, so that increasing the purchasing power parity of the poor. Consequently, in
Islam transfer payment, from the wealthy to the poor for the purpose of redistribution of wealth and income in the society has been taking a central principle in building the Ummah. Furthermore, redistribution concept is also established that the Quran and the Prophet act (Sunnah) do have overwhelming evidences which indicate that Islamic system do not recognize and like any form of concentration of wealth or income in a few hands.

Hossain (2012) opined that Zakat has a number of positive impacts on the society. First, it is for the welfare of the unprivileged people of the society. Second, it is the blessing of Allah (SWT) for the giver as well as for the receiver, as it improves the total economy of the nation. Third, it establishes a society on a humanitarian ground. Fourth, it removes the economic hardship for the poor and needy and reduces the inequality among different groups of people from the society. Fifth, it satisfies the recipient's needs and alleviates his financial as well as mental sufferings. Thus, it creates love and brotherhood between the rich and poor, minimizes social tensions and bridges the gap between the poor and rich. In this way Zakat develops social and economic security to the community and brings its all members closer together. In fact, its rewards are boundless.

Zakah is that portion of a man’s wealth is designated for the poor (Kusuma and Sukmana, 2010). Similarly, Zaim, (1989) in Kusuma and Sukmana, (2010) also defined 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. Again, economically, Zakat in theory will result in economic prosperity as Zakat is paid from those who have surplus, to the poor. So that, this will improve and enhance the poor’s purchasing power which may lead to a higher demand on goods (Ahmad, 1977). The fact that the main objective of Zakat is the achievement of socioeconomic justice is not disputed (Kahf, 2004).

Some Important Verses on Zakat from the Holy Qur'an
(i) Those who believe, and do deeds of righteousness, and establish regular Prayers and give Zakat, will have their reward with their Lord: on them shall be no fear, nor shall they grieve". (2:277).
(ii) Subsequently if they (non believers) make tawba (purify and become believers), start performing Salat and paying Zakat - leave their path. Verily Allah is of Great Mercy and Much Benevolent." (9:5).
(iii) Zakat are for the poor and the needy and those employed to administer the (fund); for those whose hearts have been reconciled to truth; for those in bondage and in debt; in the cause of Allah; and for the wayfarer (9:60).
(iv) The believing men and women are allies of one another. They advocate righteousness and forbid evil, they observe Salat, pay Zakat and obey Allah and His messenger. These will be showered by Allah's mercy. Allah is Almighty, Most Wise". (9:71).
(v) Take Sadaqah from their wealth in order to purify them and sanctify them with it, and invoke Allah for them." (9:103).
(vi) …….so establish regular Prayer, give Zakat, and hold fast to Allah. He is your Protector- the Best to protect and the Best to help". (22:77).
(vii) So, establish regular Prayer and give Zakat, and obey the Messenger, that you may receive mercy." (24:56).
(vii) Those who give Sadakah, both men and women, and lend goodly loan, it will be doubled for them and theirs will be a rich reward," (57:18).
(viii) “……establish regular Prayer, give Zakat, and obey Allah and His Messenger. And Allah is well-acquainted with all that you do”. (58:13).
(ix) And they have been commanded no more than this; to worship Allah, offering Him with sincere devotion, being True (in faith), to establish regular Prayer, and to give Zakat, and that is the religion right and straight”. (98:5).

Some Important Hadith on Zakat
(i) Guard your wealth by paying Zakat, seek cure for your sick by giving charity, and protect yourselves from affliction by supplication.
(ii) One who pays Zakat and receives his guest with generosity, and the one who returns what is due to others, they are protected from niggardliness.
(iii) The best charity is to feed an empty stomach.
(iv) The upper (giving) hand is better than the lower (receiving) hand.
(v) The nation that does not pay Zakat, Allah afflicts famine on them.
(vi) When people stop giving Zakat the rain stops coming down. The only reason it still rains however is because of the animals.
(vii) Money is only yours when you spend it for the cause of Allah (SWT).
(viii) Every good deed, done for the rich or the poor, is charity.
(ix) Charity does not diminish wealth.
(x) When Zakat is looked upon as a penalty, then look for violent windstorms, earthquakes, men being swallowed by the earth, metamorphosis, stones being pelted from the skies, and calamities following one another in rapid succession, like beads of rosary falling one after the other when its string is cut.

Note: The above hadiths are taken from Bukhari, Muslim, Abu Dawood, Nasai, Ibn Majah, Tirmizi, Baihaki, and Miskat.

CONCLUSION
This paper concludes that the institutionalization of zakat as an alternative strategy would provides the foundations for sustainable development and good life (hayat tayibah) since Zakat is seen as a right of the poor and a debt upon the rich in Islam. Both are aware who pays and who receives. To facilitate the willingness of the rich to give the Zakat, several ayahs of the Quran and sayings of the Prophet are stated, wherein there are promises of reward and the consequence of non-payment in the hereafter. Psychologically, therefore the rich are inwardly prepared to alleviate the plight of the poor. Also, the injunction on Zakat al-fitr is another targeted poverty alleviator. Apart from its communal effect which is very great, it also helps to evaluate the poverty level on a grass root level. Since most people often give their Zakat during Ramadan, the generated statistics of the poor as at the end of the fast will assist in channeling some portions of the Zakat funds. As part of its permanent solution, however, Islam orders every individual of the society to work so that they can satisfy their needs. It believes in the protection of individual dignity and foresees complacent people awaiting Zakat fund. Hence, it out rightly condemns begging as well as those claiming what is not their entitlement. Warning against the consequence of both, the Prophet, in the Hadith book of Muslim says: “Whoever asks people for their money so as to get rich, he is asking for flames of fire…”
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