Zakat Institution. An Alternative for Poverty Alleviation in Zanzibar

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Abstract
The main objective of this study was to explore the successful level of poverty alleviation strategies in Zanzibar and point out how zakat institution could be an effective alternative to eradicate poverty in this Muslims island. The study relies solely on existing secondary documents and review of the literature as the main sources of data and information. The finding from this study indicated the non-convincing level of poverty reduction, although some strategies and initiatives by both government and non-government organizations as the poverty incident is still very high with the alarming situation in the rural areas indicating needs for immediate actions. Following the nature of the island population, the study recommends for the strengthening zakat institution to capture for the needs of the very poor part of the community. More importantly, the study recommends for more studies in this area to include the role of society as a whole in strengthening zakat institution, corporate image and awareness level which are crucial aspects of developing zakat institution in Zanzibar

Keywords: Zakat, poverty alleviation strategies, Zanzibar

Introduction
Poverty has continued to be a catastrophic phenomenon facing every corner of this world (Abdullah, Naziruddin, Derus, Alias, 2015) and become a most challenging concern of policy makers in the Muslims nations (Ali & Hatta, 2014). The severity of poverty incident is very open and clear with almost a billion people lives in extreme poverty all over the world. Reporting of this incident, the UNDP report on development (2015) asserted that millions of people either are jobless or employed without earning enough amount to remove them from the hardship condition and poverty and pointed that about 836 million people continue struggling with extreme poverty by 2015. While poverty hits every corner of this earth, rural areas face unexplainable difficulties and hardship. Zanzibar as one among developing countries is not exempted from this situation as more than 30 percent of its population lives under the basic needs poverty by 2015 (ZHBS, 2016) with the worst situation in rural areas of the Island (Ali & Ariffin, 2016).

Poverty is regarded as a complex issue surrounding all dimensions of people involving the deficiency in income, job opportunities, basic social services and needs like lack of food, education, and health and therefore deprived in the decision-making process (Abdelhak Senadjki & Jamalludin Sulaiman, 2015). Poverty can define as denying of choices and opportunities which include lack of food and shelters, productive economic activities, opportunities for acquiring knowledge, health and other necessities for human life. While poverty hits all nations globally, the situation in Muslims countries is worst (Ali & Hatta, 2014) indicating a need for immediate action to rectify it. By being poor, one's capacity and opportunities to participate efficiently in the society are denied (Haneef, Muhammad, Pramanik, & Mohammed, 2014). Impliedly, poor people do not have materials and non-materials resources that will enable them to participate in both economic and other social activities actively, and thus their choices, opportunities, and influence in the central decision making are tremendously restricted. Resulted from unequal distribution of wealth which is against the teachings and philosophy of Islam (Shaikh, 2017), poverty is concisely described as a situation whereby an individual fails to satisfy any of the five basic human requirements of life: (i) Religion, (ii) Physical self, (iii) Intellect or Knowledge, (iv) Offspring, and (v) Wealth (Kabir, 2010) which are the main objectives of Islamic Shariah (maqasid)

As one among the five pillars of Islam and following its historical contribution to the wellbeing creation of Muslims Ummah zakat should get special consideration from both individual and policy makers in their poverty alleviation programs. Conversely, this is not the case as Muslims did not take it seriously (Ali & Hatta, 2014) as it is the case in Tanzania /Zanzibar (Sulayman, 2015). Interestingly, a study by (Johari, Ab. Aziz, & Ali, 2014) indicates a lack of enough studies related to zakat in East Africa and Zanzibar in particular, with the high concentration in Asia, Middle East, Nigeria and tiny in Sudan. It justifies needs for this study as it will add to the existing literature particularly with issue related to zakat and poverty alleviation in this Muslims island

Motivation of the Study
This study motivated by some factors and most importantly including the followings. Firstly; the nature of the population of the Zanzibar island and level of poverty hitting this resourceful Muslims island. With about 1.4 million people, Zanzibar is said to have 99 percent Muslim out of its total population, which by no doubt huge compared to many countries that so called Muslims countries. However, irrespective of this nature of population,
poverty incidence is very high standing at 30.4 percent. Secondly, this study motivated by the status of zakat in this Muslims island. With 99 percent Muslims, the expectation is to have a strong zakat institution to cater for the needs of the poor and the needy. Unfortunately, zakat institution is not effective entity despite the fact that it is one among the five pillars of Islam. Thirdly; to increase in the existing literatures on issues related with zakat in the context of Zanzibar which is a historical Muslims island but getting small attention of researchers particularly in zakat and other areas of Islamic social finance

**Methodology**

This study relied fully on the review of the existing public documents where government official report on economic data, household survey, and policy and strategy documents fully utilized. These documents have utilized as they provide rich, reliable and resourceful information on policies initiation in Zanzibar and status of poverty issue in this Muslims island. More importantly, the extensive review of the literature provides comprehensive information for this study.

**Zakat and Poverty Alleviation**

**Islamic ideology on Poverty Alleviation**

Islam as holy religion has a complete model of poverty alleviation. (Khan, 2010; Ali & Hatta, 2014) explained three sets of measures for poverty alleviation in Islam. Firstly; the positive measure which includes income growth, functional distribution of income and equal opportunities. The second set is the preventive measures intending to avoid wealth concentration to just a few segments of the population, and this includes control over ownership and prevention of malpractice. Thirdly; the corrective measures which established the model for wealth transfer to include compulsory transfer through zakat recommended transfer through charity and finally is the state responsibility for enforcement and provision of basic needs. Islam has made the payment of Zakat compulsory to all Muslims who meets its payment criterions and made the payment of sadaqah and the perpetuity (waqf) as free but much-emphasized ones to be crucial tools in poverty alleviation. While zakat and sadaqah are the redistributive tools, the awqaf could be utilized to develop the non-income aspect and social services of the poor like education, health and physical facilities(Kabir Hassan, 2010; Yumna & Clarke, 2011). The main tools for poverty alleviation in Islam differentiated in Table 1 below.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Zakat</th>
<th>Sadaqah</th>
<th>Waqf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compulsory /Voluntary</td>
<td>Compulsory</td>
<td>Voluntary</td>
<td>Voluntary</td>
</tr>
<tr>
<td>Paid Amount</td>
<td>Fixed Amount</td>
<td>Any Amount</td>
<td>Any amount</td>
</tr>
<tr>
<td>Utilization</td>
<td>Spent in one year</td>
<td>Spent in one year</td>
<td>Generally Capitalized</td>
</tr>
<tr>
<td>Investments</td>
<td>Not invested. Need to be discharged as soon as possible</td>
<td>Not invested. May discharged according to need and mandate</td>
<td>Invested in social or economic assets</td>
</tr>
<tr>
<td>Time for Payment</td>
<td>Paid in Ramadhan</td>
<td>Can be paid at any time</td>
<td>Can be paid at any time</td>
</tr>
<tr>
<td>Modality of payment</td>
<td>Paid in cash or stocks</td>
<td>Can take the form of any asset</td>
<td>Can take the form of any asset — cash, land, coins, jewelers</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>Liability of payment if under Shariah description</td>
<td>Anyone can give , no restriction</td>
<td>Provider must be sane, of age, male or female</td>
</tr>
</tbody>
</table>

Source: Kabir Hassan, 2010

While in other context poverty is more related to material deficiency, Islam view poverty far to include moral and spiritual aspect which include mental peace, happiness, and social harmony and thus to realize it, it enforces justice and human brotherhood, without discrimination in term of gender, race, age and others (Riwaajanti, 2013) thus it is related to failure meeting or fulfilling any of the five objectives of Shariah pertaining to the basic human requirements to includes religion, physical self, intellect or knowledge, offspring and wealth(Ashraf & Hassan,2013) . It followed that Islam view poverty on both social as well as ideological evil as not only degrades societal status of the vicegerents of Allah given rise to many social problems

**Zakat and Poverty Alleviation**

Zakat stands as an important institution for equality, redistribution of wealth and poverty alleviation. It is one among five basic pillars of Islam aiming to ensure social responsibility of human beings to their Creator (Allah S.W) (Sulaiman & Jamil, 2015; Hafizah, Azizi, & Ram Al Jaffri, 2016) with prime objective of redistribution of wealth (Johari, Mohd Ali, Ab Aziz, & Ahmad, 2014) and it stand as an important and effective institution for wealth sharing and for ensuring a minimum standard of living for Muslims (Abu Bakar & Abd Ghani, 2011). The word zakat derived from an Arabic term meaning to growth, increase, cleanness, purity, and blessing
per this Act, the Commission is responsible for management of waqf property, trust properties, and estate, issues presidential period of honourable president late Alhaj Aboud Jumbe Mwinyi who initiated zakat and a sadakat people where funds deviated from productive to non-productive activities distribution of zakat, and thus any organization in tending to perform zakat related activities must be officially During early 2011 commission start registration of non-governmental organizations for collection and all matters related to zakat collection and distribution are under control and management of the commission. As nature, Act No. 2 of 2007 re-establish the Waqf and Trust Commission and through section 60 and 60 of this Act purpose, and specified categories, government, may authorize shareholders to pay it personally if it guaranteed that they would do so ,it may instruct the Islamic banks to organize its payment on behalf of shareholders, using the basis for nisab as described. More precisely (Allami, 2015) defined Zakat is a compulsory, flat levy, which is imposed by the Quran, and its fund must distribute to the eligible beneficiaries. Thus zakat can be described as compulsory religious payment imposed by Allah through Quran from the wealth of individuals or corporation reaching a minimum required amount (nisab) under specified categories and amount of the specified group of individuals by Shariah rulings.

The role of zakat in poverty alleviation gained special momentum among researchers in the present era. (Ali & Hatta, 2014) assess the role of zakat as poverty elimination tools in Malaysia, Bangladesh, and Indonesia and concluded that, zakat has a crucial role in reducing poverty and ensure socio-economic development and if effectively enforced could surely eliminate poverty. Additionally, Zakaria (2014) postulated that, through redistribution concept behind it, the intention behind zakat distribution is to eliminate poverty, safeguard wellbeing, reduce economic hardship and improve the infrastructure of Muslims communities. Ali, Rashid, Johari, & Aziz (2015) conducted a study to examine the effectiveness of zakat in reducing poverty in Kelantan Malaysia. Results from this study revealed that, despite some other issues surrounding zakat institution in this area, provision of zakat help to reduces poverty incidence, reduces the scope of poverty and reduces the severity of poverty. In supporting this findings, Ahmed & Salleh (2016) postulated that , the main target of zakat institution is to eradicate poverty as out of eight outlined beneficiaries five of them are the poor, the needy, the slaves, the debtors and the wayfarer while (Halimatusa’diyah, 2015) concurred that, zakat is a strong instrument for alleviating poverty as it plays socioeconomic role and thus play the same role as other formal social security. Apart from others, this study explored that, zakat help poor people through provision of capital, training facilities, and their basic consumptions. In the continued efforts of strengthening zakat institution among Muslims societies, (Abdullah, Naziruddin, Derus, Alias, 2015) investigate the effectiveness of zakat in poverty alleviation in Pakistan context. This study found zakat to be an effective mechanism for economic empowerment of the very poor people and argued for continuous collection and distribution of zakat in Pakistan for fulfilling needs of those poor people. In this study, researchers recommended that amount disbursed to poor people in rural areas must be increased if good results need to achieve. Importantly, (Sohag, Mahmud, Alam, & Samargandi, 2015) study role played by zakat in poverty alleviation to the rural area poor people in Bangladesh and come out to the conclusion that, zakat can help poor people by providing both productive and consumptive income. Productive income is provided for income generating activities like agriculture and small businesses while consumptive income will be utilized by poor people for satisfying their daily basic needs. Provision of consumptive funds is of special important as it cares for the needs of the poorest part of the society and for the disabled people who can no longer participate in productive economic activities. And for those who can participate in economic activities, giving hem consumption income will solve the existing problem in micro-credit facilities for poor people where funds deviated from productive to non-productive activities

**Zakat Management in Zanzibar**

As one among five pillars of Islam, history of zakat in Zanzibar traced back to the coming of Islam in the Island (ZWTC, 2011) which is said to be in the 8th century. Reports suggest that religious leaders administered zakat in Zanzibar but the existence of special law pertaining this issue is not well addressed. According to Zanzibar waqf and Trust Commission report (2011), systematic administration of zakat in Zanzibar is traced back during the presidential period of honourable president late Alhaj Aboud Jumbe Mwinyi who initiated zakat and a sadaqah committee chaired by Zanzibar chief Kadh at the end of the 1970s.

Establishment of waqf and Trust Commission through Act No. 5 of 1980 was an important step toward zakat management in Zanzibar as among others it was responsible for zakat management and administration in Zanzibar. With the same mentality and ambitious of strengthening Zakat, Waqf and other institutions of this nature, Act No. 2 of 2007 re-establish the Waqf and Trust Commission and through section 60 and 60 of this Act all matters related to zakat collection and distribution are under control and management of the commission. As per this Act, the Commission is responsible for management of waqf property, trust properties, and estate, issues related to inheritance, zakat, sadaqah and Hajj (Pilgrimage).

During early 2011 commission start registration of non-governmental organizations for collection and distribution of zakat, and thus any organization intending to perform zakat related activities must be officially
registered by the commission. Importantly, the Commission has established zakat unit or what they call Diwan for zakat which solely deals with collection and distribution issue of zakat in Zanzibar. Report by ILO (2010) outlined number of organizations dealing with collection and distribution of zakat to includes Waqf Al-Mazrui Charitable Society, Muzdalifah Islamic Charitable Organization (MICO), Fysabilah Tabligh Markaz Zanzibar (FTMZ), The African Muslim Agency (AMA), Red Cross Society, Imara Consultancy, Yaks, Karibu Store (SUMA), Other Individuals. This report indicated that about 2500 people received zakat where average annual collection and distribution amounted to Tanzania shillings 35.6 million.

More importantly, Zanzibar Mapping of Civil Society, 2012 indicated that zakat administration in Zanzibar is characterized by a lack of vision for utilization of zakat funds for productive purpose so as to generate more income, low level of coordination between religious, philanthropic bodies and more importantly lack transparency. This report address needs for extensive research of zakat management in Zanzibar to explore how potential of zakat will be fully utilized.

**Zanzibar and poverty alleviation strategies**

**Zanzibar and Economic Growth**

Zanzibar is a semi-autonomous part of the United Republic of Tanzania with its executive, legislature, and judiciary. The total island population estimated at 1.46 million growing at with 2.8 percent (ZHBS, 2016) of which 99 percent are Muslims, and its capital city is Zanzibar town with Stone Town as the historic port city recognized as World Heritage Site comprising some cultural attractions. Zanzibar stands as one among the developing country with very relatively poor economy compared to developed countries (MKUZA II, 2010) and thus the island stands as one among poorest country in Africa with most of its population living below the poverty line (Ali & Ariffin, 2016). The island GDP per capita was calculated at TZS 1,548,000 equivalent to USD 936 during 2014 (OCGS, 2015) and its economic growth hits at 7 percent by 2014. During the same period, the Island per capita income increased from Tzs 652,000 (US$ 523) to Tzs 1,548,000 (US$ 936) (OCGS, 2015). While the majority of Zanzibar people depends much on the agriculture, the sector experienced a declining contribution to the general economic growth from 30.4 percent in 2013 to 27.9 in 2014, where at this particular year the service sector account to 44.7 of the total economy. In another hand, the island economy depend much on the tourism sector earning up to 80 percent of the total foreign currency (Said & Hikmany, 2016).

**Poverty Alleviation Strategies**

Fighting against poverty continue to be one among challenging and most prioritized agenda across all countries in the world where less and developing countries are struggling most. Zanzibar as one among developing countries has initiated some measures and policies for eliminating poverty and enhance economic development in the Islands. Despite the fact that poverty alleviation was the main target of Zanzibar government since 1964 revolution, the current fights against poverty are traced back in the 2000s where vision 2020 was inaugurated (ZSGRP II, 2010) and revised in 2011. Apart from transforming the island into a middle income country reaching the GDP per capita of USD 995 by 2015 and USD 3000 by 2020, the vision aimed at complete elimination of object poverty by 2020 through improved access to income, social services and ensure availability of basic needs like foods, education, training opportunities, God shelters, improved democracy and enhanced social security for both Zanzibaris with special consideration on culture preservation (Zanzibar Development Vision 2020, 20011).

For smooth implementation of this vision, Zanzibar poverty reduction plan introduced in 2002 (Said & Hikmany, 2016) followed by the Zanzibar Strategy for Growth and Reduction of Poverty phase 1 (ZSGRP I) or what termed in Swahili as MKUZA I in the year 2005 aiming at the growth of the national income with notable reduction of income poverty, improved Social Services, wellbeing and ensure Good Governance and National Unity. Importantly, second and the reviewed strategy; Zanzibar Strategy for Growth and Reduction of Poverty phase two (ZSGRP II) or MKUZA II was launched in 2010 providing a five years direction to 2015. The strategy involved the assessment of the existing plan and developed a new strategy for the benefit of the people of Zanzibar. The above-initiated strategies were all aligned to the implementation of the millennium development goal which Zanzibar as part of Republic government of Tanzania signed in the year 2000 (URT, 2014).

**The Poverty Level**

Government initiatives to improve the wellbeing of people are many and expectation is to have impressive results that poverty will thrash out of the island by 2020. With some improvements in education, health, and other social services, Zanzibar still found to suffer from high level of poverty among its population. The literacy rate for people aged 15 and above has increased to 83.6 percent in 2014/2015 as compared to 82.3 percent and 75.8 percent in 2009/2010 and 2004/2005 respectively. However, the illiteracy rate in rural areas was higher at 23.9 percent compared to only 7.7 percent in urban the areas (ZHBS, 2016). Again, female continue suffering at
Poverty in the rural areas has risen by 6.3 percent from 75.5 percent in 2009/2014 to 81.8 percent in 2014/2015. Providing them with funds for productive purposes will enhance the poor people’s participation in economic activities, but also empower them economically. Zakat, an important tool for poverty alleviation and improving the prosperity of Muslims in Zanzibar, utilization of zakat institution is not an option but a compulsory activity that will improve their income generating capacities. Zakat has been an important tool for poverty alleviation and wellbeing of the Muslims during and after the time of the Prophet (S.A.W) thus for the prosperity of Muslims in Zanzibar utilizing zakat institution is not an optional rather a compulsory activity. If Islamic teachings, tools, and strategies will be seriously utilized, extreme poverty will be eased in Muslims nations earlier than 2030 as intended by the World Bank. For full utilization of zakat, coordination and cooperation among organizations and individuals are essential issues that will effectively mobilize and utilize for the benefits of the society as intended by Islam. This study indicates the importance of zakat institution for poverty alleviation and improving the wellbeing of Muslim communities as zakat will capture for both basic needs of the very poor part of the society by providing them with funds for the consumptive purposes, but also empower them economically by providing them funds for productive purposes which will enhance poor people to participate in economic activities that will improve their income generating capacities. Zakat has been an important tool for poverty alleviation and wellbeing of the Muslims during and after the time of the Prophet (S.A.W) thus for the prosperity of Muslims in Zanzibar utilizing zakat institution is not an optional rather a compulsory. Conclusively, if Islamic teachings, tools, and strategies will be seriously utilized, extreme poverty will be eased in Muslims nations earlier than 2030 as intended by the World Bank. Moreover, while the poverty rate remains unchanged, the number of people living in food poverty was enlarged with a minor reduction in poverty level. According to this report, poverty incidence is still high as 30.4 percent of the Zanzibar people lives in basic needs poverty with the rural poverty increased by 0.1 percent where by around 443,540 of Zanzibar people are still below basic needs poverty line. The situation in rural areas is even more discouraging one as about 40.2 percent of its population suffers from basic needs poverty compared to urban areas with 17.9 percent.

Again government reports indicated that about 157,133 people out of 1.45 million people who are 10.8 percent of total population of the island live under extremely food poverty by 2014/2015. This rate indicates a negligible reduction in food poverty compared to 11.7 percent of 2009/2010. The situation in rural areas is still alarming with 25.7 percent of extreme poor compared to only 4.5 percent in the urban area. It indicates the mismatch and inequality in resources and wealth distribution between urban and rural areas and a wide gap between the poor and the riches as supported by (Makame & Mzee, 2014). Additionally, the proportion of food poverty in the rural areas has raised by 6.3 percent from 75.5 percent in 2009/2014 to 81.8 percent in 2014/2015. Again, while urban basic needs poverty was reduced from 28.5 percent to 17.9 percent in the same period, the situation is different in rural areas with increased basic needs poverty from 39.5 percent to 40.2 percent within the same time frame. After all these strategies, it is very clear that Zanzibar as Muslims island needs to re-think on how Islamic institutions and tools for poverty alleviation will activate for the benefits of ummah.

Conclusion and Recommendations

Conclusion

Zanzibar as one among developing countries has initiated some policies and programs to combat poverty out of the island and like many countries of the same nature the results of those strategies are not convincing that poverty will eradicate as intended. Despite the fact that the rate of poverty reduction is very low, the poverty level in the rural areas is at alarming levels, and reports indicated expanding the gap between the poor and the riches which are very against the teaching of Islam as it indicated an inequality in income and resource distribution. Following the nature of the island population, war against poverty must accompany by strengthening the Islamic institutions on poverty alleviation like zakat, waqf, qardul al-Hasan and other sadaqah.

This study indicates the importance of zakat institution for poverty alleviation and improving the wellbeing of Muslim communities as zakat will capture for both basic needs of the very poor part of the society by providing them with funds for the consumptive purposes, but also will empower them economically by providing them funds for productive purposes which will enhance poor people to participate in economic activities that will improve their income generating capacities. Zakat has been an important tool for poverty alleviation and wellbeing of the Muslims during and after the time of the Prophet (S.A.W) thus for the prosperity of Muslims in Zanzibar utilization of zakat institution is not an optional rather a compulsory. Conclusively, if Islamic teachings, tools, and strategies will seriously utilize, extreme poverty will be eased in Muslims nations earlier than 2030 as intended by the World Bank (Mahmood, Khan, Mehmood, & Khan, 2014, Elrahman & Saaìd, 2014).

Recommendations

For full utilization of zakat, coordination and cooperation among organizations and individuals are essential issues so that resources will be effectively mobilized and utilized for the benefits of the society as intended by Islam. This study, therefore calls for joint efforts between the Waqf and Trust Commission, other government actors, non-governmental organizations, companies and individuals to revive this important institution in Islam. Muslims in Zanzibar need to be serious on this issue as failure to fulfill our obligation in this important pillar of Islam will mean a lot in our faith, and we will be answerable before Allah on the Day of Judgment. More importantly, openness, transparency, commitment and sense of hardworking by officers on Waqf and Trust...
Commission (WTC) is something very crucial and compulsory. Again, we argued to all stakeholders particularly those involved directly in the collection and distribution of zakat to look the way on how zakat funds are utilized for productive purposes so that beneficiary’s financial capacity will be enhanced. As a sole administrator of zakat in Zanzibar, WTC bears a heavy burden as they are not only responsible for their fellow human being, but more answerable to Allah, the creator.

**Limitations of the study and Recommendations for future studies**

This study depends solely on the secondary document review, and thus it lacks any field survey or interview inputs. It limits findings of the study as zakat management authorities could produce more useful information regarding zakat management; collection and distribution and issues facing this important institution for the development of Muslims and Islam. Thus the study recommends for further studies to investigate issues surrounding the zakat management in Zanzibar. What are the challenges and reasons behind the under development and utilization of zakat in poverty alleviation, perceptions of the society on the role of zakat institution and more importantly explore how society as a whole could participate in the development of zakat institution in Zanzibar

**References**


