

Identifying the poor and the needy among the beneficiaries of zakat

Need for a zakat-based poverty threshold in Nigeria

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Abstract

Purpose – The purpose of this paper is to identify the hardcore poor, moderately poor and just poor among zakat recipients in southwest Nigeria. It seeks to explain the criteria and basis used in determining the most deprived among zakat recipients considering the multi-dimensional nature of poverty and modern-day situations.

Design/methodology/approach – Out of 200 questionnaires that were randomly distributed among the recipients of zakat from Al-Hayat Relief Foundation and Zakat and Sadaqat Foundation in southwest Nigeria, only 150 were completed. Headcount poverty index, poverty gap index, multi-dimensional index on standard of living, income ranges and monthly per-capita household expenditures using the national workers' minimum wage as poverty threshold were adopted for analyzing the data collected.

Findings – On the basis of the income range of the recipients, 128 out of 150 recipients were found to be poor, whereas on using the MMPCHE 93 out of 150 recipients were found to be poor. Both results were further classified into hardcore poor, moderately poor and just poor recipients. The multi-dimensional index on standard of living was also used to capture poverty in terms of deprivation in standard of living, such as non-availability of electricity, drinking water, cooking fuel, sanitation, flooring and assets.

Research limitations/implications – A limited number of recipients were evaluated in this study, and hence it would be difficult to generalize. Also, some recipients had difficulty in answering the survey questionnaire used in this study, which reduced the amount of information derived. Thus, an in-depth interview method coupled with a survey can be used in future studies.

Practical implications – The implication of this result is either that the threshold and measures adopted are not capturing the poor and the needy or that the zakat institutions are not reaching out enough to the poor and the needy eligible to receive zakat. This paper suggests the introduction of a more uniform and comprehensive zakat-based poverty threshold for the poor and the needy that will continuously be examined by Shariah scholars and researchers to best engage with the modern-day situation.

Social implications – This paper examines the measures of poverty and concludes on the introduction of a well-comprehensive threshold that is Shariah compliant and based on the plight of the modern-day poor and needy, which can go a long way in achieving the objectives of zakat.

Originality/value – This study recommends a more comprehensive zakat-based poverty threshold that will capture the multi-dimensional nature of poverty in the present day for better outreach to the most deprived needy and poor.

Keywords Social welfare, Poverty, Welfare economics, Deprivation, Social economy, Distributive justice

Paper type Research paper

Introduction

The boundaries for all eight categories of zakat beneficiaries are continuously being examined by Shariah scholars to best engage with modern-day conditions. Zakat implies a compulsory annual levy on the wealth of an adult and sane Muslim (Islamic Social Finance Report, 2015). This wealth must have remained with the owner for one full calendar year and must exceed a minimum threshold to be liable for zakat. The poor and the needy are



among the recipients of zakat. Identifying the poor and the needy among these beneficiaries of zakat has become a key issue in many zakat institutions. Thus, researchers, data agencies and even governments use different economic indicators and criteria for determining the measures of poverty. This is crucial especially in a situation where there is no standard threshold for poverty measurement. Nigeria, apart from using the international poverty line of \$1-\$1.25 per day, measures poverty on the basis of income sufficient for per-capita consumption of 3,000 calories per day and other essential non-food items (National Bureau for Statistics (NBS), 2012). The 2005 global poverty line of \$1.25 was computed by taking the national poverty lines of the 15 poorest countries, estimating their purchasing power parities and computing their average. The idea was that a poor person was one whose PPP-adjusted daily consumption fell short of \$1.25. Although the validity of this method has been questioned, in 2011, approximately 14.5 percent of the world's population – that is, one out of seven people in the world – lived below it. Going by the 2015 global poverty line of \$1.90 released by the World Bank, the nominal poverty line of 2005 and 2011 was raised to adjust for inflation. To determine which countries' inflation rate to use, two experiments were conducted: one approach was to inflate the poverty lines of the 15 countries considered in 2005, using their respective inflationary rates and then taking the average. The other approach was to inflate the poverty lines of the other 101 countries. Both methods raised the line to \$1.88 and \$1.90, respectively (Basu, 2015).

According to the United Nations Development Programme (2008), poverty is measured using the education index, health index and standard of living index. Another study uses the cost of basic needs, food energy intake and subjective evaluation to measure poverty (Alkire and Foster, 2007). Researchers at the 10th African Economic Conference (2015) discussed a new gap in the household measurement indicators of urban and rural poverty. They believed that measurement of poverty based on the average national income does not accurately reveal the distribution of wealth in providing the basis for combating the menace of poverty.

The multi-dimensional nature of poverty has made its measurement diverse and subjective. One takes into account a computation of poverty line for each household, adjusting it from household to household with respect to prices and demographic composition (Haughton and Khandker, 2009). Muslim jurists have different opinions on who is actually poor and who is actually in need. However, they all identified with poor and needy individuals. Poor and needy people are defined as those people whose income or salaries, or whatever material goods they have, fall short of the cost of living in a given environment and economy, not having enough for food, clothing and shelter (Mahyuddin and Abdullah, 2011). However, monetary-related measures cannot provide substantial information on poor and deprived people. This gave surge to the application of a multi-dimensional poverty index (Alkire and Santos, 2010) to complement income and consumption measures in order to assess the nature and intensity of poverty at the individual level, with poor people being those who are multi-deprived and the extent of their poverty being measured by the extent of their deprivation. The combination of these methods takes into account a broader view on all aspects of one's life.

Past research on the concept of zakat and poverty alleviation describes how zakat has in one way or another helped to improve the welfare of people and bridge the gap between the rich and the poor in society. It is a medium of creating equality among people in the society (Mujaini, 2005, Ahmad Fahme *et al.*, 2013). Some scholars consider zakat as a social insurance for members of the Muslim community through which a better future is granted (Mahyuddin and Abdullah, 2011).

The novelty of this research lies in the study of the welfare of the poor and needy zakat recipients and examines whether the objectives of zakat are being met using a quantitative approach. This study highlights the contribution of zakat to poverty in southwestern Nigeria and suggests how zakat institutions can be made to function effectively to reduce

poverty. In order to access many zakat recipients and the administration of zakat institutions, zakat foundations in the southwestern part of Nigeria were assessed as zakat collection and distribution is a non-governmental function and a conscious effort of some Muslims in southwest Nigeria.

This study aims to give insight into policy makers and zakat administrators as well as recipients of zakat on ways to improve performance and alleviate poverty by focusing on areas where output can be maximized to meet target objectives and promote conscious orientation of all involved. This paper gives insight into the various determinants/drivers of poverty, attempts to identify the poor and needy among zakat recipients using economic indicators of income/consumption, and gives recommendation on improving the system of zakat distribution in Nigeria.

Literature review

According to the *Oxford dictionary*, being poor means having little money or few possessions characterized by or indicating poverty, whereas needy refers to demanding or needing attention, affection or reassurance to an excessive degree. Kakwani and Hyun (2006) viewed being poor not only in terms of material deprivation (measured by income or consumption) but also in different aspects of life, such as unemployment, ill health, lack of education, vulnerability, powerlessness or social exclusion. Muslim jurists have different opinions on who is actually poor and who is actually in need. There are different views held by Islamic scholars as to the appropriate proportion of zakat to be distributed to recipients, especially the poor and the needy. The Hanbali and Shafi school of thought posits that the proportion to be given to the poor and the needy must be enough to help them fulfill their needs. This will basically depend on their real or basic requirements for a minimum quality of life. The Shafi school of thought argues that sufficient zakat must be given to the poor and the needy for as long as they remain poor (Mahyuddin and Abdullah, 2011).

Imam Abu Hanifah is of the opinion that zakat can be given in proportions and that there should not be a limit to the proportion. Imam Malik suggested that the proportion of zakat should depend on the scholar's *ijtihad*. However, he asserts that zakat should be given on the basis of the rate of *nisab* for the current year. Scholars in Maliki school of thought opined that the proportion given should not be more than what one needs for the period of one year. Both views were a result of the fact that there is no specific Quranic verse that explicitly determines the proportion of zakat that must be given to the poor and the needy (Mahyuddin and Abdullah, 2011).

According to Imam Nawawi, the zakat proportions for the poor must take into account the recipient's occupation and current living circumstances. He suggested that the poor and needy *asnafs* must be assisted on the basis of their skills and with enough zakat so that they can be pulled out of poverty. For physically challenged people, who are unable to work to support their lives, the zakat given must be enough to cater to their needs for the rest of their lives. The proportion of zakat is also based on the average expenditure of the present local society. All these scholars identified poor and needy individuals differently. The poor and needy are defined as those whose income or salaries, or whatever material goods they have, fall short of the cost of living in a given environment and economy, not having enough for food, clothing and shelter. The poor and the needy should be given enough to support them and their families for one whole year. The needy who want to get married and have no means should be given enough for this purpose, and so too the student who needs money for tuition, rent, food and books. The working poor should be given supplementary zakat as well. They are also those who do not own any assets, or those who do not own any property or assets in excess of basic necessities (basic necessities include a house, furniture, clothing, etc.), and those who own property in excess of basic necessities but below the value of *nisab* (Mahyuddin and Abdullah, 2011).

Ibn Khaldun, who is considered the father of modern economics, wrote on economic and political theory in the introduction of his history of the world (*Kitab al-ibar*). One of his most prominent contributions to economics is his theory of income, expenditure and multiplier, which establishes him as a precursor to Malthus, Khan and Keynes (Soofi, 1995). He felt that the interaction of moral, social, economic, political, historical, legal and cultural factors as well as institutional developments contributes to the development or decline of an economy or society rather than just one of these factors (Chapra, 2006). He suggested that sustainability will be secured as long as the income of citizens remains above the poverty line (Mohammad Tahir, 2010). His conclusions are based on real facts of his time, of which the majority were molded by Islamic ways of life. Naziruddin *et al.* (2012) suggest that consumption rather than income is preferable to measure poverty because it is difficult to measure the income of those working in the informal sector, like self-employed workers and those who receive in-kind payments such as food or housing. He also thinks that consumption goods are considered to more accurately represent long-term living standards because income may fluctuate over short periods. Finally, there is comparability and reliability issues in measuring consumption goods in different areas of a country and different countries alike. However, household surveys in Nigeria are still evolving and results are subjected to potential biases from respondents. The poverty incidence in Nigeria as per the NBS (2012) is displayed in Table I.

However, all schools of thought agreed that zakat can be distributed by means of direct financial support to the poor and the needy who do not have the capacity or good health to sustain themselves. This form of support falls under the health-deprived recipients. Zakat can also be distributed indirectly by providing tools of trade as work equipment for able-bodied, business capital for those with business skills, training and skill acquisition, and other supports deemed relevant to the recipients' physical condition and skills. However, the poor must be encouraged to be independent and self-sustained by fully utilizing the zakat disbursement. Siddiqi (1988), however, reminds that the provision of productive distribution in the form of capital or other income-generating assets will only be availed after the basic needs are met.

The basic needs approach is one of the major approaches for measurement of absolute poverty in developing countries. It is an attempt to define the absolute minimum resources necessary for long-term well-being, usually in terms of consumption goods (Atkinson, 2003). The satisfaction of basic human needs such as food, clean running water, shelter, clothing, sanitation, education and health care is the overriding objective of national and international development policies. It is described as consumption-oriented. It is grounded on Rawls' theory of justice, which focuses on a set of primary goods that constitute the element of well-being and considered necessary to live a good life (Santos *et al.*, 2009). The capability approach stressed by Sen (1992) argues that the relevance of well-being should be based on the set of functions (or outcomes) that an individual is able to achieve. It reflects a person's freedom to live one type of life or another (Sen, 1992). The basic needs approach combines information on the condition of households in terms of construction material, number of

Year	Poverty incidence (%)	Estimated population (mn)	Population in poverty (mn)
1980	27.2	65.0	17.1
1985	46.3	75.0	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.9
2010	69.0	163.0	112.47

Source: National Bureau of Statistics Report (2012)

Table I.
Nigeria relative
poverty headcount
1980-2010

people per room, access to sanitary services, children attending school, education and economic capacity of the household head (Santos *et al.*, 2009). The indicators for unsatisfied basic needs are considered in terms of the proportion of households unable to satisfy one, two, three or more basic needs and are often presented using poverty maps. The shortfall of the approach is the fact that it does not offer a unique index but rather a percentage of population with a different number of unmet basic needs. However, the basic needs approach has been termed as the direct method for poverty measure as it looks directly at whether certain needs are met as opposed to the indirect method, which looks at the income level and compares it to the income level necessary to achieve these needs (Santos *et al.*, 2009). It is considered that the former method captures structural poverty, whereas the latter method may capture a part of the structural poor and also transient poor (Santos *et al.*, 2009).

The vivid uniqueness of the acute multi-dimensional poverty index is that it assesses the nature and intensity of poverty at the individual level by directly measuring the overlapping deprivations that poor people experience simultaneously. It provides a vivid picture of how and where people are poor, within and across countries, regions and the world, enabling policy makers to better target their resources at those most in need through policy interventions that tackle the many different aspects of poverty together (Alkire *et al.*, 2014). The MPI reveals the combination of deprivations that batter a household at the same time. A household is identified as multi-dimensionally poor if and only if it is deprived in some combination of indicators whose weighted sum exceeds 30 percent of all deprivations. The indicators and the criteria for someone to be considered deprived in terms of education are when no household member has completed five years of schooling or a school-aged child is not attending school for grades 1-8; in terms of health a person is considered deprived when a child has died in the family or a child or an adult is malnourished. In terms of deprivation in standard of living, non-availability of electricity, drinking water, cooking fuel, sanitation, flooring and assets is considered an indicator (Alkire and Santos, 2010). These indicators are based on participatory exercises with poor people, emerging international consensus and the availability of suitable data. The MPI is the product of two numbers: the headcount or percentage of people who are poor; and the average intensity of deprivation, which reflects the proportion of dimensions in which households are, on average, deprived. Alkire and Foster (2007) showed that this measure is very easy to calculate and interpret, is intuitive yet robust, and satisfies many desirable properties. Better data are needed at the international level to be able to expand the measure to include other important dimensions, such as informal work, empowerment and safety from violence. By directly measuring the different types of poverty in each household, the MPI goes beyond the HPI and other poverty measures to capture how different groups of people experience concurrent deprivations (Alkire *et al.*, 2014).

Bidyadhar and Sanjay (2015) estimated and decomposed multi-dimensional poverty in 82 natural regions in India. Data from the Indian Human Development Survey between 2011 and 2012 were used. Poverty was measured from the multi-dimensions of health, education, living standard and household environment by adapting the Alkire-Foster methodology. The result showed that 43 percent of India's population is dimensionally poor, with large variations. The average intensity of poverty was 45.5 percent with an MPI of 19.3. The economic poor have a weak association with health and household environment. The decomposition of MPI indicates that the economic dimension accounts for 22 percent, health dimension accounts for 36 percent, education dimension accounts for 11 percent and the household environment accounts for 31 percent of the deprivation. The authors suggested more target-based interventions in the poor regions to reduce poverty and inequality in India.

Mahyuddin and Abdullah (2011) examine zakat being a tool for the Islamic economic system with an objective to eradicate poverty among Muslims and cater to Muslims' social welfare. He posits that zakat recipients, mainly the poor and the needy, must attain a minimum quality of life from the zakat received. This involves a more proactive mechanism

for zakat distribution, which could be in the form of monetary capital and equipment to help recipients improve their standard of living. He suggested a self-sustained mechanism of zakat distribution as the most effective tool to guarantee a better quality of life for the recipients. He posited that zakat distribution should include the concept of both long- and short-term distribution. Long-term distribution should be implemented as poverty cannot be eradicated within a short time as such actions require careful, long-term planning. The short-term distribution concept is a yearly support concept that needs annual planning.

To investigate the impact of philanthropic zakat among Indonesia's poor, Lessy (2013) used a semi-structured interview to study how economic empowerment and socio-health programs have benefited recipients. There were multiple approaches to data analysis, including phenomenology, which revealed that recipients of economic empowerment with more education and spousal support could lead a better life after utilization of *rumah zakat's* interest-free loans as compared to recipients with individual or group support; spousal support helped significantly with business growth. The respondents typically earned an income above the national poverty standard. In terms of socio-health programs, respondents with minimal education had incomes below the national poverty standards. Services like free health care and collaborative learning were given to this category of respondents, which in turn lowered their expenses. The researcher concluded that respondents benefitting from both programs reported a significant positive impact on their home economies, health and social lives. Thus, an integrative program offering assistance with micro-credits, health care, food, security and education will better serve the poor.

Patmawati and Ruziah (2014) opine that distribution of zakat to productive *asnafs* will assist them in the long term to improve their quality and standard of living and provide finance for their economic projects. In the long term, they are expected to become self-reliant and productive and be able to pay zakat in return. The main goal is productive and effective use of resources to eradicate poverty. Zakat has been used to reduce poverty and economic inequalities in Muslim societies. A study of non-recipients of zakat focused on the poor and the needy who were left out, who are classified on the basis of administrative criteria (rather than Poverty Line Income) and *kifayah* criteria, were ignorant about the availability of zakat, or were deliberately excluded. The study argued that poverty should also be looked at from the perspective of social exclusion, which can be considered a multi-dimensional measure of poverty. There is evidence of ineffectiveness in the distribution of zakat because of the rights of the poor and the needy being turned down, resulting in zakat not being effectively allocated. Issues such as bureaucracy, weakness in identifying the poor, an ineffective zakat distribution system and non-transparency in zakat institutions gave rise to the incidence of non-receipt of zakat funds (Azhana *et al.*, 2015). The study also suggested dimensions of social exclusion to be individual, economic-structural, social-cultural and institutional to better understand the system of zakat.

Naziruddin *et al.* (2012) asserts that effectiveness depends on the measures that guide the formulation of such policies. His paper proposed a Zakat Effectiveness Index (ZEIN) to address issues surrounding poverty and inequality indices. This index can be used to compare and verify the effectiveness of zakat distribution in bridging the gap in household expenditure on basic needs between countries, states, regions or various sub-groups of the population. Such comparisons are considered important because they offer an overall assessment of a country's progress in poverty alleviation and also reflect the level of a country's economic development. The researcher suggests a variety of ways in which ZEIN could be usefully applied, especially in a more refined basic needs expansion policy. It uses household consumption, government spending and zakat recipients as its measures. The index is formulated with the aim of being an improved measure on effectiveness as well as to study the impact of zakat on household expenditures.

Studies on zakat can be broadly classified under collection, distribution and management or administration. However, the literature has shown many subcategories arising from these three broad classifications. Many studies conducted on zakat focus on various areas, including theoretical, conceptual, compliance, accounting, management and administration, Muslim awareness and payment behavior, and collection and distribution (Khan, 2007; Muhammad Farooq, 2009; Mahyuddin and Abdullah, 2011; Naziruddin *et al.*, 2012; Ahmad Fahme *et al.*, 2013; Lessy, 2013; Hassan, 2013; Ibrahim and Amir, 2013; Patmawati and Ruziah, 2014; Azhana *et al.*, 2015; Obaidullah *et al.*, 2015). However, few studies have researched on areas of distribution in terms of “what is distributed,” “how it is being distributed” and “to whom it is being given” as well as the impact of zakat distributed on the quality of life of its recipients. This paper aims to give an insight to policy makers and zakat administrators as well as recipients of zakat on ways to improve performance, and alleviate poverty, by focusing on areas where output can be maximized to meet the target objectives and also create conscious orientation in all involved.

Methodology

In order to assess more zakat recipients, two different zakat foundations were used as the target group for this paper. The authors found that 450 zakat recipients had received assistance from the two foundations in 2014. In total, 200 questionnaires were distributed and 150 were completed (Ghozali, 2006). Using the national workers’ minimum wage rate in Nigeria, ₦18,000 was considered the threshold to determine the poor and non-poor (Nmadu *et al.*, 2015) whereas MPCHE was used to determine the hardcore poor, moderately poor, poor and non-poor among the various recipients (Oyekale *et al.*, 2012). Also, headcount poverty, poverty gap index, monthly per-capita household expenditures and multi-dimensional poverty index on standard of living were used to measure poverty. Results were displayed using descriptive statistics.

Results

First using the FGT poverty index of headcount index and poverty gap index to determine the incidence and depth of poverty among zakat recipients, the analysis and table below displays the following result:

$$HCI = P_0 = \frac{1}{N} \sum_{i=1}^N I(y_i < z) = \frac{N_p}{N}$$

where N is the total population, $I(\cdot)$ is the value of I if the bracketed expression is true, and 0 otherwise, y_i is the income/expenditure, z is the poverty line, and N_p is the total number of poor; therefore, the percentage of poor out of N is the poverty incidence:

$$I(1) = 128/150$$

$$P_0 = 0.853$$

$$PGI = P_1 = \frac{1}{N} \sum_{i=1}^N \frac{G_i}{z}$$

where N is the total population, Z is the poverty line, G_i is the gap index, and Y_1 is the household expenditure $= z - y_1/z$:

$$P_1 = 2,700,000 - 18,186,24$$

$$\text{Povertygap} = G_1 = 881,376$$

$$G_1/z = 881,376/2,700,000$$

$$P_1 = 0.3264.$$

Thus, the average income of the poor is only 67 percent of the poverty line and poverty gap (P_1) in aggregate; thus, the income required to eradicate poverty is 33 percent of the poverty line multiplied by the number of poor respondents (Table II).

Prior to zakat distribution, 85 percent of households among zakat recipients were living below the poverty line, as evaluated using the monthly per-capita household consumption. It shows high poverty incidence among the recipients in relation to the total number sampled. The higher that the poverty incidence is closer to 1, the higher is the number of poor. This result is similar to the study by Johari *et al.* (2014), Ahmad Fahme *et al.* (2013). This depicts a growing need for zakat institutions to complement government efforts toward alleviating poverty. The result further shows the intensity of poverty among the recipients with a poverty gap of 0.3264. This implies that poor households require 33 percent of the poverty line to escape from poverty group. Again, the result below shows further classification among zakat recipients into hardcore poor, moderately poor and poor categories (Tables III and IV).

For the MMPCHE calculation:

$$\text{MPCHE} = \text{Monthly household expenditure}/\text{Household size}$$

$$\text{Total MPCHE} = 17,984,23$$

Recipients ($N=150$)	Percentage	P_0	P_1
Poor 128	85.3	0.853	0.361
Non-poor 22	14.6	0	0
Mean income (naira)	22,056		

Source: Survey questionnaire

Table II.
Poverty incidence
and depth among
zakat recipients using
FGT index

Recipients	150	100 (%)
Hardcore poor	6	0.04
Moderately poor	57	0.38
Poor	87	0.58

Source: Survey questionnaire

Table III.
Poverty incidence
among zakat
recipients using the
MMPCHE approach

Poverty line	Poverty headcount	Poverty line (Value)	Poor	Non-poor
NPL of National Minimum Wage	0.853	N18,000.00	128	22
MMPCHE	0.62	N11,989.48	93	57

Source: Survey questionnaire

Table IV.
Poverty indices and
poverty line table

$$\begin{aligned} \text{MMPCHE} &= \text{Total MPCHE} / \text{Total no. of HHs} \\ &= 17,984,23 / 150 \\ &= \text{₦}11,989.48. \end{aligned}$$

Table II depicts further classification of those who fall in the hardcore poor, moderately poor and poor categories. Overall, 4 percent fall under hardcore poor (could consist of chronically poor or structurally poor people), 38 percent fall under moderately poor (could be transiently poor) and 58 percent are just poor. The hardcore poor are those whose monthly expenditure falls below one-third of the MMPCHE (i.e. $HCP < \text{₦}3,997$). The moderately poor are those whose monthly per-capita expenditure falls below two-thirds of the MMPCHE (i.e. $MP < \text{₦}7,993$). Finally, the ordinary poor are those whose monthly per-capita expenditure falls above two-thirds of the MMPCHE (i.e. $P > \text{₦}7,993$). The result is similar to the study of Oyekale *et al.* (2012), which showed that 28.8 percent of the 125 households sampled are poor. Table III shows the differences among the values of the two poverty lines used for this analysis in terms of the poor and non-poor among the recipients. Figure 1 shows a shift above the threshold for the group 8 recipients on average monthly per-capita household expenditures. This depicts an increase in the average household consumption after receiving zakat (Table V).

Finally, using the multi-dimensional index on the standard of living to identify the poor and non-poor among the recipients, 48 percent of the recipients were found to be deprived of access to water, and those who were not deprived had to walk miles to fetch or buy water. In total, 57.3 percent of the recipients did not have electricity to turn on lights and most of those with access used fuel or diesel generators to generate electricity. In case of home assets, 49.3 percent had at most one of these items in their homes – sofa, TV, radio, fridge, sink and stove – whereas 50.7 percent had at least two of these items. Regarding sanitation facilities, 37.3 percent did not have houses with kitchens and toilets and 62.7 percent with access mostly shared their kitchen and toilets with other occupants of the house. All recipients were deprived in at least one-fourth of all indicators.

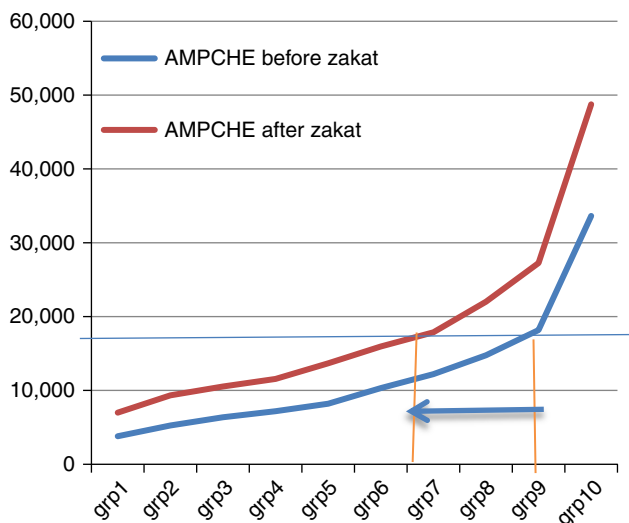


Figure 1.
Average monthly per-capita household consumption before and after zakat distribution

Discussion and contribution

This paper focuses more on the lives of recipients in attaining a minimum living standard. Past studies focus more on the management, collection and distribution of zakat. This paper offers solutions to the research gap identified in terms of post-evaluation measurement of zakat distribution. This means that it evaluates zakat effectiveness from the view of zakat recipients toward poverty alleviation in order to proffer recommendations to improving the programs and services of zakat institutions. Also, the paper provides suggestions to zakat recipients on ways to become self-sufficient and self-reliant in the long run. Finally, the government's role in providing public goods and welfare services for socio-economic development is recommended.

Past studies focus only on the management, collection and distribution of zakat in Nigeria. This paper gives an insight into identifying the poor/needy recipients and suggests a zakat-based poverty threshold in Nigeria. It provides feedback on zakat foundations to improve the effectiveness of zakat for poverty alleviation. It also contributes to the methodology by using a quantitative analysis (poverty measures) to identify and make recommendations.

Zakat foundations should help connect its recipients to other zakat institutions within macroprograms if a failure in the microscheme occurs so that the economic efforts of recipients will not end because of such failure. However, there were some respondents who were of the opinion that they should be provided with interest-free soft loans. They believe that it will make them more conscious and responsible toward becoming successful because they can return the money. Zakat foundations should also expand their focus on poverty alleviation at the national and regional levels and not be limited to the fulfillment of basic needs. Rather, they should aspire to a larger economic scope. Lobbying local businesses, creating relationships with external funding institutions, and political advocacy for the poor are needed. Therefore, it is critical that zakat foundations play an important role in supporting education or training opportunities that target family members of recipients of economic empowerment.

The foundation's health program should be useful and accessible to all, especially to pregnant women. It is evident that many poor families do not have access to the public health care system, medical check-up and treatment. Therefore, Zakat foundations should collaborate with medical officers to offer free consultation services with little or no amount charged for treatment and medical check-up, and for pregnant women maybe once or twice a month, because many poor families need health care services. The medical check-up and treatment should not be limited to general check-up and obstetric procedures but should also include dental care. Although there is no direct relation to income generation, it reduces expenses on health care. Receiving health care services will not only give them security but also lower their daily expenses; thus some of the family income could be saved for social activities and their children's education.

Poverty indicators	Percentage of deprivation (%)	Percentage of non-deprivation (%)
Access to water supply	48	52
Access to electricity	57.3	42.7
Access to public health center	46.7	53.3
Road access	37.3	62.7
Transport system	30	70
Phone services	6.7	93.3
Sanitation	37.3	62.7
Assets	49.3	50.7

Source: Survey questionnaire

Table V.
Multi-dimensional
index on living
standard indicators

Recipients must cultivate and develop entrepreneurial skills and venture into businesses in order to be successful and be able to meet their needs. Recipients should always be hardworking, resilient and productive toward the programs offered by zakat foundations. This study showed how zakat can improve the lives of its recipients and ensure that its objectives are met.

The government welfare role toward providing an enabling environment for its citizenry is crucial toward poverty alleviation. Providing sustainable environment that will create opportunity for economic prosperity is a duty of every government. It is imperative that the government cater to its people, and its role cannot be overemphasized. The reason for the high incidence of poverty is the result of failure of the government in performing its role. Collaborative efforts must be directed toward combating poverty at the local, state and national levels. Findings from this study suggest that zakat can complement government poverty measures. Therefore, adequate support must be given to such institutions that carry out this function to enable continuity, collaboration and empowerment in order to alleviate poverty.

Conclusion

The varying results of all these approaches to poverty measurement indicate the many dimensions of poverty. A recipient might not be income poor but can be health deprived or may have a very large number of dependants to take care of. It is therefore logical to introduce a comprehensive threshold that will bear all these dimensions of poverty in line with Shariah laws and the present-day situation to identify who are really poor or in need for zakat to be effective. Zakat institutions need to have a standard threshold based on the different areas and regions they operate in. Since the objective of zakat is to alleviate poverty among *Ummah*, it is pertinent that zakat foundations capture and reach out to the people for whom the system of zakat was ordained.

However, this paper failed to classify recipients of poor and needy zakat into rural or urban poor, which could have been further used to measure and give indicators and comparisons. Another limitation is that the paper uses only a questionnaire to gather information about the recipients. This limited a large number of recipients who were unable to read and write, especially older recipients. Future research can employ quantitative means in longitudinal study and qualitative means to gather information from zakat recipients on the effectiveness of zakat toward poverty alleviation. Future research should record the voices of both zakat recipients and zakat administrators in order to achieve comparative data to enhance validity and receive better insight into zakat distribution and sustainability of zakat programs. Specifically, it should focus on gathering the views of administrators about the issues examined with recipients.

Finally, future research should focus on determining zakat institutions' criteria for program enrollment for the benefit of recipients. They should establish local poverty criteria bearing in mind rural and urban poverty measures suitable to modern conditions because no specific local criteria are currently available. Therefore, some indigent people may not know that they are eligible for zakat. This will, in turn, inform zakat officers that systematically determining those who are poor and destitute is important so that zakat can be delivered to those who are truly in need.

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