

ZAKAT AND POVERTY ALLEVIATION: AL-HAYAT RELIEF FOUNDATION CONTRIBUTIONS IN OGUN STATE, NIGERIA: AN OVERVIEW

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ABSTRACT

Islam being a universal religion meant for the entire humanity, its agenda regarding poverty is not limited to Muslims, but covers the entire populace of the world. Indeed, evaluating the potential of Islamic economic tool (zakat) to alleviating the challenges of poverty is a global alternative directive. This paper intends to highlight the roles of zakat towards alleviating poverty through the roles of the Institution of al-Hayat Foundation and past literatures to analyze its contributions. Using al-hayat unpublished report of zakat collected and distributed to the various recipients from year 2005-2012, it shows that the more the zakat collected, the more the zakat distributed to the recipients with the poor and the needy taken the better part. Although, wealthy individuals must be orientated and encouraged to pay their zakat in order to enhance sustaining the foundation. Productive recipients must also be encouraged to become skillful entrepreneur and independent.

Keywords: Zakat, Poverty Alleviation, al-Hayat.

1. INTRODUCTION

The institution of zakat was established by Allah through His Book to bridge the gap between the poor and rich. Apart from purifying the wealth of the rich, it also helps to alleviating poverty among the recipient of such zakat fund. Allah made it obligatory for owners of wealth to pay zakat out of their riches to eight categories of recipients among who were the needy and the poor. Islam values prosperity and happiness. It teaches the believers to aspire for bounties in both worlds. However, Islam does not encourage affluence and extravagance that exist in the midst of widespread poverty, deprivation and inequality. Nigeria society of today has a very wide disparity between the have's and the have not. The rich keeps getting richer while the poor struggles but still gets poorer. Efforts by the government to reducing poverty moves at a much slow pace than anticipated roles that is required of them which has thwarted people's believe in government policies. Poverty reduction and job creation have not kept pace with the population growth implying social distress for an increasing number of Nigerians.

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2. LITERATURE REVIEW

2.1 Concept And Causes Of Poverty

According to 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 a clinic to go to; not having a 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 often implies living on marginal or fragile environments, without access to clean water or sanitation”.

UN statement, June 1998.

Poverty here is viewed as the lowest level of wellbeing, which is experienced by those people in a society who is deprived that they are unable to function with dignity. As stated in the WDR 2002, to be poor “is to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled”.

According to Aku, *et al* (1997), cited in Ijaiya I.G *et al.*, (2011), Poverty is seen from five dimensions of deprivation: i) personal and physical deprivation experienced from health, nutritional, literacy, educational disability and lack of self-confidence; ii) economic deprivation drawn from lack of access to property, income, assets, factors of production and finance; iii) social deprivation as a result of denial from full participation in social, political, and economic activities; iv) cultural deprivation in terms of lack of access to values, beliefs, knowledge, information and attitudes which deprives people the control of their own destinies; and v) political deprivation in terms of lack of political voice to partake in decision making that affects their lives. Poverty has various manifestations which include among others hunger and malnutrition, increased morbidity and mortality from illness, epidemics, unemployment, illiteracy, homelessness, unsafe and degraded environment, social discrimination and exclusion.

Poverty is classified into two forms: absolute poverty and relative poverty. “The former means that a person's basic subsistence needs (for food, clothing, and shelter) are not being met while the latter means that a person's needs are not being met in comparison with the rest of his or her society" (Alters, S. M. 2009:1-2) as cited in Onagun I.A *et al.*, (2014).

Poverty causes are multidimensional and enormous. It ranges from natural causes to human causes. Human causes could be political instability, economic recessions, human incapacitated, income inequalities, illiteracy, and diseases widespread among others. Natural causes such as natural disasters, drought and climate change, (UNDP Report, 2011).

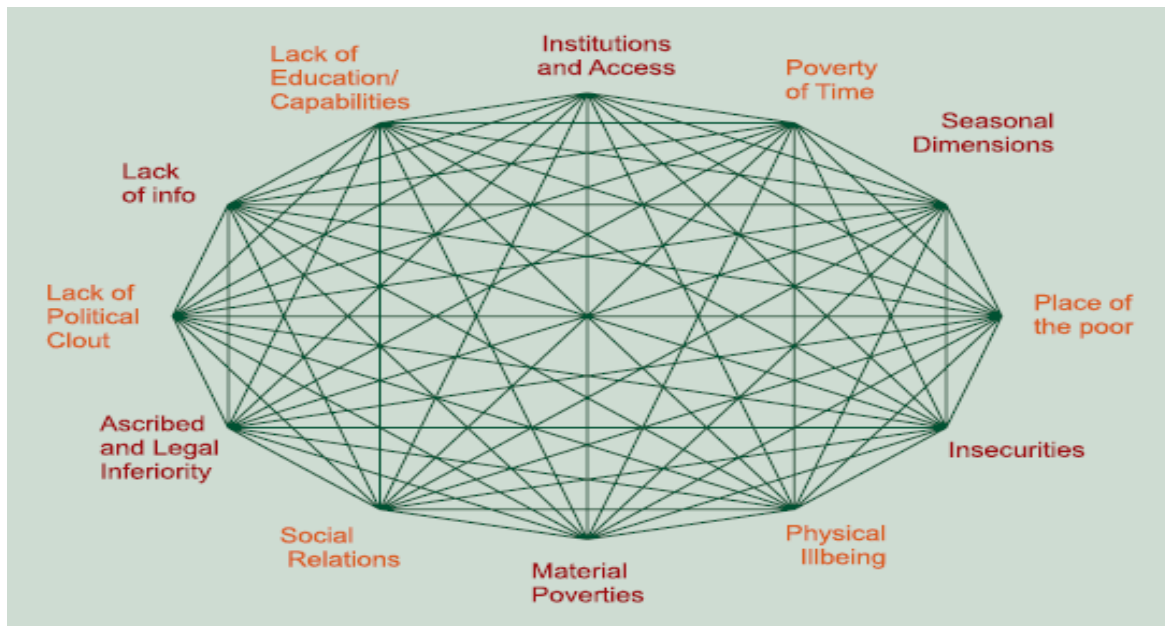


Figure 1: The Web of Poverty Disadvantages.

Source: UNDP 2006

2.2 The Nigerian Situation

The number of Nigerians living in poverty is increasing significantly, revealing a perplexing contrast between the nation's economic statistics on rapid economic growth and minimal welfare improvements for much of the population, the World Bank has said. "Poverty rates remain high in Nigeria, particularly in rural areas. These rates declined between 2003-2004 and 2009-2010, although not nearly as fast as would be expected from the pace of economic growth in the country," (World Bank Economic Report 2013). "While the officially reported growth rates of GDP well exceed population growth in the country, the pace of poverty reduction does not, this implies that the number of poor Nigerians living below the poverty line has grown measurably," the report stated. Aside from the increase in poverty, the organization said progress towards a number of the other Millennium Development Goals in Nigeria has also been disappointing, stating that Nigeria was ranked 153 out of 186 countries in the 2013 United Nations Human Development Index, as unemployment rates have been steadily increasing and younger Nigerians are encountering increasing difficulty in finding gainful employment. Job creation in Nigeria has been inadequate to keep pace with the expanding working age population. The official unemployment rate has steadily increased from 12% of the working age population in 2006 to 24% in 2011. Preliminary indications are that this upward trend continued in 2012.

Similarly, the founder of An Islamic Charity Group, Ar-Rahmah Zakat Foundation, Femi Omo-owo in Ogun state, Nigeria claims that there is widespread of poverty in the state therefore, the institution is mainly established to effectively and efficiently use the Zakat money to assist the financially-poor people to uplift their lives. The foundation targets those women that engaged in small scale enterprises in the state in order to keep their business moving, a way of economically empower the women in the state. This gesture is in line with

the purpose of Zakat in Islam which is to ensure equitable distribution of wealth and resources in the Muslim society (Sunday Punch, 2013:5 as cited in Onagun et al, 2014).

Table 2: Nigeria at a glance

	Nigeria	West African (ECOWAS)
Total Population	152 million	291 million (52%)
Rural population	78million	165million
Population growth	2%	2.6%
Human Development Index(HDI)	0.423 (ranked 142 out of 169 countries)	0.389 (Sub-sahara Africa)
Gross Domestic Product(GDP)	\$328 billion	\$505 billion (65%)
Per Capita GDP	\$2,100	\$1,684
GDP Growth	4.4%	3%
% of the population living below the poverty line	50%	41% (Sub-sahara Africa)
Infant Mortality	20%	11.2%
Literacy	Women: 64% Men: 80%	60%

Source: World Bank, IMF 2010.

2.3 Islam And Poverty

Islamic principles of poverty alleviation are based on the Islamic views of social justice and the belief in Allah Almighty. Islam defines poverty as a state whereby an individual fails to fulfill any of the five basic human requirements of life that is based on Maqasid Syariah: (a) Religion, (b) Physical self, (c) Intellect or Knowledge, (d) Dignity, and (e) Wealth.(Nadzri *et al*, 2012 Hassan,2010).The Islamic economy identifies individual differences among people as each person is endowed with different types and levels of human abilities, even though individuals are provided with equal opportunities, the economic status of two individuals may not be equal. However, Islam does not encourage affluence and extravagance that exist in the midst of widespread poverty, deprivation and inequality. Indeed, Islam does not want people to view or treat this world as the Paradise. Any level of affluence and prosperity that is widely shared with the desired distributive effects is alright, but Islam's message is decidedly focused on removal of poverty, deprivation and inequity (Farooq, 2009). It also teaches the believers to seek refuge in God from the afflictions of poverty (Sahih-al- Bukhari).

2.4 Concept Of Zakat And Quran Injunctions

Zakat is seen as a benchmark of Islamic Economics. According to Sayyid Sabiq (1991) as quoted by (Sarea A. 2012) Zakat is a portion of a man's wealth which is designed for the

poor, it is an obligation in respect of funds paid for a specified type of purpose and for specified categories. It is a specified amount prescribed by Allah for those who are entitled to Zakat as specified in the Qur'an. From the fiqh terminology, Zakat means a specified amount of particular properties made compulsory by Allah to be distributed to the rightful people (Qardhawi, 1997). One of the most basic principles of Islam is that everything belongs to Allah and human beings are given the trust on behalf of Allah to manage His wealth. Zakat as the third pillar of Islam is an obligatory religious tax imposed on various categories of assets, either physical asset or financial assets, notably on income, savings and financial investments, produce, inventory of goods, salable crops and livestock, and precious metals. The zakat collections are to be disbursed to the various categories of people as specified in the Quran.

The following Quranic verses, among others, emphasizes that all resources belong to God and that these resources are thus a trust (Qur'an 57:70) that must be used to satisfy the basic needs of all those who, for no fault of their own, cannot afford the basic necessities of life in a humane and dignified manner. Allah SWT gave insight into how a wealthy person is made a trustee over his wealth which is meant to be given out in zakat to the eight categories of recipient as specified in the Quran.

'And in their properties, there's a right for the beggar and the needy'. (Qu'ran 51:19)

'And be steadfast in prayer; give zakat; and bow down your heads with those who bow down in worship'.

(Qu'ran 2:34)

"So establish salat and give zakat, and hold fast to Allah....."

(Qu'ran 22: 78)

"[so that] wealth does not circulate only among your rich"

(Qur'an 59:7)

"And [would assign] in all their wealth and possessions a due share (zakat) unto such as might ask [for help] and such as might suffer privation."

(Qur'an 51:19)

Likewise the sayings of Prophet Muhammad, who once said,

"He is not a man of faith who eats his fill when his neighbor is hungry".

"A locality where a person has to sleep hungry deprives itself of God's protection".

2.5 The Importance Of Zakat On Poverty Alleviation: A Literature Review

Evidence from al-Quran and al-Hadith shows that, Zakat as ordained by Allah SWT makes it obligatory for the wealthy whose riches has reached nisab to pay 2.5% of such wealth to the eight categories of recipients as specified. Among these eight categories are the Poor and the Needy. According to past literatures, a zakat giver sees this as being thankful to Allah that has given much bounties and purifying such wealth by paying zakat, but to the recipient, it goes a long way in improving their welfare and bringing them out of poverty. Patmawati & Ruziah (2014) opines that distribution of zakat to productive recipients will assist them in a long term to improve their quality and standard of living, provide finance for their economic

projects. In a long term, they are expected to become self-reliant and productive and can be able to pay zakat in return. The main goal is for productive and effective use of resources to eradicate poverty.

Income support provided to the poor and needy would result in a measured increase of the money supply in circulation causing upward shift in demand for goods and services (Johari, F. et al, 2007 as cited in Ahmed Fahme et al, 2013). To support this upward shift in demand for basic necessities of life such as food, clothing and shelter, the production facilities would gradually expand and begin to absorb the idle capital. In other to support the increased production, the economy would generate more jobs and new employment opportunities. This added employment in turn would generate more demand for goods and services, more room for additional investments, and finally the growth cycle based on consumption and would contribute to a balanced economic growth (Patmawati,2006) (Wan Yusoff, 2008). With that, the understanding of Islamic Jurispence (in this case is practical zakat in social welfare fund) is the continuous practices and should respond to any changes that reflect to solve the current problem and lifestyle of a dynamic society (Johari, et al. 2010). Thus, this study is trying to view the roles of al-Hayat Relief Foundation focusing on the collection and distribution of zakat in the state of Ogun, Nigeria.

2.6 Al-Hayat Relief Foundation

Al-hayat came into existence on 15th March, 1997 with six people that had determination and focus to bring forth an Islamic foundation and save Muslims from the experience of agonies they faced from shylock lenders who charge exorbitant interests on the monies loaned out to them. It was solely premised on reducing social vices, to acquire wealth, take care of Muslims welfare, purge off the poverty biting hard on Muslims, collection and distribution of zakat and sadaqah funds and meeting other financial obligations without going against the injunction of Allah. According to Salako et al (2013), this foundation has attempted to practicalize some Islamic financial theories in its fifteen years of existence in Nigeria which shows that Islamic Banking can thrive in the country.

The foundation is registered with the Corporate Affairs Commission in Federal Capital Territory, Abuja. The foundation has its constitution and own bye-laws that consist of its laid down rules and regulations that is binding on each member on joining the foundation. Membership is opened to practicing Muslims working class introduced by the registered member of the foundation. It presently has over 42 branches spread across Ogun, Lagos, Osun, Ondo and Kwara states of the federation. The foundation currently has over ten thousand members and still growing stronger.

2.7 Aims And Objective Of The Foundation

The foundation has as its objectives to carry out all the pillars of Islam and more importantly to champion the course of Islamic economic system and the following:

- To give out financial relief to registered members on interest free basis
- To carry out welfare services on members
- To propagate the religion of Islam through *da'wah* and render financial assistance to the needy through zakat
- To carry out different schemes beneficial to members
- To uphold the pillars of Islam.

3. RESEARCH METHOD

This paper has is essentially based on the on-going academic research work and descriptive analysis to get an overview of the zakat and poverty alleviation in Ogun state, Nigeria through the roles of the Institution of al-Hayat Relief Foundation. The al-Hayat Relief Foundation was been chosen because of their roles in collecting and distributing zakat in Ogun State, Nigeria. Thus, this study aims to identify profile of al-Hayat Relief Foundation, their performance in collecting and distributing zakat in the past eight years (2005 – 2012).

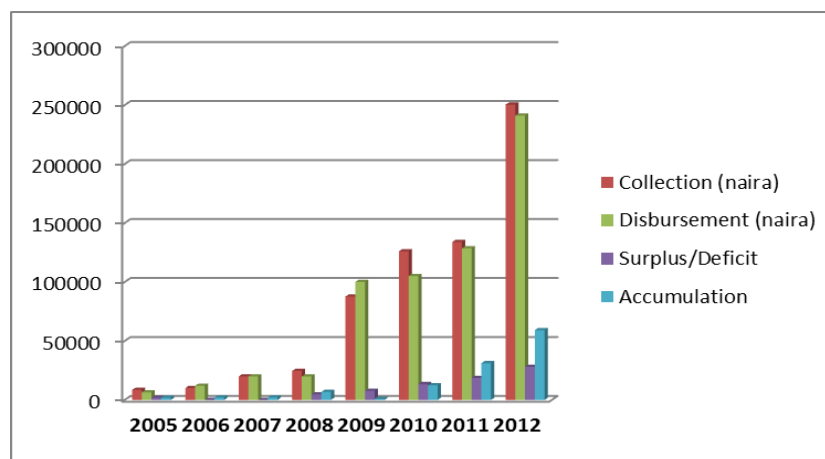
4. RESULTS

This table and graph depict an increase year in year out in the amount of zakat collected and disbursed to zakat recipients over time. The sources of this zakat fund are mainly of members whose wealth has reached *nisab*. Of course there is a growing need for philanthropist and wealthy individuals to be orientated and drive the cause by paying their zakat . This increase will make it possible to reaching out to a growing numbers of the poor and needy recipients. Thus, improving their social welfare by rendering assistance either in cash or in kind is of paramount importance to the foundation.

Table 2: Collection And Distributiion Of Zakat Fund By Al-Hayat Foundation

Period	Collection (naira)	Disbursement (naira)	Surplus/Deficit	Accumulation
2005	8500	6,500	2000	2,000
2006	10,050	12,000	50	2,050
2007	19,995	20,000	45	2,095
2008	24,630	20,000	4,675	6,770
2009	87,650	100,000	- 7,675	-905
2010	126,050	105,000	13,375	12,470
2011	133,830	128,500	18,705	31,175
2012	250,390	241,100	27,995	59,170

Source:al-hayatUnpublished Report (2005-2012).



5. CONCLUSION

The roles being played by zakat towards creating an economic and social justice among individuals cannot be over emphasized. Proper use of this Islamic economic tool can help reduce the poverty situation in Nigeria. Al- Hayat Relief Foundation also plays an important role by acting as intermediary between zakat payers and zakat recipients. Allah SWT places His trust on the custodian of zakat fund which is accounted for on the judgment day. A further study is recommended on zakat recipients towards knowing the effectiveness of zakat fund in alleviating poverty.

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