Abstract: Globally poverty is a major problem facing many societies and it has continued to draw the attention of international communities. With the World Millennium summit in New York in year 2000, a renewed effort was made to reduce poverty globally and this led to the establishment of eight Millennium Development Goal (MDGS) Islam as a way of life made the payment of Zakat obligatory for all the wealthy Muslims to be distributed to the poor and the needy. Zakat is an exceptionally remarkable institution and major pillar of Islam. It is aimed at solving the problem of the distribution of wealth among the Muslims and a divine injunction which directs that the wealthy Muslims should annually under certain conditions give out part of his/her wealth to be distributed among the poor muslims. This paper will also look at the rightful beneficiaries, how his wealth should be distributed and the Islamic methods for amelioration of poverty among the Muslims. Recommendations were given and the most vital role of Zakat is cleansing the heart from excessive need of accumulating wealth by the rich and removal of hatred and jealousy on the part of the poor.

Keywords: Zakat, Institution, Ameliorating and Poverty

Introduction

Zakat is the third major pillar of Islam which caters for the economic welfare of the Muslims both collectively and individually. It is not just a form of charity or alms-giving, tax, or tithe nor is it simply an expression of kindness; it is all of these combined and much more. It is a duty enjoined by Allah and undertaken by muslims in the interest of the society as a whole.

Literally, zakat means “purification” technically, it is a fiscal worship by which Islam requires the well-to-do to care for the needs of the poor and to pay a subsidy to maintain public benefits like hospitals, educational institutions and defence forces. It is a sacred duty incumbent upon the rich to pay out of their possessions in excess of their own requirements and those of their dependents. (Higab 1983). It is a legal charity.

Zakat effects purification in three directions; the moral, the economic and social sphere. At moral spheres, zakat washes away greed and jealousy. Likewise, every individual in the society is assured of minimum means of livelihood; and provision of social security.

“It is not righteousness that you face the east and the west, but righteousness is he who believes in Allah and the last day and the angels and all scriptures and the prophets and gives his wealth for love of Him and kinsfolk and the orphans and the needy and the wayfarer and those who ask and to set slaves free and observe prayer and pay poor due. (Quran 2: 177).

In the above verse, Allah reminds the believer to give out his wealth for His sake. Whatever the believer gives is out of Allah’s wealth bestowed on him as a trust, because Allah is the original owner of all that is in the heavens and earth. This paper attempts to discuss the concept of poverty, key factors contributing to poverty in Nigeria, zakat on wealth, conditions for payment, distribution of zakat, principles behind the payment, Islamic methods of ameliorating poverty among the poor Muslims, recommendation were given and the conclusion.

Concept of Poverty

There is no agreed universally acceptable definition of poverty. This is felt or experienced differently by people and it is therefore safe to agree that the poor are not a homogeneous group. The international community has established a broad definition of poverty which includes material deprivations, (food, shelter, basic services etc) as well as issues related to voice, representation, and power. Thus poverty is a situation of multiple dimensions of deprivation that relates to human capabilities, including consumption, and food security, health, education, right voice, security and dignity. The meaning of poverty could be better
Appreciated when it is defined in absolute and relative terms. (Adeniji, 2013)

Key Factors Contributing to Poverty in Nigeria

Unemployment

Unemployment is a major factor contributing to poverty in Nigeria. There is a strong correlation between unemployment and poverty. When people are unemployed, their source of livelihood depletes over time. The cost of living becomes high and the standard of living goes down. There are many people in Nigeria who lack the opportunity of being employed.

Many university graduates in Nigeria wander the streets without anything reasonable to do for a living. The government is capable but unwilling to provide jobs for them. Employment in Nigeria is usually not based on merit but depends on how connected you are with people that have power. This leaves many highly qualified people in poverty as seemingly no one cares to know what they are capable of achieving. These people are missing out on the income they would have gotten if they were employed. The number of quality jobs in the economy is low and many government resources are misallocated.

Unemployment induced poverty tends to increase the crime rate and violence in the country. Most unemployed youths resort to crimes such as armed robbery, kidnapping for ransom, internet fraud and other forms of fraudulent activities. The reservation wage they get from these activities is typically barely enough to take care of their basic necessities. (Adeniji, 2013)

Corruption

Corruption is “the abuse of entrusted power for private gain”. This has become a common act in Nigeria and it has destabilized the political system drastically. Government funds are being misappropriated on a daily basis by the leaders, who only put the interest of their families and friends at heart while ignoring the masses. The corruption has eaten so deeply into the government and economy that everyone seems to be blinded by it. Corruption has almost become an accepted way of life in Nigeria.

In Nigeria, the government income is generated mostly from natural resource revenues. This income, instead of being used for development purposes, is then circulated among the political office holders and their families, leaving the rest of the people to wallow in poverty. Political leaders practically ignore the affairs and well being of their people who elected them into office, they mismanage and embezzle funds. There are several issues involved with bad governance in Nigeria, use of wrong policies, adaptation to wrong policies and implementation of those wrong policies. In any case, it is clear that Nigeria’s corruption has increased poverty and inequality as well as contributed to high crime rates.

Non-Diversification of the Economy (Oil Over-Dependency)

While Nigeria’s poverty has been identified to be caused by many factors, Nigeria’s non diversification of the economy can be seen as a major factor. Before 1970, the Nigerian economy was driven by the agricultural sector. In Nigeria, according to Adeniji (2013) those in power have practically ignored other sources of income, and today, Nigeria depends heavily on exporting oil. This dependency on natural resources is often referred to as “Dutch disease”, whereby natural resources make a country less competitive excluding the few working in the oil sector, the majority of the people have been impoverished as their products have become irrelevant. The agricultural sector, which was their major means of income before the discovery of oil, is considered almost useless.

Zakat as an Institution in Islam

Zakat is an institution in Islam, and is one of the five pillars of Islam. It is also a practical aspect of Ibadah (worship) on what God gave Muslims as wealth. The Qur’an says establish worship and pay the poor due and obey the messenger, that happily you may find mercy (Q 24: 56).

Zakat on Wealth

The words zakat and sadaqah are often interchangeably used to mean the zakat on wealth, i.e. legal alms or legal charity. In point of fact, the Qur’an 9: 60 (Al-Tawbah) calls it Sadaqat. It is the obligatory nature of it stated towards the end of the verse that indicates that legal alms are meant. Other books on Islam also use the two words interchangeably. There are five categories of zakatul-mal recognized by the Shari’ah:

1. Zakat on livestock (Zakatul-mashiyah)
2. Zakat on farm produce (Zakatul-harth)
3. Zakat on gold and silver (i.e. cash) (Zakatul-'ain)
4. Zakat on merchandise (zakat tu’khadh minat-tujjar), and
5. Zakat on buried treasures and mines (zakat ma yakhru minat-ma’din).

Zakat is obligatory on every free Muslim male or female, young or old. It is not obligatory on slaves because they are considered to be the property of their owner. Unlike the case with the zakat on farm produce and treasure trove, all the other categories of zakat must have reached a
quantity called nisab and remained in that quantity for a year (hay) with the owner before zakat can be due to be taken from each of them. In the case of farm produce, it must also reach the nisab in quantity but zakat will be due from the quantity or more immediately the produce has been harvested. As the categories of property which attract zakat vary from one another so do their nisab vary from one another. (Hadainia 2013)

Conditions for Payment of Zakat

The conditions of paying Zakat, according to Khurshid (n.d) and quoted by Hadainia (2013) zakat is payable under the following conditions:

(i) Maturity: Zakat is made compulsory upon a rich man or woman who has reached the age of maturity and who can reason (i.e. Bulugh and 'Arif). It is not due on an insane person.

(ii) State of Islam: The payment of Zakat is an act of worship in Islam and as such it can only be valid if it is performed by a Muslim.

(iii) Freedom: A person must necessary have his freedom before zakat could be mandatory on him; a slave cannot own any property because what ever he (slave) possessed and himself owned by his master, and as such cannot give Zakat.

Distribution of Zakat

The holy Qur’an 9: 60 speaks of those entitled to receive Zakat when it says: ‘Alms (i.e. Zakat) are for the poor, the needy, those who administer the funds, those whose hearts have recently been reconciled to Islam, those in bondage, those in debt, the cause of Allah and the wayfarer; an ordinance from Allah, and Allah is most knowing most wise.’

From this Quranic statement, eight categories of beneficiaries are recognized for Zakat and they are divisible into three main classes.

Those who need help in order to enable them to be self-supporting.

Those who collect Zakat from the wealthy and redistribute it as necessary; and in the cause of Allah.

The first class includes the poor Muslims to relieve their distress. The needy Muslims who require a little assistance in order to survive and earn their livelihood such as indigent students, craftsmen and unemployed Muslims. Those whose hearts are reconciled to Islam are those who would be or new converts who are molested and embarrassed by their non-Muslim relations and associates because of their interest in or conversion to Islam to settle down and meet their unusual needs. Other categories in this class are the Muslim captives to be emancipated, the Muslim debtor who is not guilty of extravagance and also the stranded Muslim travelers who need some assistance with which to continue the journey.

The second class of beneficiaries are those who administer the Zakat. In countries like Nigeria where the government has no hands in Zakat, the learned Muslims (’Ulama’) of such countries fall into this group. They will collect the Zakat from wealthy Muslims and distribute it to deserving members of the muslim community. They can retain part of it for themselves even if they are liable to pay Zakat from their own possessions.

According to Mukhtassar Khalil, quoted by Oloyede (1991) the collectors and the distributors are entitled to Zakat even if they are rich. They are to be the first beneficiaries. The poor one among them shall be entitled to receive both as poor persons and as Zakat workers. So also can others get from two categories. For example, a soldier fighting in the cause of Islam can get Zakat both as a soldier and as a poor or needy person. Under this group also the payer of Zakat may retain up to a third of the Zakat for such relations and neighbours who are deserving of it (Ali, 1973).

The third class which is in the cause of Allah, include those Muslims who fight for Islam, teachers of Islam who teach Islam to others, propagators of Islam and project meant to enhance the progress and dignity of Islam and the muslims. Such projects may include the establishment of schools for the muslims children, endowment of mosques, hospitals, Islamic centres, motherless babies’ homes as well as giving succor to already established Muslim institutions that need help to survive. (Doi, 2007)

What to Observe in the Payment of Zakat

There are five things to observe in the payment of Zakat,

i. Intention of the mind to pay Zakat as appropriate. This does not necessarily have to be with any oral expression.

ii. Promptness of payment at the end of the year. No time should be lost whenever the payment is due so that no unforeseen circumstance should be allowed to stand in ones way and prevent the noble duty which mitigates to a minimum the sufferings of the needy and poor members of the society. Hammudah (2007). The payer should earmark a definite month in the year when he would pay the Zakat.

iii. The exact commodity for Zakat should be paid without substituting one for the other. For example silver should not be paid as substitute for gold; neither should farm produce be paid as substitute, for animals,
Principles behind the Payment of Zakat

Three principles are identified in connection with the payment of Zakat.

i. The first principle is the demonstration of love and loyalty to Allah by renouncing part of one’s property and wealth in a willing obedience to Him. It is in recognition of this that Allah says in Qur’an 9:112 (Al-Tawbah) that He had brought the faithful’s persons and sustenance from them and gives them Paradise (Aljannah) in return.

ii. The second principle is that a muslim willingly assists his fellow Muslims who are in need. Thus Qur’an 2:172 (Al-Baqarah) speaks of such people that for the love of Allah they distribute their wealth to their kindred.

iii. The third principle is that Zakat purifies the payer from the stigma of niggardliness which is a destructive element in life. Hence the Qur’an 59:9 (Al-Hashr) speaks of such people as those who have been preserved from the covetousness of their souls and are made successfully prosperous. (See also Q. 64:16). It also cleanses and purifies them as affirmed in the Qur’an 9:103 (Balogun 1996).

Islamic Methods for Amelioration of Poverty among the Muslims

There is absolutely nothing done in Islam that has no proof for it. This fact distinguishes Islam from all other religions of the world. The proof for the amelioration of poverty in Islam can be seen in giving out the Zakat and many other Islamic charitable outfit, Qur’an 9:60 reads thus:

Verily, the Sadaqat (taxes on Muslims) (Zakat) in particular are only for the needy and the poor, and those who work for these (taxes), and to those whose hearts are to be reconciled and to free the neck (i.e. slaves and prisoners), and the heavily indebted, and in the path of God, and for the wayfarer a duty imposed by God. God is All-knowing wise.

Without recourse to the legislature for human, input, these eight heads of expenditure with the elasticity of further development and adaptation to circumstances are good for all. The method of amelioration of poverty in Islam would be highlighted in the following; this is to give understandable information about the Islamic methods of poverty alleviation.

(i) Job Creation/Employment: The first twin heads of expenditure in the verse quoted above are the poor and the needy. Ali (1973) states that it refers to those who are disable from doing any work. In other words, it means that every dweller in the Islamic state should be provided with a legitimate means of livelihood especially as regards to the basic necessity of life; like food, cloth and shelter. This does not necessary mean that every member of the state should be an employee of the government.

(ii) Salaries of State Functionaries: The next item of expenditure in which poverty can be alleviated according to the verse under consideration is the salaries of state functionaries. The verse categorically stated that those who work for the collection of the taxes should be paid from Zakat.

(iii) Social/Community Services: Closely related to the salaries of the state functionaries in the Qur’anic verses under consideration are three heads of expenditure which through them we can alleviate poverty in Nigeria, these are those whose hearts are to be reconciled, freeing the slaves (i.e. setting free the slaves and prisoners) and the heavily indebted. These three, put together will perfectly come under provision of social services.

(iv) Education Cum Religious Services: The head of expenditure in the path of God on its own includes any charitable cause. Grant for educational cum religious
purposes constitute part of spending in the cause of Allah (SWT). Thus, building of schools, awarding of scholarships, bursaries, research grants and book publishing as well as construction of mosques are areas where government resources should be expended.

(v) Provision of Infrastructure: This concerns all that has to do with journeying and the comfortability of travelers. Thus, government should provide for communication and tourists traffic such as the construction of roads, rails, bridges, and other means of transportation. Others include hotels, restaurants, recreational centres and security of routes including electrification and fine protection.

Collection and distribution of Zakat should be carried out systematically, under a committee appointed by the state or an Islamic organization in the absence of Islamic state that will help in identifying the right number of eligible beneficiaries. The beneficiaries should be enlightened on how to spend what is given to them appropriately, in order to serve the purposes for which it is given. These include reduction or eradication of poverty and promoting self-reliance.

Recommendations

From the foregoing discussion on the subject matter, the writer hereby makes the following recommendations:

❖ Muslims, especially the wealthy individuals should put the fear of Allah in their effort at giving out the correct measure (Nisab) for zakat in order to have enough wealth for distribution.

❖ Islamic policy is based on knowledge. Since nothing positive would come out of any act performed with ignorance, muslims should acquire knowledge of Islam in order to be able to carry out Allah’s obligations assigned to them.

❖ The collection and distribution of zakat should be carried out systematically under a committee appointed by the state or an Islamic organization in the absence of Islamic state, that will help in indentifying the right number of wealthy individuals to give out zakat and also to identify the number of eligible beneficiaries.

❖ The beneficiaries should be enlightened on how to spend what is given to them or the zakat proceeds appropriately in order to serve the purposes for which it is given. These include reduction or eradication of poverty and promoting self-reliance.

❖ Scholars should write more on zakat, especially as it relates to contemporary issues arising as a result of development.

Conclusion

Zakat is a divine injunction which caters for the collective welfare of the Muslims and has contributed a lot to societal development socially, morally, and economically. Zakat in Islam is meant to solve the problem of the distribution of wealth among the Muslims. It is a divine injunction which caters for the collective economic welfare of the muslims. Zakat institution serves as a means of providing employment to people thereby uplifting their economic status in the society. Therefore, its constant and standard collection and distribution will alleviate or eradicate poverty. Zakat in Islam is an undoubtedly an Islamic institution for ameliorating poverty among the Muslims.

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