

Non-governmental Organization (NGO) Zakat Management Model: An Exposition

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Abstract: The aftermath of the colonial system have left Muslim communities in a lot of social, religious and constitutional dilemma making it difficult for Muslim communities to adopt or adapt the already replaced Islamic legal systems in favor of the conventional systems. The advent of colonial Masters have seriously affects the traditions of Muslim and abandoned or reduced most of Muslim collective practices to individual. Zakat is among the leading aspects of collective practices made compulsory by Islam with a view to reducing poverty, establishing social welfare through assistance, love and care. Zakat is the third pillar of Islam second to salat. Despite the obligation of zakat and its economic role in the society, the new systems could not recognize. However, many Muslims could not forget the implications of abandoning such important act of ibadah and wrath of Allah that befalls on individuals for refusing to pay zakat. Therefore, upon independence, agitations for the return to zakat practices is intensified among many Muslim communities. The indices of Muslim communities after independence indicates that there are forty Muslim states in the world, sixteen out of which established zakat institutions backed by government laws while others continue to look into ways of fulfilling the religious duties with or with government backed laws. In fact, recent studies indicates that countries that could not have state backing for zakat institutions have higher percentage of zakat collections. This study explores the practices of Non-governmental zakat management among some Muslim communities. The contribution of this study is to guide communities whose legal systems is yet to accept the zakat systems under its legislation.

Keywords: Non-governmental Organization (NGO), Muslim communities, zakat institutions.

1. INTRODUCTION

Recently, zakat institutions across the globe have made a great impact on the lives of many communities through redistribution of wealth and making sustainable development. This development attracts Muslims of others communities to constitute a centralized zakat management system managed by state or community leaders. This results in new inventions in zakat management involving the entire public. However, Muslim communities living in a Muslim minority states are faced with difficulties in establishing a central zakat management system backed by law. Similarly, Muslims living in a secular country that has no provision of religion in its constitution may face some stiff resistance in trying to constitutionalize zakat system. Some states may go to the extent of prohibiting any forms of tax collections not recognized by law.

Among the various actions taken by many governments to reduce poverty is establishment and financing Microfinance Banks. Muslim scholars identified different limitations of Microcredit Programs operated mostly by NGOs in Bangladesh, other studies report that Micro-finance Institutions have been able to reach among half of the poor of the country, but they have failed to reach the hard core poor in particular. The issue of sustainability has become a burning issue to all stakeholders of microfinance due to (a) higher dependence of microfinance on donor funds; (b) high interest rate and operational cost; (c) interest of transforming microfinance programs into financially viable ones to attract commercial funds for scaling up programs. A few studies reveal that in some cases, microfinance has created debt cycles to pay the installments of loan by making fresh loan from moneylenders (Aflatunal Kausar et al. 2013).

This circumstance necessitates the establishment of non-governmental zakat organization by some Muslim communities to help promote zakat payments and distribution through centralized zakat management.

a- NGO Zakat Management Model: Islamic Relief Worldwide

After the colonial era and the independence of many Muslim states, Muslim communities are faced with difficulties of changing, adopting or adapting the already changed and replaced sharia laws with the conventional laws imposed on them by the colonial Masters. Thus, many Muslim established laws were abandoned in favor of the new laws including the noble charity laws such as zakat that is enshrined by Islam with a view to guide the Muslims help one another. Although, zakat is a compulsory act and occupied the third position among the five pillars of Islam and its positive economic role among the Muslims communities over the history, it becomes a thing of the past are discouraged.

There are forty predominant Muslim states in the world out of which sixteen have institutionalized the zakat management while twenty-four have not. Lewis (2006) cited the example of Turkey after the establishment of secular legal system based on European civil codes. Most of these countries justify their lack of involvement in zakat based on excuses like duplication of taxation. These taxation models are established and used by European and North American countries. However, there are empirical studies indicating that countries that do not pertain to the legal rulings regarding zakat have a higher percentage of zakat giving rates than those which commit to the legal rulings of zakat (Riaz 2007). A study carried out in Turkey presented that in 2006, 69% of the Muslims paid their zakat dues. On the other hand, surprisingly, only 60% of Pakistanis paid zakat despite the fact that the zakat payment is made compulsory by the Pakistani law (Riaz, 2007).

This study explores the practical experience of a governments registered NGO and taking experiences of Islamic Relief Worldwide, and a mosques model of zakat management with empirical evidences from Zakat Foundation of America.

Islamic Relief Worldwide (IRW) is a recognized international humanitarian and developmental organization and is known to have conducted many charitable activities globally. The organization has given much emphasis on poverty relief using zakat and sadaqah funds. IRW has made various achievements that include relief assistance to about 16 countries (Stirk, 2015). The report presented by IRW (2013/2014), indicates that IRW was able to rise between USD 30 to 32 million collected as zakat and sadaqah among 11 countries and the head office. The report also indicates that 49% of such amount (USD 15 million) and 27% (USD 8.2 million) and 9% (USD 2.7 million) is paid by Muslim donors in USA, UK, and Canada respectively (Stirk, 2015).

IRW adopts the month of Ramadan in Islamic calendar as a date for the beginning of zakat collection, and has employed many ways to create awareness and encourage payments of zakat including; email alerts, SMS's, organizing face to face events, as well as television and radio programs. It also asks the mosque leaders to always remind zakat payers on prompt payments of zakat (Stirk, 2015). To facilitate zakat payments and create confidence of zakat payers towards the organization, IRW adopts methods of zakat distribution that allows the zakat payer to propose areas, countries or communities where he wants his zakat to be distributed. Even though the majority of payers give the organization freewill to decide where zakat is distributed without any restrictions, this method ensures accountability, sincerity, and transparency of the zakat institution. With offices in many countries especially in the West, IRW was able to partner with other organizations of similar objectives (Stirk, 2015).

Presently, IRW is working on initiating new fundraising campaign systems, learning and capacity building and opening more offices across the globe with a view of increasing the volumes of zakat amounts collected. This will help address problems related to zakat collection among some Muslim communities, which are restricted to centralized zakat payments due to constitutional provisions, as well as countries that allows only government agency to collect and distribute zakat (Stirk, 2015). Before supporting the idea of NGO zakat management, it should be noted that management of zakat is financially self-sustaining. People responsible for zakat collection and distribution are among the beneficiaries of zakat and thus, a state that engages in zakat management does not have to pay for the services rendered. Mostly, States that need to have voluntary zakat organizations are states that are unwilling to not implement sharia (Islamic law) and maintain a secular stance.

In the event where Muslims are a minority – the voluntary sector must undertake the role of gathering and distributing zakat for the benefit of the community. This is true because managing zakat is a religious obligation imposed on the state or those who are responsible for Islamic affairs. If the state does not fulfill this function, Islamic tenets require that any Muslim in the region carry it out on behalf of the entire Islamic society. If the collection and distribution of zakat is neglected, the Islamic society in the region will account for that on Judgment Day.

In order to implement zakat properly, involvement by the state or voluntary sector is indispensable. Zakat differs from the voluntary act of giving alms, such as sadaqah and infaq. In Islam, zakat is a religious obligation that employs a form of taxation with very specific rules. Zakat payers who calculate and make their payments in every month of Ramadan, for example, neglect the requirement that zakat must be held, recalculated, and paid after one lunar year. Similarly, distributing zakat evenly to all who appear needy is null and void. If zakat implementation does not meet the religious requirements, it becomes a mere voluntary act of giving alms. In addition, zakat should be well managed and strategically distributed on the grounds of fairness, and avoid a situation when some deserving recipients receive too much while others receive too little.

Nigeria is a secular state with multiple religious beliefs, each state is allowed by law to practice its own systems of laws similar to the case in Malaysia. Subsequently, many states implemented sharia legal systems and establish zakat commissions or boards. Kano state established its Zakat and Hubusi commission. However, most of these states could not effectively manage zakat and the aim of the creation of the zakat organization is getting defeated (Sheriff, 2015). Establishment of NGO zakat management will help compliment the efforts made by the government through encouraging collection, distribution and creating awareness among the public. The NGOs should imitate the practices of IRW to ensure adequate systems of fundraising, and systematic methods of distribution.

b- Mosque Zakat Management Model: Zakat Foundation of America

Mosque is referred to in Arabic as "masjid" and means a place where people bow or prostrate for worshipping Allah and earn His pleasures. Mosques have been used by Muslims over centuries as centers for worship, leadership, information, and social responsibility. Mosque is recognised as sacred building. It is purposely developed to facilitate the Muslims to devote themselves to Allah. From Islamic studies, mosque is a unique and extraordinary building that requires high attention from all parties. The mosque building is most related to the blessing of Allah to fully function. Although the mosque is classified as non-profit organisation, that is, not intended to generate income (non-monetary base), Allah has promised to give the reward that is declared as intangible.

Its profit is based on reward given by Allah Because of that reason, mosque building becomes the greatest place to be concerned. As narrated Uthman ibn Affan: "I heard the Messenger of Allah say: "Whoever builds a masjid (mosque) for the sake of Allah, Allah will build something similar for him in Paradise." (Sahih Muslim, No. 1189).

In the context of this research, sustainable is referring to the Arabic word called „Imarah“. Imarah means prospering (Rasdi, 1998). Imarah is also defined as the things that lead to the development, progress, improvement, etc. The meaning of imarah has been derived in Al-Quran as below: "The mosques of Allah shall be visited and maintained by such as believe in Allah and the Last Day, establish regular prayers, and practise regular charity, and fear none (at all) except Allah. It is they who are expected to be on true guidance." (Surah At-Taubah: 18) Based on the definition above, sustainable mosque, therefore, can be summarise as the importance of mosque to be prospered throughout the time and sustained to be functional through various religious activities. While currently the Western world"s has been focusing on how to embark on sustainable buildings by taking care of economics, social and environment aspects, as Muslims, there is a concern on how to come out with sustainable mosque. From Islamic studies, sustainable mosque interrelates with three aspects which are the relationship between human and the Creator (habluminallah), relationship between human and human (habluminannas) and relationship between human and environment (habluminal"alam). Hence, these aspects should be considered in prospering the mosque (Aflatunal Kausar et al. 2013).

The concept of the role of mosque in zakat management is tied with the concept of localization of zakat management. Muslims believed that mosque is the common meeting grounds between all classes of people. Using mosque as a center for zakat collection is the true concept for zakat localization, and the establishment of 2,500 local zakat committees in Pakistan have brought about positive results in zakat management (Kahf, 1995). Another study by Kahf (1995) listed the following as achievements made by Pakistan government for using mosques as center for zakat collection; it creates awareness on the roles of zakat local committees ; it ease ways to locate zakat payers and recipients and alleviate the continued begging on the streets as suggested by (Muhamma, 2014).

Ajeel (1995) supports the concept of localization of zakat management and insists that the use of mosque as a local center for zakat management in Kuwait. This has been the background for institutionalization of zakat management in the country. With the establishment of zakat management named Kuwait Zakat House (KZH), mosques are used as the center for zakat collections and distributions in Kuwait.

The Zakat Foundation of America is an international charitable organization working towards providing assistance and addressing immediate needs around the world, using zakat and sadaqah sources. In 2013, the foundation mobilized up to USD 7.6 million as zakat and sadaqah funds. The foundation adopts systematic process of zakat distribution based on priorities, 57% of the funds (USD 5.4 million) is disbursed on emergency relief the same year in countries that are affected by either conflicts or natural disaster. Among the countries benefited includes; Philippines, Pakistan, Bangladesh, Syria, Mali and America (Stirk, 2015). The Zakat Foundation of America maintained mosques as centers for zakat collection and produced guidelines for the establishment of mosque zakat committees. Zakat Foundation of America adopts many ways to create awareness and encourage Muslims to pay their zakat including; invitation to occasions, seminars, sermons and others.

Hairunnizam, et.al (2010) conducted a study to discover the public perception towards the concept of zakat localization. The results of her study indicate that both the amil and zakat recipients are convinced with the concept of localization of zakat distribution. In addition, the study found a significant difference in the level of agreement between both groups where the amil shows a higher level of agreement to implement this concept in order to improve the image of the zakat institution. However the role of the mosque as an institution to implement this concept was not discussed explicitly even though most of the amils are committee members of mosques and collect the zakat at the mosque in their locality. For this reason, this issue becomes the main objective of this study to assess the role of mosques in managing the zakat.

2. CONCLUSION

Generally, researchers have shown a reasonable concern as to how zakat institutions could be utilized in uplifting the living standards of communities, considering the high number of recorded success made by many zakat organizations. These studies suggest the institutionalization of zakat organizations to ensure effective services and sharia compliant practices. There are many Muslim states that established zakat organization, however, studies reveals that many zakat organization in did not achieve its aims of effective zakat collection and distribution. Therefore there is need for zakat institutions to adopt recommendations of studies on zakat management and institutionalization. In order to gain the confidence of zakat payers, beneficiaries and public, zakat institution in needs to take good examples of best models of zakat management adopted by other successful states in zakat management, like Sudan, Malaysia. In a situation where the states could not legislate zakat practices there is need to copy from the experiences of non-governmental practices of zakat management adopted by other communities like Islamic Relief Worldwide, and Mosques zakat management like that of Muslim Foundation of America models.

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