



ZAKAH MANAGEMENT IN SOME MUSLIM SOCIETIES

ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)

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**ZAKAH MANAGEMENT
IN SOME MUSLIM SOCIETIES**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the Most Merciful, Most Beneficent

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FOREWORD

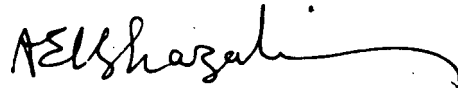
The Islamic Development Bank (IDB) was established in the year 1393H/1973CE as an Islamic Financing institution to promote development in the Muslim countries, and communities in accordance with the teachings of the religion of Islam. Article 2 of its Establishment Agreement charges the IDB with the responsibility of research and studies necessary to help in the re-organization of economic, financial and banking activities in accordance with the rulings of Islamic *shari'ah* in the member countries of the Organization of Islamic Conference (OIC) and in Muslim communities in the non-member countries.

In order to fulfill this pioneering responsibility, the IDB established the Islamic Research and Training Institute (IRTI) in the year 1403H/1983CE. Since then, IRTI undertakes research and studies internally as well as externally on both theoretical and applied aspects of Islamic economics in order to understand and clarify areas of the Islamic economic behaviour and Islamic economic system and means of its application. All these for the purpose of serving the economic development in Muslim countries and communities in accordance with the Islamic *shari'ah* on the one hand, and economic cooperation among the member countries on the other hand.

The present study focuses on the contemporary *zakah* management in four Muslim countries: Pakistan, Kuwait, Jordan and Egypt, with an introductory section on the historical management of *zakah* during the life of the Prophet Muhammad (peace be upon him) and his Four Wise Successors. It concludes with observations on the performance of *zakah* management and its cost both in paid-up expenses and voluntary labour utilized.

This study is an ingredient of the IRTI's plan in providing researches on the theoretical and applied aspects of Islamic economics which help in re-constructing. the Islamic way of life in the economic and financial activities of the Muslim countries and communities.

God is the only one whose pleasure is sought that He would make this study realize our hopes and fill the gap it is intended to fill.



Prof. Dr. Abdel Hamid El-Ghazali
Director, IRTI

INTRODUCTION

Since the very nature of *zakah*, as an act of worship and a financial duty-cum-expenditure, puts it in a unique position, its management in contemporary Muslim society raises several questions that call for proper and suitable attention.

On one hand, *zakah* is a form of worship and a sacred exercise. This requires a great deal of attention on the part of *zakah* implementation in order to preserve the religious character and sensitivity of an act of worship as well as to carefully confine its actual practice to the conscious limits of *shari 'ah* rules and regulations. This task is made more delicate by the fact that there are minor differences between the schools of jurisprudence and that some of the views one finds in the classical literature may not be relevant to contemporary economics.

On the other hand, *zakah* is neither a tax nor an expenditure, but rather a combination of the two. It is a right of the poor and a duty of the rich. It is a transfer payment whose very presence in the hands of its managers is only temporary and transitional.

Zakah is also an individual obligation which a person may fulfil privately and a collective institution about whose performance the government carries a definite responsibility.

Therefore, there are different forms of *zakah* management in contemporary Muslim countries. The most predominant form is that in which people, individually, pay their own *zakah* to deserving recipients directly or through friends or neighborhood multifunctional charitable organizations. This form of *zakah* is dispensed directly or via informal arrangements in the private sector.

However, there are three types of *zakah* management in Muslim countries today:

Firstly, specialized voluntary committees are set up by private individuals to collect and distribute *zakah* without any government interference.

Secondly, the State establishes a special department run by full-time government employees and supervised by one of the ministries. The collection of *zakah* by such governmental bodies is not made obligatory by law. Individuals voluntarily *pay zakah* to these organizations on the basis of their own self-assessment and initiative. On its part the *zakah* organization only accepts these payments and concentrates its activities on distribution.

Thirdly, the collection and disbursement of *zakah* is carried out by the government on a mandatory basis enforced by the power of the law.

This paper describes the actual practice of the above modes of management with emphasis on the last two modes in which the government plays a major role. It studies the differences and similarities of the actual practice of these forms of management and attempts to shed light on certain practical issues that call for further theoretical research in order to enhance the application of *zakah* in Muslim countries.

Several Muslim countries have sizable governmental *zakah* organizations. These include Saudi Arabia, Pakistan, Sudan, Libya, Yemen, Malaysia, Kuwait, Jordan and Egypt. *zakah* management in Pakistan, Kuwait, Jordan and Egypt has been selected for the purposes of this study.

The methodology of the study counts on personal contacts and field interviews in addition to some written information especially in the area of existing laws and regulations of *zakah* in the related countries.

The present study consists of three parts. Part One briefly reviews the historical forms of *zakah* management since the time of the Prophet (pbuh). This review covers the early period of the Islamic State during the life of the Prophet and his four successors with an attempt to find out the main characteristics of the management of *zakah* and the changes that affected it in that period. It also provides a summary of the main *fiqhi* views on the management of *zakah* after that period.

Part Two covers the forms *of* management *of* *zakah* which are applied in four Muslim countries: Pakistan, Kuwait, Jordan and Egypt. It also presents the essential characteristics of the management of *zakah* in these countries.

Part Three contains observations and conclusions about the types *of* *zakah* management in these four Muslim countries.

Lastly, it should be noted that this paper is partially based on the findings *of* another study *of* *zakah* management in Pakistan conducted by the same author at the request of the Government *of* the Islamic Republic of Pakistan.

HISTORICAL BACKGROUND OF THE MANAGEMENT OF ZAKAH

This part consists of three sections. Section I gives a brief summary of the main features of the management of *zakah* during the life, of the Prophet Muhammad (pbuh), Section II does the same for the period of his four successors and Section III looks at the main features of the management of *zakah* after the period of the four successors.

SECTION I

ZAKAH MANAGEMENT DURING THE LIFE OF THE PROPHET (Pbuh)

There is overwhelming evidence indicating that the government had a pivotal role in the collection and distribution of *zakah* during the life of the Prophet in Madinah. Since the inception of *zakah* in the second year of *hijrah*, the prophet (pbuh), in his capacity as the head of state, appointed *zakah* officers who were responsible for the dues and their actual receipt, the identification of deserving persons and the assessment of their needs, the physical disbursement of received *zakah* and the reporting of all of the assessment of activities to the government in Madinah.

There are reports that the Prophet (pbuh) assigned *zakah* officers to almost every corner of the country. al Qaradawi (1973, pp. 749-752) gives the names of more than twenty-five companions as *zakah* officers of the Prophet in different areas of the *arabian* peninsula. At times, the Prophet gave written instructions to these officers with regard to the criteria of *zakatability*, *i.e.*, the *nisab*, the rate of *zakah* and the *zakatable* items. The famous written documents narrated by Anas, 'Abdullah bin 'Umar and 'Amr bin Hazm are a few examples (Ibid., pp. 177-182 and al Kattani, V. 1, pp. 396-397). He also appointed accountants and record keepers (al Kattani, V. 1, pp. 398-399 and

al Qaradawi, p. 751) and issued public instructions on how the public should receive and treat the *zakah* officers (Ibid., pp. 753-754 and Abu "Ubaid, pp. 406-407).

There are several reports to the effect that the Prophet (pbuh) directed his officers to distribute all the collected *zakah* before they came back from their-missions and to bring him only that part which they could not distribute. Among these reports are the instructions given to *Mu'adh*, upon being sent to Yemen that he should collect *zakah* from the rich and distribute it to the poor without sending it to the capital (Ibid., p. 748). There are also reports that the Prophet (pbuh) used to instruct his *zakah* officers to distribute all their receipts and to come back empty-handed (Ibid., pp. 811-812: a quotation from the Companion 'Imran bin Husain).

It is also reported that the Prophet (pbuh) assigned workers for the keeping and grazing of livestock received as *zakah* (al Tirmidhi, V.1, p. 242).

The main management related features that can be derived from the texts mentioned above and from many others are the following:

- 1) The government of the Prophet (pbuh) took charge of the implementation of *zakah*. It was responsible for appointing collectors and distributors and for issuing the necessary instructions and regulations to secure its proper execution.

zakah funds were an entity separate from that of other government funds and revenues. This included separate records and bookkeeping and very often different employees. No mixing of funds was permitted especially on the disbursement side and even a single date of *zakah* proceeds was not allowed to be used for non *zakah* purposes as is mentioned in the saying of al Hasan, the grandson of the Prophet (pbuh) when he put one date of *zakah* in his mouth and the Prophet removed it.

- 3) The collection and distribution of *zakah* was, in principle, localized, i.e., what was collected in an area was also distributed in the same area and nothing of it was carried to the center. There are no reports that any excess funds existed in any area nor that any *zakah* funds were transferred from one area to another during the life of the Prophet (pbuh).
- 4) Assessment of due amounts was generally left to the payer subject to the approval of the *zakah* officer, though there are certain reports which indicate that assessment was sometimes initiated by the officers. However, *zakah* assessors were instructed by the Prophet (pbuh) to be just and lenient in performing their jobs. In assessing agricultural crops, they were told to make deductions as an allowance for personal and family use, charity, guests, and what is eaten by birds and animals (Abu "Ubaid, p. 485).
- 5) The general public was informed of its duties regarding the payment of *zakah* and the correct attitude toward its officers. People were told to satisfy all the proper demands of the officers but to refuse any payment which was in excess of what was due.
- 6) While there are reports about the collection of *zakah* due on livestock and agriculture by government employees, there is no single authentic report that *zakah* on trade, gold, silver, debts and jewelry was collected by the government on its own initiative and in a compulsory way, although *zakah* officers used to accept this kind of *zakah* if it was given to them on the initiative of the payers (al Qaradawi, p. 771).
- 7) There is no indication that *zakah* used to be collected at source during this period. In this regard, collection at source means the deduction of the assessed amount of the dues by the agency which controls the *zakatable* income to the *zakah* payer or has control over holdings or income of the payee from which the

due *zakah* may be deducted. The Prophet had such an opportunity while distributing shares in *ghanimah*, paying salaries, etc.

- 8) The same *zakah* officer used to be given the tasks of assessor, collector, social worker determining the magnitude of the needs of *zakah* recipients, distributor and cashier of *zakah* funds. However, when there was a time lag between collection and distribution, these tasks might have been given to different persons (al Kattani, V. 1, pp. 411-412).
- 9) Very little information is available about the methods used by *zakah* officers in estimating the needs of deserving persons. On the other hand, there are several sayings which define the deserving categories especially the poor and needy. However, we have one report which indicates that the Prophet (pbuh) refused a person who asked to be given *zakah* because he looked rich and there are several cases where certain persons asked the Prophet (pbuh) for assistance from *zakah*, *i.e.*, they applied for it (al Qaradawi, pp. 542-543 and 696-701).

SECTION II

***zakah* MANAGEMENT DURING THE TIME OF THE FOUR *KHULAFAH*'**

The territorial expansion of the Islamic State and the conquest of the two old empires of the Middle East during the period of the Four Successors resulted in a huge influx of wealth in the country and the reduction of the direct control of the central government. Both factors called for an increase in the scope of the already institutionalized system of checking and auditing. The Second *Khalifah*, 'Umar. is known to have introduced a comprehensive system of record keeping, *al dawawin*, for the entire state.

In the era of 'Umar, three important measures were introduced in the

management of *zakah*. . Firstly, 'Umar introduced *al dawawin* which were governmental records for a variety of purposes. There were records of the army j state revenue, and the distribution of *kharaj* and *fay'* (Abu 'Ubaid, pp. 223-2:24). although there is no available evidence that 'Umar made a record of *zakah* recipients, the likelihood of him ordering such a record exists especially as he used to distribute different amounts to recipients in accordance with their needs, size of family, etc., and audit the accounts of his officers.

Secondly, a system of deduction at source began. 'Abdullah bin Mas'ud, who was 'Umar's governor in Kufah, used to deduct *zakah* out of payments due to the government (Abu "Ubaid, p.412 and al Qaradawi, p.500). It is even reported that this practice of deduction at source started, on a self-assessment basis, as early as the era of the First *Khalifah*, Abu Bakr (al Qaradawi, p. 768).

Thirdly, 'Umar introduced a system of obligatory collection of *zakah* on trade merchandise, gold, silver and other trade assets by installing public officers at roads and bridges to collect *zakah* on Muslims' trade assets. They also collected taxes on the people of the pledge and dues on non-Muslim foreign traders bringing merchandise to sell in the Muslim state (Abu "Ubaid, p. 533). These officers were responsible for verifying the declaration of self-assessment submitted by the payers (Ibid., p. 539).

In the time of 'Uthman, the abundance of wealth in the hands of the people as well as in the treasury of the government increased to such an extent that Uthman felt that the state could satisfy all the needs of *zakah* deserving persons without having to collect all the *zakah*. He, therefore, decided to entrust individual *zakah* payers with the distribution of part of the obligatory *zakah* so that they *could* apply their own judgement and discretion and give *zakah* to deserving relatives, neighbors and acquaintances (al Qaradawi, pp. 772-773).

Consequently, it was left again to individuals to distribute on their own the *zakah* due on trade merchandise, gold, silver, debts, jewelry and similar items. These were known as non-apparent items, i.e., items which are not usually visible either to the poor or to the officers of *zakah*.

It should be noted, however, that 'Uthman's decision may also have been motivated by his desire to minimize the cost of collection as it is obvious that these items are difficult to detect, check and verify (*Ibid.*, p.771).

SECTION III

ZAKAH MANAGEMENT AFTER THE FOUR KHULAFAH'

With an increased confidence gap between Muslims and their governments after the internal turmoil and the series of crises that ended the era of 'Uthman and continued till the end of the period of 'ali, many *fuqaha* started preaching individual and direct disbursement of *zakah* by the payers themselves. The *fatwa* of Sa'id bin Jubair is an explicit example. He was asked, in public, whether *zakah* should be given to the government and he gave an affirmative answer, but when the same person repeated the question in private, Sa'id answered "disburse it where God ordered you, you've asked me in the presence of people and I wasn't going to tell you [the truth out of fear of persecution] (Abu 'Ubaid p.572).

The rise of the four schools of jurisprudence gave the management of *zakah* a new dimension because it became more intrinsic *to fiqh*. The views of these schools can be summarized in the following (al Qaradawi, pp. 758-765):

- i) *zakah* management is one of the *wilayat*, *i.e.*, authorities of the Muslim -government (al Mawardi, p.113 ff).
- ii) The state should maintain a separate account for *zakah* in a way that keeps it independent of other receipts and expenditures of the treasury. This is what is usually meant by a separate' *bait al mal of zakah* (Ibn Abidin and al Mawardi).
- iii) It is permissible for the government to collect *zakah* due on all kinds of *zakatable* items. In this case individual payers must submit *zakah* to the authorities as long as the state expends it to

the proper recipient categories as mentioned in the Qur'an (al Qaradawi, pp. 758-765).

While the Hanbalites argue that it is preferable to leave all kinds of *zakah* to individuals to disburse at their own discretion, the Hanafites and the Shafi'ites believe that this should only apply to *zakah* on trade merchandise, gold, silver and other non-apparent items unless the government becomes aware that individuals are not paying it on their own. In this case the government is obliged to secure the implementation of *zakah* (al Qaradawi, pp.765-773).

- v) The failure of the Muslim government to organize the obligation of *zakah* does not relieve individual payers from their *zakah* responsibility. The rich man who owns *nisab* is required to assess his own *zakah* and find the ways and means to disburse his due amount as ordained by God (al Qaradawi, pp.773-778).
- vi) There is no reference in classical *fiqh* books to voluntary organizations as collectors and distributors of *zakah*. This seems normal since there were no authorized or legal voluntary associations in the era when these classical books were written. It is only among contemporary writers that such references may be found, for instance, al Qaradawi (p.608) considers voluntary organizations a good alternative if the government does not carry out its *zakah* responsibilities.

ZAKAH MANAGEMENT IN FOUR MUSLIM COUNTRIES

This part, in four sections covers four Muslim countries: Pakistan, Jordan, Kuwait and Egypt. Each section includes a brief introduction which deals with the recent history of *zakah* application in the concerned country and a short survey of its *zakah* management. Observations and comparisons are found in Part Three.

SECTION I

ZAKAH MANAGEMENT IN PAKISTAN A)

Historical and Legal Background

The first reference to the organization of *zakah* by the state came in the Constitution of Pakistan of 1956 which charged the state to endeavor to organize *zakah* (Article 31). In 1979, the first *zakah* and *'ushr* Ordinance was promulgated. Its main thrust was setting up an administrative organization for *zakah*. However, the ordinance was soon replaced by the *zakah* and *'ushr* Ordinance of 1980 which preserved the main organizational features of the 1979 Ordinance. Since the promulgation of the ordinance of 1980, several minor amendments have been introduced mainly reflecting procedural improvements.

The law creates a governmental agency designed for the administration of *zakah* and affiliated with the ministry of Finance. The essential provisions of the ordinance and its amendments are the following:

- i) In its preamble, the ordinance makes perspicuous reference to the obligation of *zakah* and *'ushr* in *shari 'ah* and recognizes the

role of the government with regard to its collection and distribution.

ii) Obligatory *zakah* is divided into categories:

The first schedule covers *zakatable* items on which *zakah* is collected by the government. These include savings deposits in banks, post offices and other similar institutions, securities, stocks and shares, annuities, insurance policies and agricultural products.

- The second schedule includes livestock, gold and silver, cash on hand, current deposits, stock in trade and other items not mentioned in the first schedule. The disbursement of *zakah* on items of the second schedule is left to *nisab* owners. While individuals are obliged by law to voluntarily discharge their *zakah* obligation on these items, the state does not take any measures for collecting this kind of *zakah*⁽ⁱ⁾ or for checking whether *nisab* owners are actually paying it.

iii) Non-Muslims and non-Pakistanis are excluded from the obligatory payment of *zakah*, and persons who believe in *fiqh* schools that do not agree with the law are allowed to seek exemption. Additionally, the government and its agencies are also exempted from *zakah*. Except for the land revenue tax, the act does not provide for any other financial charge on persons who claim exemption from *zakah*. It therefore puts those who do not claim the exemption in a disadvantaged position in

(1) In a previous study, I estimated the *zakah* potential in Pakistan to be about 6,129 M Rps or 1'.6% of GDP for the year 1983/84 if the traditional *filth* views with regard to *zakatable* items are applied. If this is divided between the first and second schedules, we find the share of the first schedule to be approximately 4,070 M Rps or two thirds of the total *zakah* potential estimated in accordance with the traditional *fiqh* opinion (See: Kahf, "*Zakah* Financial Potential in Some Muslim Countries", Appendix, pp. 20-31).

comparison with exempted persons from the point of view of financial duties paid to the government.

- iv) The administration accepts the voluntary payment of *zakah* on items of the second schedule as well as other donations and charity.
- v) Payment of *zakah* and '*Ushr is* acceptable in cash only. For instance, no provision is made for in-kind payment of '*ushr* dues.
- vi) '*Ushr* is imposed at the rate of 5% regardless of the mode of irrigation. The other 5% which is due on crops watered by rain, rivers and permanent canals is left to individual farmers to voluntarily dispose.
- vii) Certain tax concessions are given, i.e., taxable income and wealth are reduced by the amount of *zakah* paid and the land revenue tax is waived for those who pay '*ushr*. However, persons who claim exemption from '*ushr* are not entitled to the waiver of the land revenue tax.

Information obtained with respect to the implementation of this law is confidential. all branches of the government are prevented from using such information for any other purposes including those related to taxation.

- ix) The implementation of the compulsory collection of *zakah* began in fiscal year 1980/81 while that of '*ushr* began in 1982/83.

B) Salient Features of the Management of *zakah* in Pakistan

The ordinance of *zakah* and '*ushr* provides for the establishment of a unique and unprecedented kind of management of *zakah* which consists of a combination of a government agency and elected and selected volunteers. Here are the principal aspects of this management:

- i) The central administration of *zakah*, with provincial branches, is autonomous but administratively affiliated with the ministry of Finance. It has a policy making body called the *zakah* council at the central and provincial levels. all these councils are headed by judges and have some *fuqaha'* in their membership.
- ii) Three more tiers of management exist at the district, subdistrict and local levels where there are voluntary *zakah* committees. Chairmen and members of the district committees and chairmen of the subdistrict committees are selected according to certain criteria whereas members ' of the latter and members and chairmen of the local committees are elected according to procedures and qualifications specified in the act. Subsequently, about 36,000 committees, with approximately a quarter of a million volunteers, were established covering virtually every village and area of the country.
- iii) The collection of *zakah* is done at the source. Since the items in the first schedule are all controlled by certain public or private agencies, other than the owners, the law charged these agencies with the responsibility of assessing and deducting *zakah* and transferring it regularly to the account of the *zakah* administration at the central bank. Actually, from the *shari 'ah* point of view, these items are either principals in partnerships and *mudarabahs* or debts on the controlling agencies, i.e., they fall under the category of non-apparent items according to the traditional *fiqhi* classification and the law seems to have taken a daring step by stipulating the obligatory collection of *zakah* on these items (Hasanuzzaman pp.71-75).
- iv) The assessment and collection of *'ushr* is left to local *zakah* committees (volunteers with governmental backing in the case of arrear collection).
- v) The handling of *zakah* funds is restricted to three levels: central,

provincial and local. The district and subdistrict tiers of management do not handle funds.

The central administration receives *zakah* collected by deducting agencies countrywide. A certain amount is channelled directly to schools, hospitals and charitable organizations for disbursement to deserving persons according to specific instructions. The rest of the *zakah* is distributed among the four Pakistani provinces and the federal capital in accordance with certain criteria derived mainly from the size of population and the amount of poverty. The locality from which *zakah* is collected is not taken into consideration since most *zakah* is mainly collected in Karachi and other large financial centers.

The source of receipts for provincial *zakah* funds is the central fund. The provincial funds distribute one half of their receipts among local committees and the other half to provincial agencies such as hospitals, schools, orphanages and social welfare organizations. Here again population size is the principal criterion used by the provincial *zakah* administration to divide funds between local committees.

Local *zakah* committees collect *'ushr* in addition to receiving their share of *zakah* proceeds from the provincial administration. The local committees disburse payments to deserving persons at their own discretion within the limits of *shari'ah* and in accordance with the instructions and guidelines provided by the central and provincial management.

All *zakah* funds, at the central, provincial and local levels, accept voluntary payment of *zakah* due on items of the second schedule as well as donations and other contributions.

The government bears the administrative expenses of the management of *zakah* at the top four levels. Local committees incur very modest expenditures as the work of their members is

completely voluntary. The administrative expenditures of local committees are not allowed to exceed 10% of the funds received for disbursement. These expenditures cover bookkeeping, stationery and miscellaneous expenses.

- vii) The government also provides additional funds from its own sources to build the infrastructure necessary for *zakah* disbursement such as the construction of orphanages, poor houses, hospitals for the poor, etc. This is due to the strict application of the principle of *tamlik*. This principle requires that *zakah* be given in such a manner that it becomes a personal property of the poor. Hence, it bars the use of *zakah* funds for this kind of construction. Consequently, the government established another institution, the *zakah* Foundation, for the sole purpose of building the necessary *zakah* infrastructure. The *zakah* Foundation which was established with an initial budget of 100 M Rps is financed wholly by the state.
- viii) The administration issues detailed instructions regarding the assessment and collection procedures of *zakah* and *'ushr*, the determination of the needs of deserving persons, the disbursement of *zakah* via charitable agencies, the disbursement by local *zakah* committees, the management of funds at all levels, accounting and auditing, etc.
- ix) The accessibility to *shari 'ah* information by the management is high as the central and provincial councils have *shari 'ah* experts in their membership.
- x) . The procedure of disbursement depends upon the applications submitted by deserving persons. Except for a very few cases, the members of local *zakah* committees do not on their own initiative search for the poor and needy. Little consideration is given to the human aspect of the recipients of *zakah* by charitable agencies and local *zakah* committees so much so that receiving *zakah* has become an indignity.

xi) Some efforts are made to inform the public about *zakah* and the performance of the administration by a *zakah* periodical which is published centrally and by occasional programs on local radio and television and articles in newspapers.

xii) The management of *zakah* in Pakistan does not adopt the principle of planning in its work. This observation is valid for all levels of administration, governmental as well as voluntary. Short-term and long-term planning are not practiced by the *zakah* administration nor are they mentioned in the ordinance. This does not enable the management to be ahead of events and to act in a target oriented manner. Indeed, it reduces its efficiency and adversely affects its performance.

There is a need for a planning and budgeting manual giving detailed guidelines of short-, medium- and long-term plans based on setting targets such as raising the level of income of the poorest strata of the population by a certain amount or the elimination of begging, etc., and then providing the means and funds to achieve these targets within a certain period of time along with an action plan giving details of required steps, etc.

xiii) Although the *zakah* ordinance provides for- auditing and controlling the performance of the different tiers of management and their accounts, the administration has not carried this out to its fullest extent. The organizational chart of the central and provincial administrations does not give sufficient attention to This aspect, e.g., there is no department for audit and control and there are not enough personnel to carry out this task especially with the large number of local *zakah* committees that are in dire need of guidance, supervision, control and auditing.

xiv) Since its establishment, the *zakah* administration has not in any year been able to disburse all the *zakah* funds collected. The amounts accumulated at the central, provincial and local

committee levels are huge and represent more than 40% of the total *zakah* received (Kahf, 1407H).

SECTION II

ZAKAH MANAGEMENT IN KUWAIT

A) Historical and Legal Background

If one goes far enough back in history, one will always find certain traditional applications of *zakah* in every Muslim country. This holds true for Kuwait as well as for all the other countries covered in this study.

In a paper presented at the Seminar on Management of *zakah* in Modern Islamic Society, Fu'ad A. al'Umar (1985) mentioned that Kuwait was implementing *zakah* in a compulsory way in the early 20th century. Livestock owners and farmers were charged *zakah* in accordance with *shari'ah*. Moreover, a tax was also imposed on fishing products at the same rate of *zakah*.

However, the present *zakah* law is the first systematic package in the modern history of the country. It was issued in *Rabi' al Thani*, 1403H (January, 1982). The main features of the act are:

- i) The role of the government is limited to regulating the efforts of *zakah* collection and distribution. For this purpose, a government autonomous agency, affiliated with the ministry of *awqaf* has been established. This agency is called the House of *Zakah*. No compulsory collection is provided for in the law and the ***Zakah*** House accepts ***zakah*** **voluntarily** offered by individuals as well as donations, contributions and grants from individuals and private and public bodies. Naturally, the question of the payer's religion, citizenship and school of jurisprudence does not arise as long as the payment to the *zakah*

House is not obligatory. It, therefore, is allowed to accept donations from any party.

The act and its related rules and regulations do not impose any limitations on the House as to accepting *zakah* and donations in kind, and, indeed, the *Zakah* House has established a section for receiving and distributing *zakah* in kind. On the other hand, the House may accept '*ushr*' as well as *zakah* on any kind of assets as long as it is given to the House on a voluntary basis.

Since Kuwait does not have income or wealth taxes, the act does not make any reference to tax concessions nor does it mention the confidentiality of the *zakah* House's records and information.

B) Salient Features of the Management of *Zakah* in Kuwait

The *zakah* act in Kuwait provides for an innovative type of management as it creates an organization to administer *zakah* which has an almost free hand in tailoring the necessary rules and regulations that formulate its organizational structure, the way it conducts its activities and the extent to which it goes to provide its services to potential *zakah* payers and recipients. As a result, the *Zakah* House in Kuwait has formed a well equipped organization and has utilized scientific techniques to handle such an open-ended task. The main aspects of this type of management are the following:

- i) In a small country like Kuwait, one tier of organizational structure is sufficient. The *Zakah* House has put a special emphasis on planning and introducing new ideas by creating a department for research and planning. It has also established departments for social services, public relations and overseas activities. The House employs male and female social workers in order to reach needy families that are usually hard to reach because of their humbleness and desire to avoid public attention.
- ii) Several new ideas and projects have been introduced by the

Zakah House. These include: an orphans' social security project, a poor African students' fund, a permanent charity fund, a rehabilitation training project, a student support fund, a mobile unit to provide door to door services to users, a loan project, a project for publicizing the Qur'an, a sacrificial meat distribution project, etc.

- iii) Sources of income of the House include *zakah*, government aid, general donations, charity, designated donations and the return on invested funds. The House maintains separate accounts for each kind of resource and then uses in accordance with the designation stipulated in *shari'ah* or by the donors. This variety of financial resources has enabled the *zakah* organization to diversify its aims by including those services, such as lending and the construction of charitable buildings, whose financing by *zakah* alone is controversial.
- iv) As is the case in Pakistan, the government of Kuwait bears all the administrative expenses of the *zakah* organization.
- v) The House has direct accessibility to experts in *shari'ah* through a *shari'ah* consultative body which the House established. With the help of this body, the House has been able to initiate several information activities aimed at **creating awareness among *zakah* payers and recipients**. To this end, several information booklets are published.
- vi) In spite of efforts to reach out to needy and poor persons, the main approach still depends on applications being submitted by potential deserving individuals. The *Zakah* House of Kuwait has not been able to abandon this method for a more humanistic approach based on recommendations instead of applications.
- vii) In addition to the *Zakah* House, there are several voluntary committees for the collection and distribution of *zakah* in the country. The management of *zakah* attempts to organize these

committees and to cooperate with them in providing services to the payer's and recipients of *zakah*. A regulation was issued by the ministry of *awqaf* to regulate the establishment and conduct of such committees and to provide them with support, help and control through the *Zakah* House.

- viii) The annual reports of the *Zakah* House show that has not disbursed all of its receipts during any of the fiscal years since its establishment.

SECTION III

ZAKAH MANAGEMENT IN JORDAN

A) Historical and Legal Background

A law of *zakah* was enacted in 1944 upon the founding of the Kingdom. This law made *zakah* obligatory on all Muslims in Jordan, but it restricted its application to livestock, land and imported merchandise. According to this law which remained in application until 1953, the *nisab* was not observed and the rates decreed by the law were far below the obligatory rates of *zakah* which are established in *shari'ah*. The act provides for an organizational set-up consisting of an independent fund for *zakah* and an administrative council appointed by the government. Regarding the distribution of *zakah* collected under the law, the council is given total authority, under the supervision of the council of ministers of the country, to determine the poor and needy who deserve *zakah*. No tax concessions to *zakah* payers or an equivalent of *zakah* on non-Muslims appeared in the act of 1944.

The law of *zakah* was abolished in 1953 with the enactment of a law establishing a social services tax, and it took until 1978 for a new law of *zakah* to be issued. The 1953 law imposes a social services tax as a percentage of income tax. The receipts from this tax are designated for helping the poor in terms of cash disbursement and helping charitable agencies such as orphanages, refugee camps, etc.

The 1978 *Zakah* Fund Act provides for the establishment of an autonomous *zakah* fund within the domain of the ministry of *awqaf*. *Zakah* is paid to this fund on a voluntary basis and the fund is permitted to receive donations in addition to *zakah*. The fund expends its receipts on *zakah* deserving categories. Finally, the act provides for a tax concession as an incentive to *zakah* payers by allowing for deducting the amount paid as *zakah* from taxable income.

This act went through two amendments permitting the administration to accept donations and improving the tax incentive for the payment of *zakah* to the Fund by raising the deductible amount from one-fourth to the full amount of *zakah* paid. Unlike the 1944 act, the act of 1978 is explicit about the disbursement of funds to those poor and needy who are defined as deserving individuals in *shari 'ah*.

A national assistance fund was established in 1986 with the stated objective of providing recurring and emergency aid to needy persons and families. This fund is affiliated with the ministry of social development and is financed by annual budgetary allotment and tax revenues. Additionally, this fund, as compared to the *zakah* fund, is given much wider authority and access to the ministries which provide social services to the public. This fund is managed on a national level regardless of the religion of potential recipients and employees.

B) Salient Features of the Management of *Zakah* in Jordan

The management of *zakah* in Jordan has the following features:

- i) The *zakah* fund is autonomous but is administered by a small directorate in the ministry of *awqaf*
- ii) The Directorate of *Zakah* follows the same organizational structure as the ministry of *awqaf*, *i.e.*, it has a central management in the capital and sections in the provinces. The collection and distribution of *zakah* is carried out in the center and provinces.

In addition to the Directorate of *Zakah*, there are 43 voluntary *zakah* committees covering different parts of the country. Each committee has its own fund which is independent of the central fund. The Directorate of *Zakah* practices a certain degree of supervision based more on good will than on any organizational interrelationship.

- iv) An important innovative idea put into action by the Directorate of *Zakah* is the payment of designated *zakah* to the fund. A potential payer designates a certain recipient to the directorate, and after evaluating the needs of that recipient, the directorate may decide to accept the funds and transfer them to the designated recipient. In this way, the payer gets the tax concession and the directorate responds to the special needs of the community by distributing to the poor neighbors and relatives of the payers.
- v.) A reserve fund is established to which about 10% is transferred annually for the purpose of building the necessary infrastructure for providing hospitalization and rehabilitation services to members of deserving categories. This means that Jordan's *Zakah* Fund does not strictly adhere to the principle of *tamlík*.
- vi) The integration of the *zakah* Fund with the ministry of awqaf makes *shari'ah experts* accessible to the Directorate of *zakah*. It allows the administration to benefit from the leverage of the ministry and its scholars. The same obliges the fund to follow governmental procedures and regulations in performing its duties.
- vii) *Zakah* recipients are asked to fill out applications and to appear for interviews and sometimes an officer is sent to the residence of the applicant for verification. Before a decision is made, a search is usually made for other available sources of assistance especially from the newly established National Assistance Fund.

- viii) The Directorate of *Zakah* prepares a yearly plan for its activities, but the small size of the Directorate and its limited resources do not warrant the establishment of ambitious targets.
- ix) For practical reasons and to avoid the cost of transportation and storage, the Directorate does not accept payment in kind although this is not specifically prevented by the act of 1978.

SECTION IV

ZAKAH MANAGEMENT IN EGYPT

A) Historical and Legal Background

There have been several attempts to promulgate a law of *zakah* in Egypt during the past three decades, but none of them have succeeded. Egypt, however, has been selected for the present study because it is a country which has a huge network of *zakah* collection and distribution by voluntary workers and committees, a network which dates back to the mid-1940's (Proceedings of the First *zakah* Conference, Kuwait, Bait al *zakah*, 1404H, pp.429-430).

The network of *zakah* in Egypt consists of four major elements: voluntary committees unaffiliated with any public body, the ministry of awqaf and its affiliated voluntary committees, the Nasir Social Bank and its voluntary committees, and the Egyptian Faisal Islamic Bank and its voluntary committees. Consequently, *zakah* is paid in a voluntary manner to these committees and is distributed to deserving persons and families according to the full discretion and decision making of volunteers.

Yet, a unique precedent appears in Act No. 48 of 1977 which founded the Egyptian Faisal Islamic Bank. This Act obligates the bank to deduct *zakah* on the capital and profits of the shareholders and it establishes an autonomous fund for *zakah* within the bank. The Act does not give any tax incentive or concessions to the payers of *zakah* to Faisal Bank or any other *zakah* collecting agency.

However, due to a lack of information, only the management of *zakah* by the Nasir Social Bank will be reviewed in this paper.

B) Salient Features of the Management of *Zakah* by the Nasir Social Bank in Egypt

The establishment of the Nasir Social Bank in 1971 was a landmark in the implementation of *zakah* in Egypt. The bank, which is completely owned by the government, was charged with many social welfare projects. Since its establishment, it has taken concrete steps toward organizing *zakah* collection and distribution throughout the country. The bank established a central directorate of *zakah* in its headquarters. The directorate has accessibility to all branches of the bank. Through its activities in the different areas of the country, this directorate has been able to form and affiliate thousands of local *zakah* committees. The main features of the Nasir Bank's *zakah* management can be summarized as follows:

- i) The administrative structure provides for a central directorate in the headquarters of the bank with sections in its branches which cover the urban areas and most of the rural centers in the country. The directorate of *zakah* maintains a help line with the voluntary committees providing them with managerial support, including accounting assistance, organizational backing, guidance and informational materials, financial help when deemed necessary, etc.
- ii) The bank is responsible for all the administrative expenditures of the directorate of *zakah* and its sections in the branches of the bank.
- iii) Each *zakah* committee has an independent bank account for its *zakah* receipts and disbursement. Additionally, the bank maintains separate *zakah* accounts at the center and branches for *zakah* which is paid directly to the bank.
- iv) The bank maintains close cooperation with the ministry of awqaf

which provides it with *shari'ah* expertise.

- v) The rules and regulations adopted by the bank in the management of *zakah* are extremely flexible in a way that allows the *zakah* directorate and committees a free hand in designing project and implementing ideas in accordance with the preferences of payers and recipients.

For instance, the *zakah* organization (the directorate and the committees) accepts payment in cash and in kind and payment that is general or designated to a special group of recipients or to a special function or target. It accepts *zakah*, donations, charity and charitable trust funds, etc.

Moreover, the establishment of *zakah* committees is flexible. A committee can be formed in any place, be it a mosque, a school, a factory, a governmental office, a village, a quarter or section of a city, or any area where a few people feel the need and have the time and energy to volunteer.

- vi) The whole *zakah* organization shows the ability to diversify its services and invent ideas and projects that respond to a variety of needs of the deserving categories. In this regard, the variety of its resources which are not limited to *zakah* alone is of great help.

Consequently, in addition to catering for the needs of the poor and destitute, the organization provides training services, medical services in *zakah*-sponsored clinics and hospitals, Qur'an memorization support, private classes to enhance the academic advancement of poor students, nursery schools for the small children of poor working women, the construction of mosques, foreign language teaching, burial services, camping and sports facilities for poor children and youth, etc.

Furthermore, the *zakah* organization of the Nasir Bank offers

dinner in the month of Ramadan to the poor and to the traveller, a mobile caravan for *zakah* awareness and disbursement, an annual exhibition for the products of the *zakah*-sponsored training centers and a *haj* group trip. It also sponsors a series of informational and cultural lectures.

It is noticeable, however, that *zakah* distribution in the Nasir Bank is not very strict on the application of the principle of *tamlik*.

- vii) *Zakah* committees have developed the ability to reach out to deserving persons and families. Therefore, applications by potential recipients are not the only method of disbursement of *zakah* by the Nasir Bank management. Local committees usually survey their neighborhood and search for needy people. Committee members recommend potential recipients and projects to the Directorate of *zakah* in the Bank.

In addition to the Nasir Social Bank, the Egyptian Faisal Islamic Bank has established its own fund of *zakah*. The resources of this fund consist of *zaka*^h assessed on the capital and profits of shareholders as required by the Bank's regulations, *zakah* paid on a voluntary basis by the owners of investment deposits and any other donations and *zakah* given to the fund by any party. The *zakah* fund of the Faisal Bank has grown beyond the limits of an individual fund affiliated with a company because of the Bank's accessibility to a large number of investors and because of its branches in many of the more populated areas of Egypt.

OBSERVATIONS AND CONCLUSIONS

The observations of this part of the study are divided into two main areas: 1) the performance of *zakah* management, and 2) the cost of the operation of collection and distribution of *zakah* and the number of people engaged in *zakah* management at different levels. The management of *zakah* in the four Muslim countries will be examined from the point of view of these two areas.

SECTION I PERFORMANCE OF ZAKAH MANAGEMENT

The performance of *zakah* management can be examined from different angles with the most important of them being how much *zakah* the management collects and distributes and how many people it is able to reach.

A) Collection Performance

The amount of *zakah* and other charitable donations received by the management of *zakah* in the four Muslim countries covered in this study is given in Table I below:

Table I

**Receipts of *Zakah* Administration in Four
Muslim Countries⁽¹⁾ (1985)**
(In Millions of Local Currency)

Country	Total Receipts	% of GDP
Egypt	6.3	0.02
Jordan	0.3	0.02
Kuwait	4.6	0.08
Pakistan	1,462.3	0.30

Sources: Annual reports of *zakah* administration and World Bank data tapes.

Table I shows that the amount of resources collected by the *zakah* administration is generally small relative to GDP. In percentage terms, this is negligible in Jordan, Kuwait and Egypt while in the case of Pakistan it is 0.30%.

In a previous study, Kahf (1407H, p.43) indicated that the receipts of *zakah* in Pakistan can be tripled with only minor changes in the present arrangement, i.e., by improving the mechanism of the assessment and collection of *'ushr* and *zakah* on certain items. Furthermore, the actual *zakah*/GDP ratio in Pakistan is less than one-fifth of its potential of 1.6% as estimated by Kahf with no *zakah* imposed on salaries, professional incomes and fixed business assets (Kahf 1986, pp. 20-31 of the Appendix).

As far as *zakah* in Egypt is concerned, Kahf estimated its potential at 2% of GDP (1981/2). This is 25 times the amount actually collected by the Nasir Bank (Kahf 1986, pp. 1-10 of the Appendix).

(1) Including voluntary contributions but excluding government assistance and subsidies.

(2) Including *'ushr* which is collected by the local *zakah* committees.

However, the percentage of *zakah* receipts in Pakistan to the country's GDP is 4 to 15 times the percentage of *zakah* receipts to GDP in the other three countries. This shows the high effect of legal obligation on the receipts of *zakah*. Moreover, the Kuwaiti management of *zakah* receives a large subsidy from the government which helps the management reach donors and propagates the cause of *zakah* a lot more than the Pakistani management can do with its limited resources. Without such state financial assistance, *zakah* receipts in Kuwait might not have reached their current level which puts them at one fourth of the level in Pakistan (as a percentage of GDP).

On the other hand, it must be remembered that the collection of *zakah* in Pakistan is carried out by collecting agencies specified in the law by a method of deduction at source with little interference on the part of the *zakah* administration, whereas the collection of *zakah* in the other three countries is the duty of the management itself.

Additionally, the above comparison does not cover all *zakah* paid in the society as many people have their own channels and do not prefer to pay their *zakah* to the government agency in Kuwait and Jordan or to the Nasir Bank's *zakah* Directorate in Egypt. But to this a counterargument must be added which is the fact that the law in Pakistan does not obligate the collection of *zakah* on all *zakatable* items and many people also pay part of their *zakah* through their own means not to the administration. Therefore, the above data does not reflect the total *zakah* paid in Pakistan.

B) Disbursement Performance

Table II shows that the management of *zakah* in Jordan has the highest rate of disbursement among the four countries. This can be explained by its small revenues (in absolute terms) which do not allow for the accumulation of large reserves. In fact, the regulations of the *zakah* directorate in Jordan require that 10% of receipts be kept as reserves with the objective of accumulating sufficient capital for the construction of that infrastructure which is deemed necessary for future *zakah* disbursement.

Table II

Disbursement of *Zakah* in Four Muslim Countries 1981-1986
(In Millions of Local Currency)

Country	Disbursement		End of Period Balance	
	Amount	% of Receipts	Amount	% of Receipts
Egypt	12.9 ¹	57.4	N/A	N/A
Jordan	0.9	81.9	0.2	18.1
Kuwait	7.2 ²	34.3	8.2	38.6
Pakistan	3,820	46.3	4,428	53.7

Source: The management annual reports of respective *zakah* organizations.

It should be noted that the *baït al zakah* of Kuwait was given a large injection of government financial aid in 1984 which the management could not completely absorb at that time. But this assistance helped the management produce several new ideas and projects in the following two years:

There are several reasons for the accumulation of large balances of undistributed *zakah* funds in Pakistan and Egypt. I have discussed some of these reasons in the report on the management of *zakah* in Pakistan. They include the desire of the management to hold emergency reserves, limited capacity to disburse especially at the middle and low management levels, insufficient initiative on the part of *zakah* workers and inadequacy of effective control, guidance and supervision by the central management on those who are in direct touch with the disbursement operation, etc.

(1) Up to 1985.

(2) 1984 and 1985 only.

C) **Performance in Reaching People**

In this regard, the system adopted in Pakistan is both unprecedented and incomparable with other countries. The management of *zakah* in Pakistan has been able to recruit about a quarter of a million volunteers to distribute *zakah* to deserving persons and to collect *'ushr* in rural areas. The efforts on the distribution side by the higher tiers of management and by the local *zakah* committees have been able to reach about one million individual and family recipients annually with a substantial coverage of the poor population in the country. As for collection, the law provides for the coverage of millions of potential payers while deduction is conducted by hundreds of institutions and their branches. In short, the system of *zakah* in Pakistan is built in a way that provides for contacts and relations with a large segment of the population.

The management of *zakah* by the Nasir Bank in Egypt has also established large scale contacts with people. Beginning in 1972, i.e., 7 years before the Pakistani *zakah* Ordinance, the Bank's *zakah* Directorate has been able to reach more than half a million voluntary payers of *zakah* and about 700,000 recipients. It has approximately 15,000 voluntary workers in its 3,000 committees.

As for the managements of *zakah* in Jordan and Kuwait, their contacts are much more limited although in the case of Kuwait the management showed a high degree of energy and innovation in its efforts to reach out to people. But the natural limitation of a small and rich country, whose state provides many forms of assistance to the poor and guarantees them a certain minimum level of income and services has not allowed the *Bait al zakah* to find many recipients inside Kuwait and has forced it to extend its distribution abroad. In spite of these limitations, the *Bait al zakah* has reached than 1% of the total population and has studied their need for *zakah* assistance.

Lastly, it should be noted that maintaining close contacts and fruitful relations with potential payers and recipients is almost the only asset that management can capitalize on when the law does not provide for the obligatory collection of *zakah*. Therefore, such contacts and relations are the lifeline of the management of *zakah* in Egypt, Kuwait and Jordan. Consequently, it is essential for such types of management to offer a variety of options to the payers and services to the recipients if they are keen to preserve the *raison*

d 'etre of their existence.

SECTION II MANAGERIAL COST OF ZAKAH

In this subsection, the cost of the management will be examined in terms of the paid costs of operation and in terms of the total number of people engaged, i.e., the cost of human resources.

A) Paid Cost of the Management of Zakah

Paid cost is defined here as the total expenditure the management has to pay for the discharge of its duty with regard to the collection and distribution of *zakah*. This is in contrast to non-paid cost which represents the value of all the voluntary man-hours spent in the same endeavors. The latter will be considered later in subsection B.

In the four cases of *zakah* implementation studied in this paper, most of the paid cost of management is not charged to the account of *zakah* although *shari'ah* permits using some of the proceeds of *zakah* for managerial purposes under the heading of the workers of *zakah* which is one of the eight categories of recipients. But the governments of Jordan, Pakistan and Kuwait have decided to bear the administrative expenditures of management out of their regular budgets and the administration of the Nasir Bank in Egypt has also done something similar by paying for the managerial expenses of its *zakah* Directorate from the Bank's own resources.

In the case of Pakistan, a very small portion of the administrative cost is paid from the proceeds of *zakah*. This represents some printing at the central level and the cost of hiring part-time accountants at the level of the local *zakah* committees. Actually, most local *zakah* committees do not hire accountants and the total of these two items has not exceeded 1% of *zakah* proceeds. Therefore, this element of cost is not dealt with in this section, especially as I have noticed that many local *zakah* committees in Pakistan pay for incidental expenses out of the pockets of their members rather than

charging such expenses to the account of *zakah*.

Table III below shows the administrative of *zakah* management in Pakistan and Kuwait. Egypt and Jordan are excluded because information is not available.

Table III
**Administrative Expenditure of *Zakah* Funds in
Pakistan and Kuwait**
(In 000)

Country	Adm. Exp. 1984/5		Adm. Exp. 1985/6	
	Local Currency	US \$'	Local Currency	US \$'
Pakistan	40,729	3,022.3	43,279	2,854.8
Kuwait	489.4	1,653.4	740.4	2,459.8

*Average exchange rates from the World Bank data tape for 1984 and 1985 are used.

Sources: 1. Written information from *Bait al Zakah* in Kuwait and 2 - Kahf, Monzer, "Report on the Management of *zakah* in Pakistan 1407W.

It should be noted that the figures for administrative expenditures stated in the government budget of Pakistan underestimate the real cost of the *zakah* operation as the collecting agencies which are charged with the deduction at source of *zakah* are not compensated for the cost they incur in deducting *zakah* and transferring it to the central *zakah* fund. although the cost of deducting agencies may be insignificant at present, this element should be considered if *zakah* collection is to become more aggressive.

Table III indicates that the cost of management in Kuwait is less than that in Pakistan, but the Kuwaiti cost is rising in US\$ terms while that of Pakistan is declining. This may be explained by the continuous expansion of

the administrative apparatus of Kuwait's *zakah House* while Pakistan's Administration of *zakah* has reached a stable level. In addition, there has been a deterioration of the Rupee/Dollar ratio while the Dinar/Dollar ratio has remained stable.

Table IV shows the rate of administrative expenditure to the fund disbursed to recipients of *zakah* which might make more sense for a comparison of the two managements than the absolute amount of expenditure.

Table IV

Administrative Expenditure per Thousand of Disbursed *zakah* Funds in Pakistan and Kuwait (in Local Currency), 1984 and 1985

Country	1984/5	1985/6
Pakistan	47.3	78.5
Kuwait	161.4	185.8

Table IV shows that the rate of administrative spending on *zakah* as a percentage of expenditures to disbursement is 2.3 to 3.4 times higher in Kuwait than in Pakistan. But it must be noted that the *Bait al zakah* in Kuwait is also responsible for the collection of *zakah* as payment to the *Bait* is not compulsory in Kuwait. This is in addition to the other known differences in the cost of labor and material between the two countries.

B) Amount of Labor Engaged in *Zakah*

Labor involvement in the collection and distribution of *zakah* in the four Muslim countries covered by this study comprises two types: paid full-time and voluntary part-time. Full-time workers are engaged in different tiers of management and voluntary workers contribute part of their time to serving on the committees and councils without any material compensation. Table V gives the approximate number of people engaged with *zakah* in the four Muslim countries.

Table V

Number of Workers in *zakah* in Four Muslim Countries'

Type of Labour	Egypt ~ Jordan	Kuwait	Pakistan
Full-Time Workers	N/A	18	2,000
Volunteers	15,000	265	250,000

Source: The administration of *zakah* in these countries.

Table V indicates that a considerably large number of people are involved with the operation of *zakah* especially in Pakistan. As far as volunteer work for *zakah* is concerned, we find that out of each 20,000 Pakistanis, 50 have contributed volunteer work to *zakah*. This figure goes down to 6 in Egypt, 2 in Jordan and 1 in Kuwait. This may indicate that the popularity of *zakah* and people's enthusiasm for it are higher in Pakistan than in the other three countries under study.

On the other hand, relative to population, Kuwait has the highest number of people on the budget payroll. For each 500,000 of their respective populations, Kuwait employs 80 persons for *zakah*, Jordan employs 3 and Pakistan one only. This may show a willingness on the part of Kuwait to expand the *zakah* operation by budgetary means.

Several types of work are utilized in the process of the collection and distribution of *zakah*. These include social, clerical and managerial work. In Pakistan, more than 90% of full-time paid workers are of the clerical type usually with a low level of education. These make up almost all the employees at the district and subdistrict levels and the manual staff at the provincial and central levels. The remaining 10% are for the managerial and submanagerial category. As local *zakah* committees are entrusted with the task of distribution to individuals and families, the management in Pakistan hires neither social workers nor researchers.

(1) Date is for the year 1985 in Egypt and Kuwait and for 1986 in Pakistan and Jordan. Numbers are rounded and committees are made up of 7 members in Pakistan and 5 in the other countries.

In Kuwait, about 30% of full-time employees are social researchers with relevant university degrees. They conduct their social work by visiting potential recipients in their residences and by having confidential conferences with them on the premises of the *bait al zakah*.

The small number of full-time workers in Jordan are distributed among social research, manual and office work and management.

With regard to volunteers, it may be rightly assumed that those in Egypt, Kuwait and Jordan are very active and dynamic as they are in charge of the collection and distribution of *zakah*, whereas volunteers in Pakistan receive allotments for distribution from the provincial funds and those who ate in rural areas collect and distribute *'ushr* as well.

Moreover, by converting the above figures into man-hours on the basis of 35 working hours a week in Pakistan and 36 in Jordan and Kuwait and 45 weeks of work in the year (i.e., excluding vacations and holidays) and by assuming that voluntary workers put in an average of 40 hours each in the year, we arrive at Table VI which compares the man-hours utilized in the four Muslim countries and their relations to the amounts disbursed and to the number of people served.

Table VI**Man-Hours Engaged in *zakah* (Estimated), Amount Disbursed and Number of Recipients in Four Muslim Countries**

	Man-Hours	Egypt (1985)	Jordan (1986)	Kuwait (1985)	Pakistan (1986)
Paid Man Hours (000)		N/A	29.2	260.8	3,150
Voluntary Man-Hours (000)		600	10.6	2.0	10,000
Total Man-Hours (000)		600	39.8	262.8	13,150
Amounts Disbursed (M. US\$)*		8.96	0.71	9.97	33.97
No. of Recipients (000)		690.0	N/A	2.1**	931.4
Paid Man-Hours/ Disburse (M. US\$)		N/A	41	26	92
Vol. Man-Hours/ Disburse (M. US\$)		67	***	***	294
Paid Man-Hours/ (000) Recipients		N/A	N/A	124	3
Vol. Man-Hours/ (000) Recipients		1	***	***	14

* Amounts disbursed are converted to US\$ using the average foreign exchange rates of the World Bank tapes for the relevant years. Amounts in local currencies are 6.272, 0.248, 3.0 and 548 millions respectively and the foreign exchange rates are 0.7, 0.350, 0.301 and 16.13 respectively.

** *This figure represents the number of recipients who receive direct help from the Bail al zakah inside Kuwait. It does not include the orphan project which serves 3,028 orphans outside Kuwait nor other overseas activities.*

*** Since the amounts collected and distributed and the number of recipients by voluntary committees are not reported to the administration these rates could not be calculated.

The last four lines of Table VI show the number of paid and voluntary man-hours utilized to distribute one thousand dollars of *zakah* funds and to contact one thousand recipients. Apparently the total number of man-hours utilized in *zakah* operation is higher in Pakistan than in Kuwait and Jordan. The number of both paid full-time and voluntary part-time workers is higher in Pakistan than in the other three countries. This is also true for paid and voluntary man-hours spent to disburse one thousand US dollars.

On the other hand, the number of paid man-hours to contact one thousand recipients of *zakah* is much higher in Kuwait (41 times) than in Pakistan. This may be explained by the high cost of labor in the former as compared to the latter. However, the number of voluntary man-hours used to contact one thousand recipients in Pakistan is higher than that in Egypt (14 times). This may be caused by more availability of voluntary man-hours in Pakistan than in Egypt.

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ISLAMIC DEVELOPMENT BANK (IDB)

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The Islamic Development Bank is an international financial institution established in pursuance of the Declaration of Intent by a Conference of Finance Ministers of Muslim countries held in Jeddah in Dhul Qa'da 1393H (December 1973). The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (July 1975) and the Bank formally opened on 15 Shawwal 1395H (20 October 1975).

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The official language of the Bank is Arabic, but English and French are additionally used as working languages.

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