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PAPER ON:

**ZAKAT – A STRATEGY FOR POVERTY ALLEVIATION:
A CASE STUDY OF BANGLADESH**

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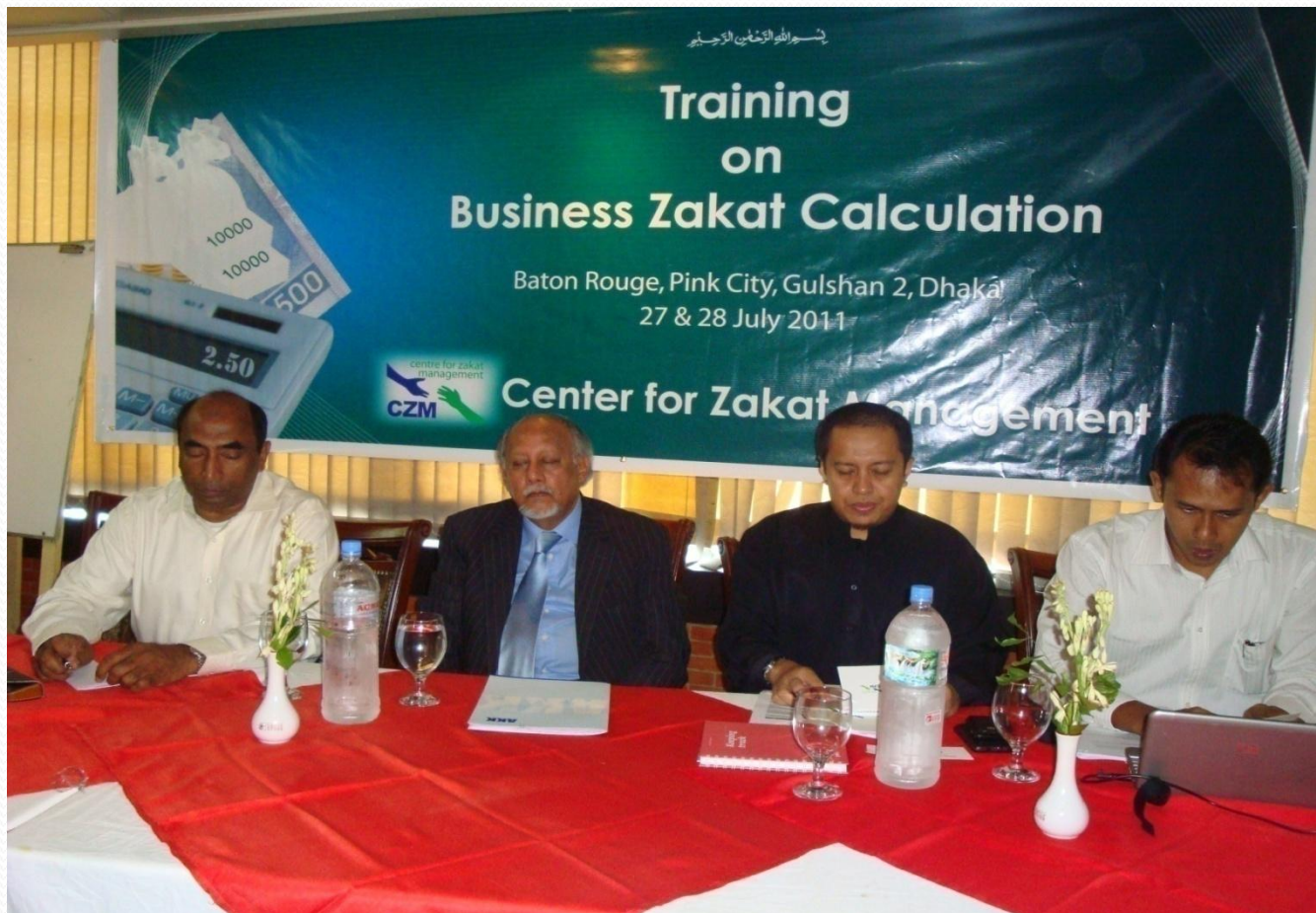
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ZAKAT – A STRATEGY FOR PROVERTY ALLEVIATION

- Zakat is religious obligation of the rich and a right of the poor;
- According to Holy Quran & Sunnah, Zakat is an expressly designed poverty eradication tool;
- Generally agreed that it has to be accorded to the alleviation of poverty;
- Zakat is an alternative source of funding for poverty alleviation;
- Zakat Funds might be used in undertaking development project;
- The poor and destitute are in top priority as Zakat recipients;
- Access of poor people to resources like Zakat must be ensured;
- New development model to be developed with Zakat Fund;

TRAINING ON BUSINESS ZAKAT CALCULATION



INSTITUTIONALIZATION OF ZAKAT FUNDS

- Philosophy on poverty alleviation is depended on the commandment of Allah (ST) & implementing practices of the Prophet (SA).
- Centre for Zakat Management (CZM) developed as a private sector initiative;
- Developed net work with Corporate Houses;
- A. K. Khan Foundation (AKKF) & CZM entered into a MoU to introduce Zakat based poverty alleviation program in the Port City of Chittagong;

Signing MOU between AKKF & CZM



AKKF & CZM JOINTLY DEVELOPED 02 PROGRAM

- Genius Scholarship program for University level students
- Holistic livelihood improvement program for under privileged community in ward -05, Mohora under the Chittagong City Corporation (CCC).

Award of scholarship



GENIUS SCHOLARSHIP PROGRAM FOR HIGHER STUDY

- Meritorious and financially weak students are only eligible for scholarship;
- Scholarship provided to under graduate students of Chittagong University, Chittagong University of Engineering & Technology (CUET), Chittagong Medical College and Chittagong Veterinary & animal science University.
- Total 85 students (31 girls & 54 boys) are receiving the Scholarship(2010 -2011) including 6 non-Muslim students
- Disseminating leadership & life oriented knowledge to students by different scholars through one hour lecture session once in a month to the recipient scholars
- Yearly Budget: Taka 25,50,000.00 (\$35,416), increasing by year; each student is receiving Tk. 2500.00 (\$ 35) per month.
- year; monthly, each student is receiving Tk. 2500.00 (\$ 35 approx).

Award of Scholarship



Monthly one hour lecture session



DEVELOPMENT OF HOLISTIC LIVELIHOOD IMPROVEMENT PROGRAM

- Area identified
- Area surveyed through Participatory Rural Appraisal;
- Identified poor and ultra poor households
- Identified community and family needs;
- Fixed priorities of needs;
- Formed CBOs;
- Identified activities;

Community Mobilization



DEVELOPMENT OF HOLISTIC LIVELIHOOD IMPROVEMENT PROGRAM

- Working area: ward No. 05 Mohara Under Chittagong City Corporation
- Total population: 4736
- Total Households: 944
- Recipients Population: 2257
- Recipients Households: 450 (330 Muslim & 120 Non-Muslims under Sadaqa/CSR)
- Total Budget: Tk.1,64,62,378.00 (\$ 2,28,644.00 approximately)
- 15 Groups formed with 30 recipients in each group;
- Group depositing weekly savings in the bank opened under the program

TARGET GROUP SELECTION

- The target group of a charity based livelihood improvement program of CZM comprises the following:
- Poor and marginal, landless farmers, day laborers living below poverty line (35% of total population)
- Extremely vulnerable families, families with orphans and people with disabilities(PWDs)-(nearly 10% of the population i.e 16m)
- Poor widows, divorcees, victims of torture, acid burn, rape, violation.
- Victims of natural disasters (cyclone/ tornado/ flood/ drought/ river erosion/etc)
- Victims of artificial disasters (fire/accident/war/etc)

Identification & selection of target group



Meeting with selected target group



PROGRAM GOAL & OBJECTIVES

Goal:

- The core goal is to ensure sustainable poverty alleviation of the community through intervention of Zakat Fund.
- **Objectives:**
- Assist in developing Community Based Organization(CBO) with and for the recipients;
- Human quality and capacity development through knowledge transfer and skill development;
- Strengthening livelihoods through asset transfer and income generating assistance(cash capital& assets);
- Ensure health care services, education and other humanitarian assistance;

Income generating activities: Bamboo work



IMPLEMENTATION STRATEGY

- Selection of poor households;
- Organization of Community Based Organization (CBO);
- Saving fund development;
- Access to business/investment: Transfer of Asset-capital formation;
- Participatory approach;
- Occupational skill development;
- Health & Nutrition;
- Child & adult education.
- Advocacy and linkage with other service providers.

TRAINING AND INCOME GENERATING ASSISTANCE(CASH CAPITAL& ASSETS);

Group formation

- One group formed with 30 members
- Total 15 groups formed with 450 members

Training

- Organization development and management;
- Business planning & management;
- IGA skill development on poultry, goat & cattle rearing, fishery, vegetable production, bamboo works, jute products and so on (need based);

IGA assistance

- Funding for small business like grocery shop, tea stall, vegetable selling, fish selling etc.
- Procurement of asset for recipients; cow, goat, rickshaw, fishing boat and fishing net etc;

Income generation assistance



Income Generating Assistance and Management

- Prepared individual business plan based on skills, experience & capacity;
- Fund transfer and management, each member receiving cash or assets worth of Tk. 20,000.00 (\$ 278);
- Ensure purchasing of income generating materials;
- Assist in marketing of products;
- Monitoring change and development at family level.

Income Generating Assistance



Resource mobilization



IMPROVEMENT OF MENTAL & PHYSICAL HEALTH

- Recruited & trained community health volunteer;
- Awareness raising meeting and training on:
 - Health,
 - Hygiene,
 - Water & Sanitation
- With emphasis on reproductive health, mother care, child care, water use, cleanliness, latrine use, hand washing, housekeeping and so on.
 - Ensure government health and sanitation services at project area through advocacy & linkage;
 - Provide supplementary food to pregnant & lactating mother

PROVIDE FREE TREATMENT & MEDICINE

- Weekly Health Clinic established;
- Employed Medical Officer and Health Worker;
- Provide Antenatal Care (ANC) and Postnatal Care (PNC);
- Provide pediatric service to minors;
- Provide other primary health care service;
- Refer patients to secondary and tertiary level health service providers;

FREE TREATMENT



Provide Life Oriented Education to Adult Women

- Established 6 Adult Literacy Centers;
- Centers running six days in a week;

Issues Discussed

- Conflict management;
- Family management;
- Child development;
- Ideology of novel personalities;
- Marriage, dowry and divorce;
- Importance of different national & international day;
- Government service, corruptions and so on.

ADULT EDUCATION



Provide basic education to children

- Established 06 Education Centers;
- Recruited 06 Volunteer Teachers;
- Total 180 children of 4-6 years age attending in the centre;
- Getting Pre-primary level education on Bengali, English, Mathematics and Religion;
- Providing nutritious food 03 days in a week;

CHILD EDUCATION



Observation of AKKF

- This is an inclusive approach that includes non-Muslim communities as well.
- This type of philanthropy and welfare is needed for most deserving people.
- Other organizations are charging high interest while this is interest free program that gives more benefit to the recipients.
- The program holds honesty, sincerity and transparency with professionalism as its highest mandate.
- It is a long term approach to achieve the given objectives.
- After eventual phase out, continuous monitoring and follow-up will continue

In Conclusion

At the recent World Islamic Economic Forum held in Astana, Kazakhstan on June 09 – 11, the Statement of the Forum categorically states:

“Development of harmonized regulatory framework to accelerate the growth of Islamic Banking and Finance globally – including Syariah compliant micro-finance”

This is the crux of the matter

- a) that in Islamic Societies, Microcredit must become sharia compliant.**
- b) that the poor are unable to accumulate capital through microcredit**
- c) that through the intervention of Zakat this is possible.**

Institutionalization of Zakat can therefore, become an important Strategy for poverty alleviation not only for Bangladesh but for nearly 1.5 billion Muslims all over the Islamic World.