

**ZAKAT MANAGEMENT
IN BRUNEI DARUSSALAM:
FUNDING THE ECONOMIC ACTIVITIES
OF THE POOR**

**BY
ROSE ABDULLAH**

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Dedicated to
my beloved husband,
mother and children
for their
endless support and understanding.

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In the Name of Allah, the Most Gracious and the Most Merciful.

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FOREWORD

The *zakat* institution is one of the most important elements in Islamic socio-economics. It is one of the tools that can be used to overcome poverty through the redistribution of wealth. His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam's concern over the state of *zakat* affairs during the Majlis Ugama Islam Brunei (MUIB) annual meeting in January 2009, has attracted many researchers and studies regarding the management of *zakat* in this country.

The study in this book investigated the role of the *zakat* institution in the socio-economic aspects of Brunei Darussalam. It studied the utilization of the *zakat* fund in helping the poor and the needy through capital aid as part of a long-term rehabilitation program. This book is concerned with the *zakat* institution in general and focuses on the disbursement of the *zakat* fund system in Brunei Darussalam. The focus is on how the *zakat* fund has been used to finance economic activities or projects run by the poor and needy as a long-term rehabilitation program.

I am very glad that this book on "Zakat management in Brunei Darussalam: Funding The Economic Activities of the Poor" has been written by Hajah Rose binti Abdullah, a Senior Lecturer from Faculty of Business and Management Sciences, Universiti Islam Sultan Sharif Ali. It is being published at the right time and is in line with the government of Brunei Darussalam's objective to achieve zero poverty by 2035.

Wassalam,
Dr Haji Sebini bin Haji Matahir/Md Tahir
Rector,
Sultan Sharif Ali Islamic University

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PREFACE

The increasing number of *zakat* recipients and accumulated applications for *zakat* assistance, large amount of accumulated *zakat* collections and the small number of capital assistance recipients is among the evidence that *zakat* management in Brunei Darussalam needs improvement. The agency which manages the *zakat* fund needs to be empowered to be able to not only handle the large numbers of applicants but also to reach out to those who really need help in the society. Empowerment is needed in the organizational structure, in order to establish better cooperation and coordination with other agencies and organizations, recruit more trained and experienced staff, involve volunteers, non-government organizations and other government or private organizations, implementation of a computerized system, and improve publicity and awareness.

The accumulated amount of *zakat* collections should not be kept if *asnaf* still exist in society. However, MUIB has to make sure the recipients are really eligible persons according to the Shariah. It is the duty of MUIB to ensure that every *zakat* dollar is well-spent. The capital assistance from the *zakat* fund is to fulfill the purpose of *zakat* fund disbursement. However, there is evidence that the recipients of the capital assistance scheme were not monitored properly after receiving the assistance. As a result, this study concludes that there was more failure than success cases with regards to the recipients.

This book is produced based on the case study research done as part of a Masters degree in Islamic Banking and Finance, in the Faculty of Economics, Business and Public Policy, in Universiti Brunei Darussalam in 2009. The contents and data have been updated to the recent data available in the year 2012.

This book contains seven chapters. Chapter One covers two parts, first, the introduction which briefly gives the background information to the study. This section will discuss the importance of *zakat* in the Islamic socio-economic sphere, *zakat* as an obligation for Muslims to fulfill, followed by the definitions of the key words in the title of the book. In addition, this section also covers how the poor and needy are defined in several countries. This is seen as necessary as the case study focuses on the poor and needy sector of *zakat* recipients. Since a proper management of *zakat* needs the involvement of governments, the study will briefly examine the role of governments in the management of *zakat*. The second part of the chapter contains the statement of purpose, objectives, scope, significance and limitations of the study as well as a general outline of the case study report.

Chapter Two contains the review of literature on innovation in *zakat* management in other countries, the collection and utilization of *zakat* funds, the determination of the needs of the poor and needy, the involvement of the private sector in *zakat* management and the extent to which *zakat* funds are utilized to finance the economic activities of the poor and needy. The review on *zakat* in other countries is taken as a comparative study as well as to consider the possibility of adopting the particular systems of *zakat* management.

Chapter Three contains information about the economic demography of Brunei Darussalam as well as a brief overview on Brunei's economy in general, and the current government programs to reduce the problem of poverty in this country.

Chapter Four reviews the current *zakat* institution in Brunei Darussalam, the *zakat* management (collection and disbursement), how the poor and needy are defined and their needs determination in addition to current and future plans and programs to provide long term rehabilitation schemes for the poor and needy.

Chapter Five explains the methodology used in this case study research. It also explains the selection of the target group surveyed and the administration of the sample, the questionnaires, the interviews and the analysis of data.

Chapter Six discusses the findings of the survey and data analysis. The data analysis focuses on the basic profiles of the respondents and their motivational factors that contribute to the success or failure of the economic activities of the poor and needy after receiving capital aid from the *zakat* fund.

Finally, conclusions are made in the last chapter, Chapter Seven, followed by some recommendations on general *zakat* management and the long-term rehabilitation program through capital supplement from the *zakat* fund.

Hajah Rose Abdullah

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Allah created Man to be the vicegerent of Allah on earth (Surah Al-Baqarah 2: 30). To enable him to play such a role, Allah provided all the necessary resources, physically and mentally, for his material well-being. As for the poor and needy with limited resources, Islam has guaranteed the minimum standard of living through the form of *zakat* duty on the rich to be given to the poor and the destitute.

The obligatory nature of *zakat* is firmly established in the Al-Qur'an and the *Sunnah* (or *Hadith*), was handled meticulously by the Companions and has been deliberated on thoroughly by Muslim scholars throughout the ages. The Al Qur'an clearly mentioned, in many verses, the responsibility of the rich to pay *zakat* and in fact, this is always mentioned after the injunction of *solat* (prayer). In Dr Yussof Qardawi's study (Kahf's translation, 2005), he mentions that the word *al-zakah* occurs in the Qur'an thirty times. In twenty-seven of them, the word *al-zakah* is associated with prayers in the same verse. In one place it is mentioned with prayers in the same sequence of verses, that is, 'those who humble themselves in their prayers' (Surah Al-Mu'minin 23:2) and 'who are active indeed in *zakah*' (Surah Al-Mu'minin 23:4).

In the Qur'an, Surah Al-Taubah 9:103, Allah ordered the Prophet to collect *zakat*:

'Take alms out of their property in order to cleanse and purify them, and invoke Allah for them; surely this is a relief for them.'

To those who refuse to pay *zakat*, Allah states the penalty in Surah Al-Taubah 9:34-35:

'O ye who believe! There are indeed many among the priests and anchorites, who in Falsehood devour the substance of men and hinder (them) from the way of Allah. And there are those who bury gold and silver and spend it not in the way of Allah. Announce unto them a most grievous penalty. On the Day when heat will be produced out of that (wealth) in the fire of Hell, and with it will be branded their foreheads, their flanks, and their backs: "This is the (treasure) which ye buried for yourselves: taste ye, then, the (treasures) ye buried!"'

Paying *zakat* is extremely important and is a duty that has to be fulfilled by wealthy Muslims. Those who disobey are considered apostates and the penalty is death according to Shafi'ies scholars (Al-Qardawi, 2005). Malikies, on the other hand, are of the opinion that those who refuse to pay *zakat* should be declared rebels and should be fought until the due *zakat* is collected (ibid). These opinions were based on what had been done by Caliph Abu Bakar after the death of the Prophet Muhammad (Peace Be Upon Him).

For those who do not pay *zakat*, the Prophet Muhammad (PBUH) mentioned the penalty as reported in *Sahih Bukhari*, volume 2, Book 24, Number 486, as narrated by Abu Huraira:

Allah's Apostle said, 'Whoever is made wealthy by Allah and does not pay the *zakat* of his wealth, then on the Day of Resurrection his wealth will be made like a bald-headed poisonous male snake with two black spots over the eyes. The snake will encircle his neck and bite his cheeks and say, "I am your wealth, I am your treasure."' Then the Prophet recited the holy verses: "Let not those who withhold..." (to the end of the verse). (Surah Ali-Imran 3:180).

Some people may mistakenly perceive that the *zakat* system may encourage people to be idle and not work. However, in Islam, it is an obligation for men to work and look after themselves and their families. Furthermore, the Prophet Muhammad (PBUH) has emphasized that those who give *zakat* are better than those who receive it. This is mentioned in the translation of *Sahih Bukhari*, Volume 2, Book 24, Number 508, a *hadith* narrated by Hakim bin Hizam:

The Prophet said, 'The upper hand is better than the lower hand (i.e. he who gives in charity is better than him who takes it). One should start giving first to his dependents. And the best object of charity is that which is given by a wealthy person (from the money which is left after his expenses). And whoever abstains from asking others for some financial help, Allah will give him and save him from asking others, Allah will make him self-sufficient.'

To give *zakat*, a person has to work and earn a living. Only after obtaining wealth or earning an income, which is more than sufficient for themselves and their families, can someone give to others. This clearly shows that Islam encourages and makes it obligatory for men to work and earn a living.

1.2 The importance of *zakat* to the Muslim socio-economic order

Zakat is one of the important aspects in Islamic economics. *Zakat* has a direct impact on the socio-economic conditions of the poor and needy in Muslim communities. According to Mansoori (2002), *zakat* has two main objectives: first, to discourage the concentration of wealth and second, to alleviate poverty. These two main objectives can be achieved through the *zakat* system, as paying *zakat* is a religious obligation and people give *zakat* as a form of worshipping Allah. Observant Muslims, who can afford it, give *zakat* because they know that *zakat* is the right of the poor on their wealth.

Muhammad Al-Sayyid Yusuf (2008) mentioned that although the Al-Qur'an stated eight *asnaf* eligible to receive *zakat*, the consensus of Islamic scholars gives priority to the poor and needy. This means that poverty alleviation becomes the main objective in the Islamic economy.

According to Yusuf Ali's translation of Surah Al-Dhariyat 51:19, the following is mentioned: 'And in their wealth and possessions (was remembered) the right of the (needy,) him who asked, and him who (for some reason) was prevented (from asking).' This indicates that *zakat* is not charity which is voluntarily given by wealthy people but rather the right of the poor on the wealth of the rich. It is a responsibility and a must for the rich to give *zakat* to the poor and destitute as well as other qualified recipients. The balance and equilibrium in economic resources created by *zakat* provides benefits for both the poor and rich. The *zakat* fund transferred to the poor enhances the purchasing power of the poor. This enables them to spend more and more money will circulate immediately in the economy. As a result the rich will become richer due to better business.

In the Al-Qur'an, Allah has warned that *riba* has many negative impacts while *zakat* has many positive impacts on the economy of the individual and the society as a whole. The translation of Surah Al-Rum 30: 39 says: 'Whatever *riba* you give so that it may increase on the wealth of people has no increase with Allah. And whatever you pay *zakat* and intend to seek through it pleasure of Allah, such are those who are multiplying.'

A *hadith* mentioned that paying *zakat* can bring growth to the payer. *Sahih Al-Bukhari*, Volume 9, Number 525B stated that the Prophet Muhammad (PBUH) said: 'If anyone gives in charity something equal to a date from his honestly earned money-for nothing ascends to God except good-then God will take it in His Right (Hand) and bring it up for its owner as anyone of you brings up a baby horse, until it becomes like a mountain...Nothing ascends to God except good.'

The experiences of early Muslims proved that when *zakat* was collected and distributed in the right way, it led to effective elimination of poverty in society. The *hadith* in *Sahih Bukhari*, Volume 3, Page 81, stated:

'Amr ibn Shu'aib reported that the Messenger of Allah (PBUH), appointed Mu'azh ibn Jabal to a position in Jund where the latter remained until the death of the Prophet. At the time of this event, he came to 'Umar who reappointed him. He sent to 'Umar one-third of the sadaqat collected from the local people, but 'Umar turned it down and said: 'I did not appoint you to go there as a tax collector or as a tribute (jizyah) taker. I appointed you to collect sadaqat from the rich and then to return them to their poor.' Mu'azh replied: 'I would not have sent you anything [from the collection] if I had found someone deserving [over here].' In the second year, he sent him half of the collected sadaqat, and they ran into the same issue again. In the third year, he sent him all of it, and 'Umar again argued with him. Mu'azh responded: 'I could not find anyone who deserved to receive anything from me.' This was related by Abu 'Ubaid.

It is also stated in the *hadith* as narrated by Ibn Abbas:¹

When Allah's Apostle (PBUH) sent Muadh to Yemen, he said (to him), 'You are going to people of a (Divine) Book. First of all invite them to worship Allah (alone) and when they come to know Allah, inform them that Allah has enjoined on them, five prayers in every day and night; and if they start offering these prayers, inform them that Allah has enjoined on them, the Zakat. And it is to be taken from the rich amongst them and given to the poor amongst them; and if they obey you in that, take Zakat from them and avoid (don't take) the best property of the people as Zakat.'

1.3 About the Study

This study will investigate the *zakat* institution in general and focus on the disbursement of the *zakat* fund system in Brunei Darussalam. The focus will be on how the *zakat* fund has been used to finance economic activities or projects run by poor and needy people as part of a long-term rehabilitation program. This is in line with the government of Brunei Darussalam's objective to achieve zero poverty by 2035.

Objectives

The study in this book investigated the role of the *zakat* institution in the socio-economic aspects of Brunei Darussalam. It studied the utilization of the *zakat* fund in helping the poor and the needy through capital aid as part of a long-term rehabilitation program. Specifically, this study aimed:

- To review the minimum income line currently being used by the agencies concerned in Brunei Darussalam in processing applications for disbursement of *zakat* funds.
- To examine the system of *zakat* management in Brunei in terms of collection, distribution and monitoring.
- To study the needs analysis and progress of the poor and needy after receiving financial help.
- To gather information and study the capital aid recipients' interest and motivation to engage in micro or small businesses.
- To assess the factors that lead to either the success or the failure of the micro businesses of the recipients of capital aid for business start-ups from the *zakat* fund.

¹ *Sahih Bukhari*, Volume 2, Book 24, Number 537

The Scope

The study covers less than half of the total number of *zakat* recipients who received help in the form of capital aid for establishing businesses. The subjects involved in this study were only those who received capital help from 2001 until August 2008. The study was conducted only in the Brunei Muara District. The Brunei Muara District was selected because it has the highest population density and the highest number of *zakat* recipients in Brunei Darussalam, compared to other districts, for easy communication in conducting the case study (refer to appendix). The selection of sample was biased from the initial stage in which only some recipients who were categorized as successful cases and those categorized as failures were surveyed.

Significance of the Study

This study is part of the requirement of the Masters in Islamic Banking and Finance program. It is hoped that the study will be able to highlight the socio-economic role of *zakat* institutions in Brunei Darussalam. At the same time, this study hopes to identify the factors that lead to the success of micro-businesses of the recipients of the current capital aid from the *zakat* fund program of the Islamic Religious Council of Brunei Darussalam. The findings of this research may be useful in designing policies, which are conducive for the effective utilization of *zakat* funds to improve the socio-economic welfare of the poor and needy in Brunei Darussalam.

Limitations

The study involved recipients of the *zakat* fund for business capital only. It investigated recipients from the Brunei Muara District only. There were forty nine (49) recipients of the *zakat* fund for business in the list from the Islamic Religious Council of Brunei Darussalam from 2001 until 2008. Selections were based on information given by the officers of the Council regarding their list of successful and failed businesses among the recipients of capital aid from the *zakat* fund. The survey only covered those who could be contacted. The main objective of the survey was to find out the factors that resulted in the success or failure experienced by the recipients in their income generating activities.

This study did not cover all the *zakat* recipients (*zakat* recipients for consumption) in the Brunei Muara District. Research to cover the general *zakat* recipients in a bigger sample size may enable an insight into the following:

- The potential entrepreneurs among the *zakat* recipients.
- The attitude of *zakat* recipients in getting out of poverty by running small businesses through the capital aid of the *zakat* fund.

Therefore, there is a need to do a comprehensive study on the willingness of the poor and needy to conduct small businesses. There is also a need to study the readiness of the poor and the needy to take the opportunity to be involved in income generating activities. This information should be made available before the government introduces a long-term rehabilitation program by allocating a larger amount of *zakat* fund disbursement.

It is also important to study the profiles of the *zakat* recipients to find out how many of them actually can work and how many are not able to work due to illnesses, disabilities, accidents, old age etc. This information will be useful as part of a screening process of recipients to ensure the *zakat* fund is disbursed only to those who are eligible.

It would have been more significant if the study could cover all four districts in Brunei Darussalam. This is because the nature of the problems and the social environment may differ in each of the four districts. As a result, the government policy or approach may need to be adapted for the needs of recipients from different districts.

1.4 Definition of the key words

1.4.1 Zakat

The word *zakat* means ‘to grow and to increase’,² growth and extension.³ According to Al-Qardawi, when it relates to a person, it means to improve or to become better. He mentioned that in the Shariah the word *zakat* refers to the determined share of wealth prescribed by God to be distributed among deserving categories. The word *zakat* as known in the Shariah is also mentioned as *sadaqah* in the Al-Qur’an and *Hadith*. Al-Qardawi also mentioned that *sadaqah* or *zakat* is an indication of truthfulness in faith and sincere belief in the Day of Judgment. This will be discussed at greater length in the literature review section.

Abdul Aziz Muhammad (1993), in referring the meaning of *zakat* to the Al-Qur’an, defines *zakat* as ‘growth’ or ‘increase’ and ‘purity’.⁴ He mentioned further that *zakat* leads to the increase of prosperity in this worldly life and the growth of religious merit in the hereafter because its payment purifies the payers from their sins.

According to Mohd Ma’sum Billah (2007), *zakat* is a compulsory tax collected from the rich and distributed to the right recipients as described in the Al-Qur’an. The purposes are not only to reduce or alleviate poverty but also to purify one’s soul and wealth.

Gilani (2006) stated that the literal meaning of *zakat* in Arabic is ‘cleanliness, betterment, growth, blessing and praise’. It is concerned with both material and spiritual aspects, as the voluntary transfer of funds from the rich to poor promotes social cohesion and a sense of brotherhood as well as reduces the likelihood of recession by keeping money in circulation.

Sayyid Qutb (2000) defined the word *zakat* as purification and growth. It is the purification of one’s self, soul and heart when Man gives of his dear possession that is money, to others. Man is purified, elevated and improved. He further explained that *zakat* is a right that the community claims from the individuals to guarantee a competence

² Al-Qardawi, (2005), volume 1, pp. xxxix - xl

³ Farishta G. de Zayas, (1960, 2003)

⁴ Al-A’la 87:14, Al-Taubah 9:104.

of some of its members. This is because Islam disapproves of people being in poverty; it decrees that every man earn his living by his own work so long as he can, but that he receive his share from the public monies when for any reason he is unable to work or earn sufficiently.

F.S.A. Majeed (1991) wrote that the literal meaning of *zakat* is 'growth (in goodness)' or 'increase', 'purifying' or 'making pure'. He concluded that when someone gives *zakat*, he is purifying his wealth 'to gain Allah's blessing to make it grow in goodness'.⁵

1.4.2 Funding economic activities

The second key word is economic activities. According to the online Farlex Financial Dictionary (2011), 'economic activity' is an act that requires the use of resources or time. Examples include buying a stock or making a product to sell. The level of economic activity throughout an economy can be measured in a number of ways, with perhaps the most common being GDP. On the Blurtit website (2012), 'economic activities' are defined as the production and distribution of goods and services at all levels.

Wikipedia, the free online encyclopedia, defines 'funding' as the act of providing resources, usually in the form of money (financing), or other valuables such as effort or time (sweat equity), for a project, a person, a business or any other private or public institution. Sources of funding include credit, donations, grants, savings, subsidies, and taxes. Funding such as donations, subsidies and grants that have no direct requirement for return of investment are described as 'soft funding' or 'crowd funding'.

So, funding economic activities in the context of this study means providing funds as capital aid for the poor and needy to start their income-generating activities. The fund is given to the poor and needy as a grant in order to help them to be self-employed and earn for their family.

This case study looks into the role of *zakat*, which is the transfer of wealth from the rich to the poor and needy, as a source of funding the economic or income-generating activities of the poor and needy in Brunei Darussalam. As the focus of this case study will be on the poor and needy, it is necessary to see how the poor and needy are defined. Furthermore, the disbursement of the *zakat* fund in many countries goes mostly to the poor and needy or *asnaf*. This will enable a comparison to be made on the way *zakat* fund is distributed to the poor and needy in other countries with how the *zakat* fund is distributed to the poor and needy in Brunei Darussalam.

1.4.3 Definitions of the poor and needy

Clearly mentioned in Surah Al-Taubah 9:60, are the people who are entitled to receive *zakat*: 'Alms are for the poor and the needy, and those employed to administer (the fund), for those whose hearts have been reconciled (to the truth), for those in bondage and in

⁵ FSA Majeed, (1991), p. 15

debt, and for Allah's cause, and for the wayfarer, a duty imposed by Allah. And Allah is all Knower, All Wise.'

From this verse, it is clear that the emphasis is more on those who need help in order to alleviate poverty. There are eight categories of deserving persons mentioned in this verse. Among the eight categories are those who are in long-term poverty - the poor, the needy and the slaves. There are also those who are temporarily poor such as those in debt and wayfarers who need help. The other two categories (*fi sabilillah* and *muallaf*) are for protection and propagation of Islam (*jihad* and *da'wah*/preaching) and one category is for financing the *zakat* institution's administrative costs (*amil*). In Arabic, the word for poor is *faqir* (*fuqara'* is the plural) and for the needy is *misikin* (*masakin* is the plural).

Al-Qardawi (2005) defined the poor and needy according to the satisfaction of essential needs. A poor person is defined as 'one whose wealth and income are far from satisfying his or her essential needs, while a needy person is one whose wealth and income fall not much short of the satisfaction of essential needs'. According to these criteria, Al-Qardawi defined a person who deserves *zakat*, either as a poor or needy person, as follows:

1. A person who has no property or income at all.
2. A person whose wealth and income satisfy a little bit of his/her essential needs.
3. A person whose wealth and income satisfy more than half of his/her essential needs but still falls short of fulfillment of those needs.

The property mentioned in this definition must be property that is under the control of the owner. Property that is not under the control of the owner or cannot be used or utilized should not be accounted. There are some differences in opinion on the issue of the satisfaction of needs, whether it is based on one year's satisfaction of needs or the expected life of the poor and needy person (*ibid*).

As the people who fall under the poor and needy category may differ in conditions and reasons for falling into poverty, the assessment on the satisfaction of needs should depend on specific conditions and reasons. For example, if the poverty is due to a permanent disability, the satisfaction needs re for the entire expected life. If the poverty is due to a temporary illness, then the satisfaction needs may be for one year's needs only.

The other definitions of the poor and needy are based on the laws of *zakat* in some Muslim countries. The *zakat* laws in some Muslim countries use simple and flexible definitions of the poor and needy. Al-Abdin (2002), referring to *Qanun al-Zakat al-Sudani*, (1990), mentioned that the Sudanese law defines *al-fuqara* as those who do not have enough food for one year, and the family breadwinner who does not have enough income to support his family. This includes full-time students who cannot meet the expenses of their studies. The *al-masakin* are defined as the needy who do not get enough nutrition. They include the disabled, the sick who cannot afford medicine for their illnesses and the victims of natural disasters.

Al-Abdin continued by examining the Libyan law (1971) which says: '*faqir* means that who does not possess his nutrition for one year and *miskin* is the one who does not possess anything'. The Pakistani law used the general sense to say that the *zakat* fund shall be utilized for the following purposes: 'assistance to the needy, the indigent and the poor, particularly the orphans and widows, the handicapped and the disabled...are eligible to receive *zakat* under shariah for their subsistence or rehabilitation.' The Zakat House in Kuwait distributes the shares of *al-fuqara* and *al-masakin* to 'orphans, widows, the old, the sick, the families of jailed or missing guardians, poor students and those with low income.' He mentioned that the Nasir Bank of Egypt has followed the same approach since the early 1970s.

In Brunei Darussalam, currently, the *zakat* fund is distributed to only six groups or *asnaf*: the poor, needy, *amil*, muallaf, *al-gharimin*, and wayfarers. The other two *asnaf* mentioned in the Al-Qur'an, that is, slaves and those who struggle in the cause of Allah are not considered as applicable in Brunei according to the *fatwa* issued by the *Mufti* of Brunei Darussalam. The poor are defined as those who have no source of income or wealth or have an income that does not fulfill even half of their and their dependent family members' basic needs. The needy, on the other hand, are defined as those whose income or wealth can only cover half or more but not all their and their dependent family members' basic needs. The guidelines used by the Islamic Religious Council of Brunei Darussalam in distributing *zakat* funds to the poor and needy will be discussed in detail in Chapter Four.

1.5 The rôle of the government in *zakat* management

Almost all researchers and authors in their reports and writings brought up overwhelming evidence indicating that the government had a pivotal role in the collection and distribution of *zakat* during the life of the Prophet in Madinah. They include scholars like Ibn Taimiyah and prominent contemporary researchers like Al-Qardawi (Kahf's translation, 2005), Kahf, (2000), Mahmud Ra'ana, Irfan (1991) and many others.

Al-Qardawi (2005) mentioned that *zakat* institutions in Islamic economics are social welfare institutions whose management should be supervised by the state. However, he further urged that if the state does not collect it, Muslim individuals are called upon to perform this essential obligation of Islam. This is because the payment of *zakat* is in itself a form of worship, which is required by the faith and by the Al-Qur'an.

Islahi (1988) stated that Ibn Taimiyah emphasized the redistribution of income on the basis of justice and equity as a duty of the state. Furthermore, in the primary source, the Al-Qur'an, Allah ordered the Prophet to collect *zakat* in Surah At-Taubah (9:103): 'Take alms out of their property in order to cleanse and purify them, and invoke Allah for them; surely this is a relief for them.' The word 'take' in this verse indicates Allah's order to the Prophet as head of the Islamic state to collect *zakat* (Al-Qardawi, 2005).

Al-Qardawi (ibid) also mentioned the opinions of the Prophet's Companions on the role of the state in *zakat*. He quoted that 'Sahl bin Abi Salleh narrated that his father said 'I

accumulated a zakatable amount of wealth. I asked Sa'ad bin Abi Waqqas, Ibn 'Umar, Abu Hurairah, and Abu Sa'd al Khudri whether I should distribute *zakat* myself or give it to the government. They all ordered me to pay it to the government, none of them disagreed'. He also quoted another version reported by Sa'id bin Mansur, 'I said, don't you see what this government does?' It was at the time of the Umayyads. 'Should I still give it my *zakat*?' They all answered 'Yes, you must.'

With regards to the administration of the *zakat* fund, Monzer Kahf, (2000) mentioned that *zakat* funds should be a separate entity from other government funds and revenues, requiring separate records and bookkeeping accounts and very often different employees as well. The funds should not be mixed especially on the disbursement side. He quoted a *hadith* about the sayings of Al-Hasan, the grandson of the Prophet (PBUH) when he put one date of *zakat* in his mouth and the Prophet removed it. It shows that not even a single item of *zakat* proceeds can be used for non-*zakat* purposes.

It is very important to note that *zakat* payments made to the government are done to enable the *zakat* funds to be managed properly for the social development of the society. However, there are different opinions about paying *zakat* to oppressive governments who do not obey Allah or who use the *zakat* funds for wrong purposes. Some say the payments should still be made to such governments while some said they should not go to these governments (Al-Qardawi, 2005). Qardawi is of the view that *zakat* should still be paid to unjust governments as long as they collect and distribute it justly to those who deserve it, as in accordance with the Shariah.

In Brunei Darussalam, the government plays an important role in managing the *zakat* institution. All the activities of collection, distribution, assessment of *zakat* recipients and monitoring are done by the officers of the Islamic Religious Council of Brunei Darussalam, a government agency under the Ministry of Islamic Religious Affairs. The salaries of the officers involved in the management of *zakat* are paid by the government except for the wages of the *amil* who collect *zakat al fitri* for the *zakat al fitri* fund.

The role of the government in establishing a proper and efficient system in managing the *zakat* is very important as the requirement of the *ummah* is not just at the level of the individual country but also globally.

Recently, Malaysia took the initiative to form an international body to govern all issues pertaining to *zakat* at the international level. Malaysia has agreed to allocate RM\$4.2 million to the organisation's fund to ensure it is set in motion. Brunei was invited to become a joint founder of this International *Zakat* Organisation. According to the proposal, the formation of this organization will be discussed among MABIMS (an international association consisting of Brunei, Indonesia, Malaysia and Singapore) ministers from Indonesia and Singapore.⁶

⁶ *Borneo Bulletin*, 3 July, 2008

The formation of this international body is inline with the global need to strengthen the Muslim *ummah*. Through this organization, Muslim countries can share their experiences in managing the *zakat* institution in each country, in the areas of training, technology, information, administration and so on. It can play a role as a forum for Muslim countries to discuss optimum strategies and procedures of collection and distribution of the *zakat* fund.

According to Al-Abdin (2002), some Muslim countries, especially in Sub-Saharan Africa, will not succeed in eliminating poverty if they depend only on their own *zakat* revenue. The importance of mutual solidarity among Muslims at the global level is obvious. It calls for the transfer of *zakat* surplus from the rich countries to the poorer ones. He quoted Dr Fuad al-Umar, who reported that the average *zakat* potential for the year 1988 in Saudi Arabia, Kuwait and United Arab Emirates was US\$593 million, which is equivalent to all the assistance provided by industrial countries and international organizations to seven relatively poor Muslim countries; Comoro Islands, Djibouti, the Maldives, Gambia, Afghanistan, Sierra Leone and Lebanon (Al-Umar (1995), as cited in Al-Abdin (2002).

Al Abdin (ibid), further highlighted the benefit of having an international organization for *zakat* which can assist Muslim countries in establishing a *zakat* system, sharing mutual experiences in developing *zakat* administration, the training of workers, coordinating the transfer of surplus *zakat* from some rich Muslim countries to poor ones and making a collective response in times of calamities and hardships that befall any Muslim country.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Chapter Two will highlight some studies on *zakat*, *zakat* management and related issues in some countries. The purpose is to learn from experiences of innovative and creative ways of collecting and distributing the *zakat* fund. The focus is on using the *zakat* fund for long-term rehabilitation programs to uplift the poor and needy from poverty even to the extent of giving benevolent loans from the *zakat* fund.

This literature review refers to works as far back as the 1960s, including works on the Shariah law of *zakat* written by Farishta G. de Zayas in 1960 and republished in 2003. The views of contemporary prominent Islamic scholar Al-Qardawi are referred to in many aspects related to *zakat* management. Al-Mawardi's work in 1996 is also examined. The basic Shariah law on *zakat* fiqh seems not to have changed much except for new interpretations on the disbursement of *zakat* in the form of business capital and the idea of giving out benevolent loans from the *zakat* fund. The literature review takes into account opinions from researchers such as Monzer Kahf, Al-Abdin, Atiquzzafar Khan, Gilani, Hassanuzzaman, Waheed, Al-Fitri, Shahatah, Manjoo, Akhtar M Ramzan Muhtada, Rulindo, Murtada, Nazifah and so on.

The case study also examines some academic research from different universities such as the International Islamic University of Malaysia, the University of Malaya, and Universiti Brunei Darussalam. It also examines the innovative approaches in *zakat* disbursement practiced in Malaysia and Singapore.

2.2 Overview of *zakat* institutions

In Brunei Darussalam, the duty and responsibility to collect and disburse the *zakat* according to the Shariah is in the hands of government. This is clearly stated in the Laws of Brunei, 1/194, Religious Council and *Kadi* Courts, Chapter 77.

According to Monzer Kahf (2000), the contemporary *zakat* management (collection and disbursement) in Muslim countries can be divided into three types. The first is through specialized voluntary committees, which are set up by private individuals without government interference. Secondly, where *zakat* management which is run by the State under the supervision of one of the ministries although the *zakat* collection is still not made obligatory by law. It is paid voluntarily after individual self-assessment. Thirdly, where the management of *zakat* is carried out by the government on a mandatory basis enforced by the law.

During the era of Prophet Muhammad (PBUH), the collection and distribution of *zakat* was performed by the state. Islamic history shows that this role was continued by the caliphates and their successors during the era of the Umayyads, Abbasiyahs and Othmaniyaahs.

Most Muslim countries in the world today consider *zakat* a voluntary and not a compulsory obligation on individuals. However some countries such as Malaysia, Kuwait and Pakistan have started institutionalizing *zakat* management.

In Malaysia, the collection and distribution is done by government organizations. *Zakat* is managed by the Islamic Affairs Councils of the various states and the Federal Territory of Kuala Lumpur. The distribution of *zakat* includes monthly payments to the destitute and poor, especially the old and invalid. The *zakat* fund is also used for the running of various aid programs and the setting up of homes and centers for the poor and needy⁷.

The Malaysian Tax Law allows the tax liability of an individual resident to be reduced by rebates. These rebates are granted to the equivalent of amount paid in respect of any *zakat*, fitrah or other Islamic religious dues, which are obligatory⁸.

However, *zakat* institutions in Malaysia have not played a significant role so far, as the *zakat* collected in the country is minimal. In 2003, *zakat* collection amounted to about RM\$408 million as compared to the government's tax and other revenues of about RM\$89.2 billion⁹.

In Kuwait, according to Kahf's research (2000), the implementation of compulsory *zakat* started in the early 20th century. *Zakat* was charged to livestock owners and farmers in accordance with the *Shariah* while a tax was imposed on fishing products at the same rate of *zakat*. He commented that the present *zakat* law in Kuwait is the first systematic package of *zakat* administration in the modern history of the country.

Kahf (ibid) mentioned a number of projects introduced by the *Zakah* House of Kuwait. These include an orphans' social security project, 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 Al-Qur'an and a sacrificial meat distribution project, amongst others. There is also a fund allocated for the poor in other countries, including African ones, which encompass such initiatives as a fund for poor African students.

However, in Pakistan, it was reported by Atiquzzafar Khan (2002) that 92% of total *zakat* in 1998 (Rs 12,797 billion out of Rs 13,781 billion) was given directly to individuals as opposed to organizations. On the other hand, 58% of the non-*zakat* donations were given to organizations. However, the system has since been improved. According to Gilani (2006), the *Zakat* and Ushr Ordinance made clear references to the obligation of *zakat*

⁷ Pusat Pungutan Zakat, Kuala Lumpur

⁸ The Chamber of Tax Consultants

⁹ Pusat Pungutan Zakat, Kuala Lumpur

and recognizes the role of the state in its administration. The *zakat* collection was made by the banks and other financial institutions. It was also mentioned that the *Zakat and Ushr (Amendment) Act of 1997* made it mandatory that disbursement of *zakat* could only be made through a bank, a post office or a financial institution approved by the Central Zakat Council and not in cash. In the year 2000, the amendment further restricted the disbursement, which now has to be made through crossed cheques only.

2.3 Previous studies on *zakat*

There have been a number of studies done on the accounting of *zakat*, *zakatable* items and the rate of *zakat*, *nisab* and various aspects of *zakat* management. Researchers like Akram Khan (2002), for example, wrote about *zakat* accounting and auditing which covered the principles, rules and experiences in Pakistan.

Hasanuzzaman (2002) studied the development and innovations of *zakat* by the caliphates and their successors during the Umayyad era. The innovations were necessary due to new sources of income and greater economic activity during that time as the Muslims conquered more areas and countries.

Waheed (2002) wrote about the rules of *fiqh al-zakat* which include *zakat* payers, conditions of *zakat* and 'zakatable' wealth, including both traditional and modern wealth like shares, securities, bills, real estate for trade, current assets and fixed assets of business.

However, most of the studies mentioned above discussed only the traditional way of *zakat* management, especially the disbursement of *zakat* as a direct transfer payment for the consumption of the poor and needy.

The distinguished contemporary scholar, Dr Yussuf Al-Qardawi, wrote two volumes of a book on *zakat* which provided a comprehensive account of *zakat* management. It includes discussions on giving loans from the *zakat* fund. Borrowers are seen as an analogy to those who are in debt. Al-Qardawi agreed with the opinion that giving free interest loans from *zakat* is consistent with the broad objectives of *zakat* itself.

Al-Mawardi (1996) in his writing about the ordinances of government, touched the administration of alms and discussed the sources of *zakat*, which can be divided into two kinds: seen and unseen. Seen properties are those which hard to conceal such as crops, fruit and livestock and unseen properties are those which are easy to hide such as gold, silver, and so on. The calculation and rate of *zakat* for each type of *zakatable* item was discussed.

Another author, Farishta G. de Zayas (1960, 2003) wrote about the law and institution of *zakat*. She covered *zakatable* items and rates. She also discussed the legitimate recipients and the rules of *zakat*. One of the rules governing the administration of *zakat* is that the *zakat* fund should not be invested in any kind of business enterprise due to the risks faced by businesses. She stressed that the *zakat* fund is meant for helping the people who

deserve it.¹⁰ However, she did not suggest that the *zakat* fund couldn't be used to help the poor and needy in the form of capital for businesses run by them.

Al-Abdin (2002) commented that the *fiqh* books mostly discuss *zakat* regulations, its sources, the amount to be paid, its expenditure, etc but Muslim economists give priority to its socio-economic significance for the poor.

2.4 Studies on the socio-economic aspects of *zakat*

Most researchers are now investigating *zakat* disbursement for long-term rehabilitation programs. *Zakat* funds are distributed in the form of business capital to the poor and needy in order to generate economic activities that can help them to earn some income. Some of the studies on the socio-economic aspects of the *zakat* of a country are discussed below.

Al-Fitri (2006) studied the possibility of reducing unemployment in Indonesia if *zakat* funds were delivered to SMEs and its significant effect on macroeconomics. There is a need for regulations that better facilitate the non-governmental *zakat* institutions involvement. This would maximize the mobilization of *zakat* funds and their immediate redistributive economic impact.

Shahatah (2000) proposed various ways and means of wider utilization of *zakat* proceeds by the community at large including preparation of annual *zakat* budgets within the framework of a five-year plan, expenditure on education, health, vocational training for the poor and indigent, establishment of cottage industries, utility and trade projects, productive facilities, and housing, amongst others.

Syed Muhammad Ali¹¹ reported on an organization named *Akhuwat*, which provides flexible microfinance to poor people by charging minimal operating and transactions costs for its lending operations. It considered tapping into *zakat* funds to secure access to more funds. However, he argued that the principle of *zakat* being used for lending purposes seems controversial due to bureaucratic problems.

The Consultative Group to Assist the Poorest (CGAP) believes that microfinance or financial services for the poor is one of the most powerful ways of alleviating poverty. Giving access to financial services such as savings, credit, transfer payments and insurance can help the poor to take control of their financial lives which empowers them to make critical choices about investing in businesses, sending their children to school, improving healthcare for their families, covering the cost of social obligations such as marriages and protecting themselves from crises like sickness, death and natural disasters (Rulindo, 2007).

¹⁰ Farishta G. de Zayas, Rule number 76, p. 360

¹¹ DailyTimes.com, 24-7-2007, pg3-6

The study on *zakat* in relation to the usage of the *zakat* fund for the empowerment of the poor was done by Mustafa Murtala Oladimeji Abioye (2008). He studied the empowerment scheme as a new strategy against poverty practiced by two *zakat* institutions, the Islamic Religious Council of Singapore and the Islamic Religious Council of Selangor (Zakat Authority of Selangor). The driving force of this new strategy is skill development and the provision of business capital to the poor and needy.

In Indonesia, Rumah Zakat Yogyakarta managed an empowerment program for peasants. However, there was evidence that the program did not solve the fundamental problems of the peasantry due to the implementation of a scriptural-conservative paradigm of *zakat* and a reformation paradigm of social transformation. The organization did not look at the exploitation and unfair system as the fundamental root problem in the community and the whole economic system including the farmland ownership system. The organization was also following a rigid definition of eight *asnaf* and the way the assistances should be delivered according to *fiqh* opinion (Muhtada, 2007).

More proactive opinion expressed that a proper *zakat* organization should be designed within a legislative ethos in order to be an economic stimulus for poverty alleviation. Financial transactions should be bound by legislation where people have to declare their financial assets (Manjoo, 2007).

2.5 Academic Research on *Zakat* in Brunei Darussalam

This researcher found that three academic researchers at Masters level studied *zakat* management in Brunei Darussalam. Hajah Saadiah Haji Tamit (1993), studied *zakat* administration in Brunei Darussalam. She focused on the *zakat* administration system available during that time; the collection, the *zakatable* items, the committee who handled *zakat* administration, the distribution, and those eligible to receive *zakat*.

Hajah Mahani Haji Musa (2007) studied the delay in processing applications for obtaining financial aid from the *zakat* fund. She recommended the empowerment of the agency, improvement of the administration system, restructuring the organization, as well as improving the working environment and skills of the staff.

Sri Anne Sarmila Haji Masri, (2008) wrote a 'Critical analysis on *zakat* management in Brunei Darussalam focusing on poverty alleviation'. She studied the administration of the *zakat* fund and conducted a survey on public awareness of *zakat*. She criticized the *zakat* administration and recommended the Islamic MicroGrant Project to empower the poor through microfinancing.

Until 2010, this researcher has not found any studies (in English or Malay Language) done regarding the needs of the poor and needy and their problems in running or operating income-generating projects. It is hoped that this study will contribute to this gap and fill the lack of information on the poor and needy. It is a demanding job to meet and interview the poor and needy. However, understanding their conditions, problems and needs are important in designing any policies related to them.

2.6 Disbursement of the *zakat* fund

Neither the Al-Qur'an nor the *Hadith* of the Prophet (PBUH) specified how to distribute the *zakat* amongst the eight groups nor the portion of the *zakat* to be received by each group. Al-Shafi'i is of opinion that *zakat* should be distributed to all the eight categories if they exist, otherwise to those who are available of them. Some of the Hambalites agree with the Shafi'i point of view but Imam Malik and Abu Hanifah said that it is not necessary to cover all groups. Abu Ubayd narrated an opinion of Ibn Abbas, which says that *zakat* can be given even to one group of the eight (Al-Abdin, 2002).

Shahatah (2000) quoted Abu Ubaid (in al-Amwal) in saying that the Prophet (PBUH) initially mentioned only one category to receive *zakat* in his *hadith* as follows:

'The *zakat* is to be collected from the rich and paid back to the poor.'

However, when the Prophet received more money/wealth, he mentioned another category that was 'those whose hearts are to be reconciled'. As more and more money was received, he added another category - that was 'those who are in debt'.

Following this discussion, Abu Ubaid stressed that the distribution of the *zakat* fund is to be left to the discretion of the ruler.

Al-Qardawi (2005) is of the opinion that the funds of *zakat* should be distributed to all eight *asnaf* if the funds are in abundance and the degree of their needs is similar. The share of each one should not necessarily be equal but should be according to their number in society and conditions of need. Al-Qardawi (2005) mentions that Imam Abu Ubayd held a similar view. He urged that since equality of dividends is not necessary, the biggest share should go to the poor because it is clear that the emphasis of the Al-Qur'an and the traditions of the Prophet (PBUH) are in favor of the poor. Al-Qardawi also quoted that Ibn Shihab al-Zuhri advocated the same when he said 'The most deserving of them (to be given *zakat*) is the greatest in number and the most in need'. The aim of *zakat* according to Muhammad b. Hassan al-Shaybani, the famous Hanafi jurist, is to satisfy the needs of the poor and if the fund of the *zakat* cannot meet their needs, the Imam should take from other sources of treasury to satisfy every poor person and his family.

As most scholars are of the opinion that preference should be given to the poor in distributing the *zakat* fund rather than covering all the deserving categories, it is found that most countries give a greater percentage of the *zakat* fund to the poor. For example, Al-Abdin (2002) mentioned that the Pakistani *zakat* law gives 90 percent of the collected funds to the poor and the government pays the salaries of the employees from its own resources. The Sudanese *zakat* law adopts the view that *zakat* should be distributed to all the eight groups but the *zakat* administrator's organization has decided to give priority to the poor and needy by giving 50 percent of the whole revenue to them. In Kuwait, more than 85 percent of the *zakat* fund is distributed to the poor and needy.

Earlier scholars were in favor of direct payments to the recipients. However, many cases have shown that direct payments dampen the incentive to work and end up adding to the army of beggars (Akhtar, 2002). Although the contemporary scholars allow direct payments, they recommend that the utilization of payment be undertaken through projects owned by the recipients.

Therefore, many Muslim countries have adopted an approach of combining long-term rehabilitation to enable the poor to possess a source of continuous income in addition to an immediate but limited amount (Al-Abdin, 2002). For example, the Central *Zakat* Council of Pakistan has ordered that no less than 45% of the *zakat* fund should be given to poor families as a permanent rehabilitation grant while another 45% should be given as a monthly subsistence allowance to poor persons. Similarly, in the Sudan, 65% of the *zakat* fund is distributed as immediate assistance to the poor and the remaining 35% is distributed for purchasing means of production, to be transferred to needy families. This practice is similar to that adopted by the *Zakat* House in Kuwait and the Nasir Bank in Egypt.

A popular *hadith* of Prophet Muhammad (PBUH) regarding the way he provided a solution to a beggar was narrated by Anas Ibn Malik. 'A man of the Ansar came to the Prophet (PBUH) and begged from him. He (the Prophet) asked: Have you nothing in your house? He replied: Yes, a piece of cloth, a part of which we wear and a part of which we spread (on the ground), and a wooden bowl from which we drink water. He said: Bring them to me. He then brought these articles to him and he (the prophet) took them in his hands and asked: who will buy these? A man said: I shall buy them for one dirham. He said twice or thrice: Who will offer more than one dirham? A man said: I shall buy them for two dirham. He gave these to him and took the two dirham and giving them to the Ansari, he said: Buy food with one of them and hand it to your family, and buy an axe and bring it to me. Then he brought it to him. The Apostle of Allah (PBUH) fixed a handle on it with his own hands and said: Go, gather firewood and sell it, and do not let me see you for a fortnight. The man went away and gathered firewood and sold it. When he had earned ten dirham, he came to him and bought a garment with some of them and food with the others. The Apostle of Allah (PBUH) then said: This is better for you than that begging should come as a spot on your face on the Day of Judgment. Begging is right only for three people: one who is in grinding poverty, one who is seriously in debt, or one who is responsible for compensation and finds it difficult to pay.¹²

Evidence was found in the report on SMEs in Brunei Darussalam (Islam, et al, 2002) that SMEs face difficulties in terms of both availability and access to finance. This is due to difficulties in meeting the requirements of financial institutions in rendering the loan such as the securing of collateral and guarantors. The difficulties are more for the poor and needy who do not have assets to be used as collateral in order to get the loan. The current banking system is not in favor of helping the poor and needy without security or collateral for paying back the loan. The current banking system is set up to support the capitalist system, which focuses more on protecting depositors and shareholders' money.

¹² *Sunan Abu Daud, Book 9, Number 1637*

Therefore, the *zakat* fund should play an important role in providing the capital for them either as *zakat* disbursement or as a benevolent loan.

The Shariah ruling regarding the use of *zakat* funds for benevolent loan refer to the discussion which took place in Egypt in 1950 when answering a question posed by the government of Pakistan on this matter.¹³ The answer was as follows:

'If a debtor died and his heirs are not capable of repaying his debt, it is possible that the debt be repaid from zakat funds. To Malik, Al-Shafi'i and Ahmad, the balance of the debt must be paid from his property of funds left his death. If the inheritance was sufficient, the debt is duly paid, otherwise, it becomes a bad debt. Under Islam, fair debts are to be paid back from the zakat fund. In this matter, Islam has been by far the forerunner of all other faiths. It suffices to know that in some states the Roman Law had given the creditor the right to take the debtor as a slave. But the Law of Allah, the Subtle and Aware, ordains that the debt of an insolvent should be paid by the state on his behalf. In so doing, people are encouraged to do more acts of benevolence and chivalry and to grant more of riba-free loans. Since the fair debts are paid back from zakat funds, loans may be granted from the zakat funds so that they may be repaid later.'

2.7 Innovations in *zakat* management (collection and disbursement)

In Egypt, the collection and distribution of *zakat* involves voluntary workers and committees. The network of *zakat* consists of four major organizations that are voluntary committees unaffiliated with any public body, the ministry of *awqaf* and its affiliated voluntary committees, the Nasir Social Bank and its affiliated voluntary committees and the Egyptian Faisal Islamic Bank and its affiliated voluntary committees. *Zakat* is paid voluntarily to these organizations and is distributed to deserving persons according to the discretion and decision of the volunteers (Kahf, 2000).

Zakat management by the banks has its advantages as banks have branches which cover huge areas throughout the country. Banks also have access to the capital and profits of the shareholders. The flexibility procedure in establishing the voluntary committees helps the banks to reach either the *zakat's* payees or the deserving people. As an example, the Nasir Social Bank's voluntary committee can be formed at any place like at a mosque, a school, a factory, a government office, a village, a quarter or section of a city or any area where there are people who have the time and energy to volunteer. The Nasir Social Bank has the advantage of diversifying its services and inventing new ideas and projects to cater to a variety of needs of the deserving categories as its resources are not limited to *zakat* alone (ibid).

According to Kahf (ibid), besides catering to the needs of the poor and destitute, the organization provides 'training services, medical services in *zakat*-sponsored clinics and hospitals, Al-Qur'an memorization support, private classes to enhance the academic

¹³ Abu Zahrah, Mohamed, *Liwa' Al-Islam* magazine (Question No. 29) Issue No.11, Vol.IV, April, 1951, p 838 as cited in Shahatah, Shawki Ismail, (2000).

advancement of poor students, nursery schools for the small children of poor working women, the construction of mosques, foreign language teaching, burial services and camping and sports facilities for poor children and youths,' amongst other things. In addition, it also provides 'breakfast during the month of Ramadan to the poor and to travelers, a mobile caravan for *zakat* awareness and disbursement, an annual exhibition for the products of the *zakat*-sponsored training centers, a *haj* group trip as well as sponsorship for a series of international and cultural lectures'.

In Malaysia, Islamic religious affairs are governed under each state authority. Each state has an agency to manage the *zakat* fund. Pusat Pungutan *Zakat* Selangor is considered the largest agency in terms of the amount of *zakat* collected. The *zakat* distribution to the eight *asnaf* by Pusat *Zakat* Selangor can be summarized as follows¹⁴.

Poor and needy: The *zakat* funds are used for assisting the poor and needy in the form of capital assistance for those who have abilities or skills. This capital assistance can take the form of such things as carpentering tools for carpenters, farm machines and plant seeds for farmers, money for merchants, etc. It is also given as monthly or annual fund assistance for Muslims in need, such as senior citizens, the disabled, and orphans, amongst others. It is also given to needy Muslims to build houses as well as poor Muslim students whose parents are unable to finance their education.

Amil: The *zakat* fund is also used to pay the wages of those who perform the *zakat* administrative tasks such as *zakat* collecting, *zakat* distributing, *zakat* accounting, *zakat* warehouse keeping, and so on.

Muallaf: The *zakat* fund is also used as funding for *muallaf* foundations, that is, for example, to build mosques for *muallafs* who live in Muslim minority areas or countries, provide scholarships for Muslim convert students, humanity assistance for Muslims who are threatened by Christianity or other religions, Muslims who live in poor regions and humanity assistance for Muslims in conflicted areas such as in parts of Africa or Iraq.

Riqob: The fund is also used to release Muslim prisoners who are arrested because of their *da'wah* activities, to release Muslim women employees who are under pressure from their employers and to finance the *jihad* of Muslims who are striving to achieve independence from non-Muslim rule.

Gharim: To pay the liabilities of Muslims who are trapped in their obligations for their basic needs and provide humanity assistance for Muslims who have been the victims of disasters such as fires, floods, robberies, etc.,.

Fisabilillah: To finance the Islamic *jihad* to protect Muslims from being attacked such as Muslims in Ambon, Indonesia or Palestine; to finance the Islamic mass media such as Islamic newspapers, Islamic magazines, Islamic television and other Islamic publication media; and scholarships for Muslim students who have shown good academic performance.

¹⁴ Pusat Zakat Selangor

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APPENDIX: Number of *Zakat* Recipients

Registered number of poor and needy for 1428H/2007M in Brunei Darussalam

District	Approved application		Total
	Head of family	Dependent members	
Brunei/Muara	1463	5221	6,684
Belait	763	2274	3,037
Tutong	489	1494	1,983
Temburong	163	343	506
Total	2,878	9,332	12,210

Source: Islamic Religious Council of Brunei Darussalam

Registered number of poor and needy for 1428H/2007M in Brunei Darussalam according to Mukim

Mukim	Number of Head of Family	Number off dependent member
Mukim Berakas A	80	312
Mukim Berakas B	121	401
Mukim Burong Pingai Ayer	61	233
Mukim Gadong A	20	89
Mukim Gadong B	212	747
Mukim Kilanas	40	126
Mukim Kota Batu	140	552
Mukim Lumapas	37	101
Mukim Mentiri	85	209
Mukim Pengkalan Batu	135	571
Mukim Peramu	78	293
Mukim Saba	47	181
Mukim Sengkurong	86	270
Mukim Serasa	55	175
Mukim Sungai Kedayan	47	141
Mukim Sungai Kebun	151	613
Mukim Tamoi	68	207
Total	1463	5221
Grand Total	6684 persons	

Source: Islamic Religious Council of Brunei Darussalam