

Copyright
by
Allison Dale Minor
2014

**The Thesis Committee for Allison Dale Minor
Certifies that this is the approved version of the following thesis:**

Faith in Finance: The Role of Zakat in International Development

**APPROVED BY
SUPERVISING COMMITTEE:**

Supervisor:

Karin Wilkins

Co-Supervisor:

Catherine Weaver

Faith in Finance: The Role of Zakat in International Development

by

Allison Dale Minor, B.A.

Thesis

Presented to the Faculty of the Graduate School of

The University of Texas at Austin

in Partial Fulfillment

of the Requirements

for the Degrees of

Master of Arts

and

Master of Global Policy Studies

The University of Texas at Austin

May 2014

Acknowledgements

This thesis is informed by fieldwork I conducted in the West Bank and Lebanon for the United Nations Economic and Social Commission for Western Asia (UN-ESCWA) and the Friedrich Ebert Stiftung Foundation. I am indebted to the support they provided and hope that they will continue to fund research on zakat and Islamic charitable practices more generally.

Abstract

Faith in Finance: The Role of Zakat in International Development

Allison Dale Minor, M.A.; M.G.P.S.

The University of Texas at Austin, 2014

Supervisors: Karin Wilkins and Catherine Weaver

In this thesis, I examine contemporary manifestations of the Islamic practice of zakat and its relationship with mainstream international development. Zakat is one of the five pillars of Islam; it requires all Muslims who possess above a certain level of wealth to pay roughly 2.5 percent of their disposable income to eight beneficiary groups defined in the Qur'an. Over the past several decades – and especially in the past 15 years – zakat has become an increasingly institutionalized, transnational practice managing billions of dollars of aid every year. Contemporary zakat institutions have also placed an increasingly strong emphasis on poverty alleviation that has brought their activities in closer contact with those of mainstream international development organizations. Despite the important role that zakat institutions play in social welfare and the significance of zakat practice across the Muslim world, there has been little scholarly analysis of contemporary zakat practice, particularly regarding its relationship with international development.

This thesis seeks to initiate a dialogue around the relationship between contemporary zakat institutions and mainstream international development organizations, particularly the potential for coordination or conflict between them. Such a dialogue must be based on a strong understanding of zakat as a complex, dynamic, and diverse practice. To establish this foundation, I begin with an analysis of contemporary shifts in interpretations and manifestations of zakat. Following this analysis, I conduct a closer examination of the structure, activities, beneficiary groups, and discourse of contemporary zakat institutions through case studies of the West Bank and Lebanese Zakat Funds. Finally, I compare the goals, methods, and activities of zakat institutions and mainstream international development organizations like the United States Agency for International Development (USAID) and the World Bank. This allows me to examine the potential for different forms of coordination between zakat institutions and mainstream development and discuss challenges to such coordination. I conclude with recommendations on key strategies for enhancing coordination that will be in the interest of both zakat institutions and mainstream development organizations, and ultimately enhance the effectiveness of the aid they deliver.

Table of Contents

List of Tables	viii
List of Figures	ix
Chapter 1: Introduction	1
Objectives	4
Methodology & Structure	5
Overview of Zakat	9
Chapter 2: Rewriting Zakat	22
Islamic Revivalism: Background	22
Islamic economics & zakat	27
Islamic revivalism and rewriting zakat	28
Chapter 3: Zakat in the West Bank and Lebanon	51
Introduction	51
Zakat in the West Bank	54
Zakat in Lebanon	70
Chapter 4: Zakat & Mainstream International Development	95
Introduction	95
Mainstream International Development	98
Comparing Goals	104
Comparing Strategies and Best Practices	111
Comparing Activities	122
Conclusion: Continuing the Dialogue	131
Appendix A:	138
Matrix of Zakat Institutions Across the Muslim World	138
Bibliography	143

List of Tables

Table 1.1:	Available Data on Zakat Aid.....	19
Table 2.1:	Timeline of Zakat Institutions in Muslim Majority Countries.....	34
Table 2.2:	Kuwait Zakat House Aid Programs Abroad (2012).....	39
Table 2.3:	Zakat Fund Mission Statements.....	48
Table 3.1:	Palestinian Zakat Fund Beneficiaries.....	63
Table 3.2:	Comparison of the West Bank and Lebanese Zakat Fund Goals.....	77
Table 3.3:	Lebanon Zakat Fund, Beneficiaries by Activity.....	83
Table 3.4:	Lebanese Branch Zakat Funds: Beneficiaries and Aid.....	84
Table 3.5:	Mission Statements of Zakat Institutions.....	88-90

List of Figures

Figure 3.1: Palestine, Sources of Official Development Assistance.....	52
Figure 3.2: Lebanon, Sources of ODA (2010).....	53
Figure 3.3: Palestinian Zakat Fund, Changes in Funding over Time (USD).....	63
Figure 3.4: Palestinian Zakat Fund, Distribution of Zakat Expenditures by Activity, 2011 (excluding administrative).....	64
Figure 3.5: Central Zakat Fund Budget (USD Millions).....	79
Figure 3.6: Central Zakat Fund, Revenues (USD millions).....	80
Figure 3.7: Lebanon Zakat Fund, Spending by Activity (2012).....	83
Figure 4.1: Top Donors, Official Development Assistance (1970-2014).....	100
Figure 4.2: Budget by Sector, USAID in Lebanon and Palestine (2010).....	123
Figure 4.3: Budget by Activity, West Bank Zakat Fund (2011).....	125
Figure 4.4: Budget by Activity, Lebanese Central Zakat Fund (2012).....	124

Chapter 1: Introduction

In the aftermath of war, under occupation, residents of the West Bank in the 1970s and 1980s found themselves with little to no social services or safety nets. The Palestinian Authority would not be created until 1994 and besides the United Nations Reliefs and Work Agency for Palestine (UNRWA),¹ the array of international aid organizations that dominate the region today had yet to arrive. In this context, the Islamic religious practice of zakat, the third of the five pillars of Islam, provided a valuable mobilizing framework for a variety of community actors. Zakat is a religious duty requiring all Muslims who possess above a certain amount of wealth to donate 2.5 percent of their disposable wealth to those in need, which fall into eight specific beneficiary groups. Based on the principles of zakat, local businessmen and religious figures around the West bank were able to establish a variety of decentralized, locally-rooted zakat committees, even in the absence of a coherent governing system. These zakat committees provided a range of essential services and assistance, including regular or emergency cash and in-kind support, educational and health services, and more. In this way, they filled a significant gap in social welfare provision and quickly gained a reputation as important, community-based aid and religious organizations.²

¹ UNRWA was created specifically to provide essential aid and services to Palestinian refugees following the 1948 war. It is separate from the UNHCR and works in the West Bank and Gaza as well as neighboring countries. It currently serves approximately 5 million Palestinian refugees.

² Allison Dale Minor. "Zakat in Lebanon." (Technical Paper, Economic and Social Commission for Western Asia, 2013),12; Lars Lundblad. *Islamic Welfare, Meanings and Practices: Processes of Institutionalization and Politicization of the Zakat Principle in Palestine*. (Bergen, Norway: University of Bergen, 2011), 161-162.

The West Bank zakat committees are just one contemporary manifestation of zakat, but they demonstrate the resilience and meaningfulness of zakat as both a concept and a practice. Given its place among the five pillars of Islam (the essential practices performed by Muslims), zakat's importance is undisputed, extremely widespread, and resilient. However, in the past several decades, zakat has also become increasingly important as a series of formal institutions that handle billions of dollars in aid a year. Over the past three or four decades, 29 out of the roughly 45 countries with a Muslim population of 60 percent or greater have established formal, national institutions for collecting and distributing zakat (see Table 2.1 and Annex 1). This trend has accelerated in the past ten to fifteen years, demonstrating the growing importance of zakat practice in social welfare and international aid. These zakat institutions are typically established by country governments or other official religious bodies to collect zakat money from individuals and distribute it in the form of aid and social service provision, in accordance with the religious regulations on zakat. The growing institutionalization of zakat has been especially prominent among Sunni-majority countries across South Asia, the Middle East, and North Africa, as well as diaspora communities. This has also contributed to the development of an international network of zakat institutions. Combined, these institutions provide billions of dollars in aid every year across the Muslim world, and ³ a couple of these institutions rival major bilateral donors in terms of aid flows. Religious regulations on zakat affect the goals, methods, beneficiary groups, and discourse of zakat

³ See Islamic Development Bank, Islamic Research and Training Institute. "Institutional Framework of Zakah: Implications and Dimensions." (Seminar Proceedings No.23, Jeddah, Saudi Arabia, 1995), 31-34.

institutions, creating a unique framework for aid activity that overlaps with but is distinct from that associated with mainstream international development organizations.⁴ This framework is important both because of the widespread significance of zakat as a religious practice generally, and because of the increasing prominence of actual zakat institutions in the context of socio-economic development.

Despite this importance, there has been little consideration of the relationship – whether it be a synergistic, conflicting, or parallel relationship - between the actual practice of zakat and mainstream international development by scholars or practitioners in this field. In general, zakat receives significantly less attention in scholarly literature than the other four pillars of Islam.⁵ The literature that does exist tends to look at zakat as an abstract religious concept and to equate zakat with charitable practices generally. This literature fails to recognize that zakat is a distinct practice, separate from voluntary charity.⁶ It neglects the fact that, in addition to its conceptual meaningfulness, zakat has an important, institutionalized presence across the Muslim world. In fact, information on

⁴ In my thesis, I define ‘mainstream international development’ as the model embodied by Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) and Bretton Woods Institutions. I argue that these institutions have developed widely-recognized and respected discourse, norms, procedures, and hierarchies around international aid that qualify as a distinct, semi-formal system of ‘mainstream international development’ that exists within the broader international order. Despite increasing discussion of ‘emerging donors’ and ‘south-south cooperation,’ this system of mainstream international development still represents a dominant, fairly homogenous system.

⁵ Amy Singer. *Charity in Islamic Societies*. (Cambridge: Cambridge University Press, 2008), 24.

⁶ See Jonathan Benthall. “The Palestinian Zakat Committees 1993–2007 and Their Contested Interpretations.” (Program for the Study of International Organizations (PSIO) Occasional Paper, Geneva: The Graduate Institute, 2008); Marie Juul Petersen. “For Humanity Or for the Umma?: Ideologies of Aid in Four Transnational Muslim NGOs.” (PhD diss for University of Copenhagen, 2011); Mohammed Kroessin. *Concepts of Development in “Islam”: A Review of Contemporary Literature and Practice*. (BPR Publishers, 2008). While Singer (2008) provides a more nuanced look at zakat, including its historical and religious background and transformations in zakat during the 20th century, she does not look at the actual practice of contemporary zakat

actual zakat institutions is largely absent in academic or other literature within the field of international development.⁷ This knowledge gap highlights the degree to which zakat institutions have existed in parallel to mainstream international development agencies. While a small number of works from zakat practitioners do explicitly examine how zakat practice relates to standard aid practices,⁸ this literature is highly normative –ultimately concerned with demonstrating the advantages of zakat - and lacks the critical perspective necessary for a comprehensive scholarly discussion that could provide an in-depth analysis of the ways that zakat practice intersects with, is in conflict with, or is complementary to mainstream international development.⁹

OBJECTIVES

In this thesis, I seek to fill this gap in knowledge, to bring these two parallel systems into dialogue, and to launch a debate about the relationship between zakat

⁷ There are a couple exceptions to this, and there are some signs that this lack of attention is shifting. The World Bank and the United Nations Economic and Social Commission for Western Asia (UN-ESCWA) recently commissioned studies on zakat in Yemen, Sudan, Palestine, and Lebanon. The primary research for this thesis comes from the latter of these two studies, which were conducted by the author. Additionally, Mons Atia conducted research on zakat in Yemen, present in her recently-published book *Building a House in Heaven: Pious Neoliberalism and Islamic Charity in Egypt*. (Minnesota: University of Minnesota Press, 2013) Also, see Emanuel Schaeublin. *Charity under Threat? Zakat Institutions in the Occupied Palestinian Territory*. (Research Summary. Geneva: The Graduate Institute, The Centre on Conflict, Development, and Peacebuilding (CCDP), 2012); and Ashraf Toor and Abu Nasar. “Zakat As A Social Safety Net: Exploring the Impact on Household Welfare in Pakistan.” *Pakistan Economic and Social Review*. 42 (2004) for case studies on zakat in Palestine, and Pakistan respectively.

⁸ Here zakat practitioners refers to anyone engaged in work with zakat institutions or religious figures engaged in rulings on zakat practice

⁹ See Asad Zaman (ed). “Islamic Economics: A Survey of the Literature: I.” *Islamic Studies*. 48 (2009); Mohamad Soleh Nurzaman. “Zakat and Human Development: An Empirical Analysis on Poverty Alleviation in Jakarta, Indonesia.” (Paper presented at 8th International Conference on Islamic Economics and Finance, Qatar, 2010); Zubair Hasan. “Sustainable Development from an Islamic Perspective: Meaning Implications and Policy Concerns.” (Germany: University Library of Munich MPRA Paper, 2006); Abdul Ghafar Ismail, and Bayu Taufiq Possumah. “Theoretical Model for Zakat-Based Islamic Microfinance Institutions in Reducing Poverty.” *International Research Journal of Finance and Economics* 103 (2013).

practice and mainstream international development. In particular, I critically examine the potential for cooperation and exchange as well as areas of contrast or potential conflict between these two sets of institutions. I do so by comparing the goals, methods, and activities of zakat institutions and those of mainstream international development organizations. Effectively analyzing the relationship between contemporary zakat and mainstream international development requires making systems from two very different times and cultures- one explicitly religious and the other self-consciously secularized - ‘speak to each other.’ Further, it must be accomplished in a highly politicized environment. This politicization stems from suspicion about Islamic charities and their relationship with terrorist activity, as well as movements within the Islamic world, especially those associated with Islamic economics (discussed in the following section), to prove that Islam provides an alternative socio-economic that is superior to dominant “Western” systems.

METHODOLOGY & STRUCTURE

To negotiate this complex environment, I combine evidence from official documents of zakat institutions, related religious texts and rulings, and international symposiums of zakat practitioners with evidence from primary field research on zakat institutions in both Palestine and Lebanon. This allows me to understand how stated policies manifest themselves in actual practice of zakat institutions. This field research included three to four weeks in both locations and travel to different zakat branch institutions within the countries in 2013. In Palestine, I conducted 28 interviews with

zakat officials, government ministry officials, civil society actors and local researchers, as well as two focus groups with zakat beneficiaries and several project site visits. In Lebanon, I conducted 32 interviews with similar groups and also visited several project sites around the country. The case selection of Lebanon and Palestine was based on the relatively high level of need and complex social welfare structures in both countries, as well as convenience selection due to the opportunity for fieldwork. This fieldwork was conducted on behalf of the UN Economic and Social Commission for Western Asia (UN-ESCWA) as well as the Freidrich Ebert Stiftung. While the nature of zakat institutions in Palestine and Lebanon is not necessarily typical of zakat institutions in other Muslim-majority countries, they are valuable case studies because they facilitate a comparison between two formal zakat systems, one that is semi-governmental and centralized and another that is non-governmental and decentralized. These case studies also allow for a comparison of Sunni and Shi'a zakat systems. Additionally, the aid activities in these countries are particularly relevant given their relatively high levels of poverty and vulnerability (in comparison to other countries in the region). Finally, Palestine and Lebanon represent a more compelling context for an analysis of the relationship between zakat practice and mainstream international development because mainstream international development institutions have a strong presence in these two countries. In 2010 Palestine and Lebanon received 2.60 and .99 billion dollars in official development

assistance.¹⁰ In Palestine, this translates into 643 USD in aid per capita, or 26.6 percent of GDP.¹¹ Lebanon receives 224 USD in aid per capita, which is 2.3 percent of GDP.¹²

To analyze the dominant trends within mainstream international development, I examine official documents from dominant development groups and organizations, particularly the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC), the US Agency for International Development (USAID), the World Bank. The member organizations of the OECD-DAC provided over 95 percent of all reported official development assistance, and USAID and World Bank are the dominant bilateral and multilateral providers of official development assistance (ODA).¹³ Finally, I also examine documents from recent accords among international development organizations, particularly the Paris Declaration on Aid Effectiveness (2005), The Accra Agenda for Action (2008), and The Busan Partnership for Effective Development Cooperation (2012). These accords represent consensus and desire for coordination among actors within international development that further reinforces the assumption that there are widely-recognized and respected norms, procedures, and hierarchies around international aid that qualify it as a distinct system -- what I call mainstream international development.

¹⁰ "Analytic Dashboard." AidData. Accessed February 2014, <http://aiddata.org/dashboard>

¹¹ "National Accounts." Palestinian Central Bureau of Statistics (PCBS) Accessed December 2013, http://www.pcbs.gov.ps/site/lang__en/507/site/741/default.aspx

¹² "Lebanon: Data." The World Bank Group. Accessed March 2014, <http://data.worldbank.org/country/lebanon>

¹³ See "Query Wizard for International Development Statistics (QWIDS)," Organization for Economic Cooperation and Development. <http://stats.oecd.org/qwids/#?x=2&y=6&f=3:51.4:1.1:25.5:3.7:1&q=3:51+4:1+1:2.25+5:3+7:1+2:1+6:2007.2008,2009,2010,2011,2012> "Quick Stats: top 5 Donors," AidData, accessed January 2014, <http://aiddata.org/>

To guide my analysis of zakat practice, I rely on the theoretical framework proposed by Deneulin and Bano (2009) that views development as an integrated part of any religion. Based on this framework, one cannot extract specific components of a religion that are ‘good for development’ or ‘bad for development,’ but must take a comprehensive perspective on religion as a determinant of why and how a practitioner gets involved in development and the structure that aid practices take.

Before initiating a debate on the relationship between zakat practice and mainstream international development, I provide a brief overview of the goals, calculation, beneficiaries, activities, and management of zakat practice. Next, I analyze contemporary shifts in interpretations and manifestations of zakat, particularly those associated with Islamic revivalism and Islamic economics. This discussion is crucial for putting contemporary zakat practice in context and for understanding the growth of formal zakat institutions and the development of an international network of zakat institutions among Sunni Muslim communities in the past thirty years.

Following this analysis, I look more closely at the goals, activities, targeted beneficiary groups, and discourse of zakat institutions. In this chapter I focus on the case studies of Palestine and Lebanon, with limited evidence from other zakat institutions. In the next chapter I bring zakat practice in dialogue with mainstream international development. To do so, I address the dominant goals and best practices around activities and targeting within the mainstream international development community and compare these to those of zakat practice. Finally, I conclude with a discussion of areas for further

research and recommendations for key areas of potential cooperation between zakat institutions and mainstream international development institutions.

OVERVIEW OF ZAKAT

Goals of Zakat

Zakat is unique among the other four pillars of Islam in that it is both a form of worship and a financial obligation to society.¹⁴ As a form of worship, it is supposed to purify the giver from greed, which can threaten one's absolute devotion to God. In this sense, zakat is closely linked to prayer.¹⁵ However, zakat is also an obligation to society and specifically to those in need. It provides a system for limited redistribution of wealth that seeks to improve social stability among the Muslim community. When studying zakat from the perspective of social welfare, however, it is important not to let the second purpose overshadow the fact that zakat is, in its first sense, a form of worship. This is evident in the fact that practitioner literature focuses much more heavily on the payment of zakat, as opposed to how it is disbursed.¹⁶

Calculation of Zakat

According to Islamic law, all sane, adult Muslims must pay zakat on wealth that is beyond what they need to support themselves and their family. Additionally, this wealth

¹⁴ Monzer Kahf, *Economic of Zakah*, (Jeddah: IRTI/IDB, n.d.), xix

¹⁵ In the Quran, zakat is almost always listed in partnership with prayer. See suras 2:43, 2:110, 2:117, 2:227, 4:77, 4:162, 5:13, 5:58, 9:5, 9:11, 9:18, 9:71, 19:55, 21:73, 22:41, 22:78, 24:37, 24:56, 31:4,33:33, 58:13, 73:20, 98:5

¹⁶ Al Ghazali, the preeminent Islamic scholar from the middle ages, warned, this more subtle meaning of zakat as a form of worship of God is the more important. See Al Ghazali, *The Mysteries of Almsgiving*, Translation by Nabih Amin Faris. (Lahore, Pakistan: Ashraf Press, 1966), 21

must be held consistently for one year.¹⁷ Traditionally, zakat was levied on gold and silver as well as specific agricultural goods, livestock, and minerals that were relevant in the economy of the early Islamic empire. Modern Sunni religious scholars have significantly expanded the criteria of zakat-able goods to include a variety of business goods and, for the most part, modern paper currency.¹⁸ However, Shi'a scholars tend to interpret zakat-able goods more strictly according to the traditional items.¹⁹ This means that zakat is typically a much smaller and less relevant practice among Shi'a communities.²⁰ Roughly, zakat rates on all of these items come out to 2.5 percent on monetary wealth and anywhere between five and ten percent of agricultural products. A general principle of zakat rates is that the more work one puts into an income-earning activity, the lower the rate of zakat (for example, irrigated farm products have a five percent tax rate, while naturally watered products have a ten percent rate).²¹ This zakat is

¹⁷The fact that the wealth is held over a year suggests that it is disposable, inactive wealth. Some Islamic economists argue that paying this money as zakat thus represents an investment in society that ultimately grows the wealth of the community as a whole, including the one who paid zakat.

¹⁸ Of the four Sunni religious schools (Shafi, Hanafi, Maliki, and Hanbali), only the Hanbali school does not expand zakat to modern paper currency. Kahf (n.d.), 133

¹⁹ See Sayyid Muhammad Rizvi. "Zakat in Shi'a Fiqh." Available from http://www.islamic-laws.com/pdf/ZAKAT_IN_SHIA_FIQH.pdf

²⁰ For example, among Imam al-Khamenei and Imam al-Sistani, two of the most important Shi'a religious leaders (referred to as *marja*'s) in the dominant Twelver sect of Shi'a Islam, al-Khamenei restricts zakat to the traditional goods, while al-Sistani extends it slightly more to include business goods. Instead of zakat, these communities rely heavily on the practice of *khums*, which requires Muslims to pay one-fifth of their disposable wealth to their Imam or to descendants of the prophet who are in need. (Sunnis believe that the practice of *khums* refers only to spoils of war). However, *khums* is not explicitly connected to social welfare activities and is used largely at the discretion of the Imam. See Walbridge, Linda (ed.) *The Most Learned of the Shi'a: The Institution of the Marja' Taqlid*. (Oxford: Oxford University Press, 2001); "Islamic Laws: Zakat: Introduction," The Official Website of His Eminence Grand Ayatollah al Sayyid 'Ali al Husayni al Sistani, <http://www.sistani.org/english/book/45/1955/> And Fatwas from the Leader's Office in Qom. <http://www.khamenei.de/fatwas/further.htm>

²¹ see Yusuf Al Qardawi, "Fiqh Al Zakah (Volume I): A Comparative Study Of Zakah," (Scientific Publishing Centre King Abdulaziz University, n.d)

referred to as *zakat al-mal*, or zakat on wealth Zakat includes a second category – *zakat al-fitr* – or zakat on fast-breaking. Zakat al-fitr is paid at the end of the month of Ramadan – when Muslims perform ritual fasting from sunrise to sunset – by every individual who has the means to pay it (including children). Zakat al-fitr is supposed to provide food for the needy so that all can participate in the Ramadan fasting. For this reason, it traditionally came in the form of food handouts. The minimum amount of zakat al-fitr due on each individual is a *sa'*, defined as four double handfuls of basic foodstuffs. However, leading religious scholars have since declared that it is permissible to pay zakat al-fitr as cash or non-perishable food items if this is more useful to the poor. This ruling is important to prevent wastefulness.²²

The *sunnah* (the example set by the Prophet Mohammed, as described in the *hadiths*, or the sayings and deeds of the Prophet Mohammed that were recorded by his followers) set forth specific levels for the minimum amount of wealth over which zakat must be paid, called *nisab*. In general, the nisab for financial wealth held in one's accounts is set at 200 Islamic dirhams, or roughly 595 grams of pure silver. This amount is converted into the value in local currency and represents the amount of financial wealth exempt from zakat. Effectively, this means that the nisab is fairly low. A Muslim in the US with a yearly income of 30,000 USD, no savings, no investments, no debt, and 25,000

²² see Yusuf Al Qardawi, "Fiqh Al Zakah (Volume II): A Comparative Study Of Zakah," (Scientific Publishing Centre King Abdulaziz University, n.d), 210-212

USD in necessary expenses (including food, clothes, shelter, basic bills, rent, and taxes) would owe roughly 125 USD in zakat per year.²³

Beneficiaries of Zakat

While zakat is often associated with voluntary charity – referred to as *sadaqa* – it is actually quite distinct from charity. Zakat is not considered the property of the original owner but rather the rightful property of the eight beneficiary groups (discussed below). For this reason, these groups are often referred to as *al mustahaqin*, or the entitled ones. This creates a strong rights-based framework that is distinct from a conception of aid as a gift granted out of benevolence. Additionally, the Qur’an places the burden of verifying that one is a legitimate recipient of zakat on the one who distributes zakat (note, the logistics of zakat distribution will be discussed in brief later in this chapter, and in greater depth in chapter three).²⁴ This imperative of paying to a rightful beneficiary can create a unique sense of accountability among contemporary zakat institutions and encourage the creation of robust verification measures for potential beneficiaries.²⁵

The first two categories of the eight beneficiary groups are the poor and the needy. These two categories are often conflated, but some scholars differentiate the needy as those with *no* income or assets, while the poor lack *sufficient* income and assets to satisfy essential needs. It is important to note that the poor and needy are not defined by a set amount of wealth or nisab, but rather by their ability to satisfy basic needs. In this

²³ See “Zakah Calculator,” Islamic Relief – United States, <http://www.irusa.org/campaigns/zakah/>

²⁴ Al Ghazali, 47

²⁵ Allison Dale Minor, “Zakat in Lebanon,” (Beirut: UNESCWA Technical Paper, Unpublished), 29

way, zakat institutions tend to adopt a relative definition of poverty based on the dominant standards of their societies.²⁶

The remaining six beneficiary categories do not necessarily align with typical beneficiary groups of mainstream international aid organizations. The literal translation of these categories is: those who work for the poor and the needy, those ‘whose hearts are inclined,’ those in debilitating debt (not from sinful causes), those in slavery to help them escape from bondage, travelers who lack the means to return home, and in the cause of God. Those who work for the poor and the needy are understood as the employees of zakat institutions. The amount given to this group is not to exceed one-eighth of all zakat, or 12.5 percent. This regulation sets a clear standard for administrative expenses of zakat institutions.²⁷ This standard is relatively high by international standards – Charity Navigator, one of the leading organizations for evaluating charities, grants its highest score to any organization that keeps administrative expenses below 15 percent of the total budget.²⁸

During the early Islamic empire, the term “whose hearts are inclined” was used to provide support to potential or recent converts to Islam, especially during the expansion of the Islamic empire. While it is a less common category today, it can be used to provide

²⁶ Kahf Vol.2, 6

²⁷ “Fatwas on Zakah,” Third Symposium on Zakah Contemporary Issues. Accessed November 2013, http://www.zakatguide.org/english/fatwas_zakat_08.html

²⁸ “Glossary: Administrative Expenses,” Charity Navigator. Accessed February 2014, <http://www.charitynavigator.org/index.cfm?bay=glossary.word&word=Administrative%20Expenses&mid=3&cid=13&print=1>

support for non-Muslim countries or groups or to fund awareness campaigns on Islam.²⁹ The category for slaves is also less relevant in modern times, but it is sometimes reinterpreted to apply to prisoners of war or political prisoners, especially in the case of Islamic resistance movements. The beneficiary group of travelers remains fairly relevant in modern times, particularly because it is applied to refugee populations, of which there are significant populations in Muslim-majority countries, especially in and around Palestine.³⁰ Finally, there is considerable disagreement among scholars regarding “in the cause of God.” Some scholars state that it can be used for activities that generally enhance the wellbeing of the community – such as hospitals and schools – while others believe it refers specifically to supporting religious struggles. This can include anything from militant activity to providing alternatives to social services provided by missionary organizations.³¹

In contemporary zakat institutions, the poor and the needy are typically the primary beneficiary group. In particular, zakat institutions tend to target orphans and households that lack a capable male breadwinner. These groups are considered “below poverty” and represent situations where typical family-based social support systems have broken down, requiring the support of other social mechanisms.³² Orphans in particular are one of the major beneficiary groups of zakat institutions, typically through orphan sponsorship programs. This prioritization is rooted in the special religious importance of

²⁹ Kahf, 39-40

³⁰ Kahf, 80

³¹ Kahf, 65-68

³² Minor (unpublished), 42.

assisting orphans. The prophet Mohammed himself was an orphan, and the Qur'an and hadiths repeatedly encourage aiding orphans.³³ However, it is important to note that zakat institutions define orphans as children who have lost their fathers, regardless of whether or not their mothers are still alive. In this way, the aid given to orphans is often indirectly assisting female-headed households.

Kinds of Aid and Regulations on Distribution of Zakat

Beyond restrictions on who can receive zakat, there are some regulations – interpreted in a variety of ways – on how zakat can be distributed. A strict interpretation would be that zakat must be distributed as cash or in kind assistance, such that ownership of the aid is transferred completely to the recipient. This is referred to as the principle of *tamleek*.³⁴ Additionally, some scholars assert that zakat cannot be invested, whether it be in income-earning activities for the zakat institution itself, or for beneficiaries. Others say that investment is admissible, but only according to strict regulations. For example, recent *fatwa* (religious rulings) state that zakat can only be invested if there are no other pressing needs, if the money invested can be liquidated at any time, and if the investment is sound, closely supervised, and has a very high probability of success.³⁵

In the face of such stringent regulations, many zakat institutions err on the side of caution and favor cash and in-kind aid.³⁶ This aid may be delivered regularly, in

³³ Kahf, 45

³⁴ “Fatwas on Zakat: Distribution of Zakat.” Masjid Council for Community Advancement. Accessed October 2013, http://www.zakatguide.org/english/distribution_zakat.html

³⁵ “The Fatwas delivered by the Third Symposium on Zakah Contemporary Issues,” Accessed November 2013, http://www.zakatguide.org/english/fatwas_zakat.html

³⁶ Minor (unpublished), 33

emergency situations or to support medical costs, or during specific seasons or religious holidays. Provision of health and education services is also permissible as a form of aid to the poor and needy, and under the final zakat category (“in the cause of God”). Provision of such services is seen as enhancing the wellbeing of the Islamic society as a whole. Education services typically involve some sort of religious component, in addition to modern curricula. Other activities under this category have an explicitly religious nature, such as Qur’anic lessons and construction and maintenance of mosques. These activities do not necessarily target the poor and the needy. Based on the principles of zakat, these activities fulfill the religious and moral needs of the community and are a necessary complement to the aid provided to the poor and the needy and other beneficiary groups.

Contemporary Zakat Institutions

There is some variation in the relationship between zakat institutions and their respective governments, although the overwhelming trend is towards government-affiliated zakat institutions. This variation reflects both the different socio-political environments present in Muslim-majority countries and a degree of ambiguity in religious texts on how zakat should be managed. There is a consensus among Sunni religious scholars that the government should create an official zakat organization for collecting and distributing zakat, rather than leaving individuals to calculate and distribute their own zakat privately. In fact, recent fatwa have called on governments to establish such institutions. However, public opinion is not always in accordance with this position, and there is less clarity on the appropriate degree of autonomy between the

zakat organization and the government (this is discussed in greater depth in chapter two). There is consensus that the zakat budget should be separate from the regular government budget and other taxes, because zakat is used for distinct, unique purposes (the eight beneficiary categories). However, there is concern that zakat could be negatively affected by corruption and political issues, or be collapsed into the general government budget.³⁷ Shi'a jurisprudence, on the other hand, rejects state collection of zakat, preferring collection at the level of the imam. This makes implementation of a governmental zakat fund difficult in countries with a mix of Sunni and Shi'a Muslims, especially if payment to the fund is supposed to be obligatory, as in Pakistan.³⁸

During much of the 20th century, colonial influences and shifting nationalisms left most zakat systems in flux. In the 1980s, countries across the Muslim world passed a variety of laws creating formal, governmental or semi-governmental zakat institutions.³⁹ In Libya, Pakistan, Saudi Arabia, Malaysia, Yemen, and the Sudan, the zakat institutions are formal government agencies. Further, payment of zakat to these organizations is obligatory for all Muslims.⁴⁰ Many other country governments established formal zakat institutions with some degree of governmental oversight – usually from the Ministry of Religious Affairs – but provided the institutions with some administrative, legal, and/or financial independence. This is the case in Palestine, Jordan, Bahrain, and Qatar. In Kuwait and Egypt, the official zakat institutions enjoy full autonomy, though they

³⁷ Qardawi, 128

³⁸ Kroessin, 54

³⁹ Al-Omar (institutional), 31-34

⁴⁰ Islamic Development Bank, "Institutional Framework of Zakah: Dimensions and Implications," (International Conference on Islamic Economics and Banking, Leicester, 2002), 31

maintain a close formal relationship with government agencies.⁴¹ Payment of zakat to these organizations is voluntary; individuals can choose not to pay zakat, to pay zakat to other charitable associations, or to disburse their own zakat. Several countries lack a formal system for distributing zakat, although Islamic welfare associations often step in to collect and disburse voluntary zakat payments. Zakat may represent their primary purpose, or a secondary component of more general charitable practices. This is the case in Oman and Morocco. Finally, similar associations have emerged among Muslim diaspora communities in Europe and North America, often in the form of non-governmental organizations. A particularly important example of this is the British NGO Islamic Relief Worldwide.

While accurate financing data is highly limited, these zakat organizations have access to billions of dollars, particularly from wealthy countries from the Arabian Gulf and expatriate communities. Data is publicly available for just half of formal zakat institutions in Muslim-majority countries, but these countries control over seven billion dollars in aid yearly. As seen in Table 1.1, countries with obligatory collection of zakat tend to have the largest budgets. The Saudi Arabian Department of Zakat and Income Tax collected 2.93 billion USD in zakat during the 2012-2013 zakat fiscal year.⁴² This is roughly equivalent to the total ODA from Denmark – one of the top 15 OECD-DAC

⁴¹ Islamic Development Bank, 45

⁴² Department of Zakat and Income Tax, Saudi Arabia, *Zakat and Income Tax: Magazine* 35 (2013): <https://dzit.gov.sa/documents/10180/89f83a9e-a241-49f9-ad70-3bc1c04b714d>. 15

donors – in 2012.⁴³ These revenue levels suggest the financial potential of zakat when payment is obligatory. Despite not enforcing the collection of zakat, however, the Indonesian zakat institutions and Kuwait Zakat House received roughly 232 and 116 million dollars in zakat in 2012.⁴⁴

Country	Collection	Amount (USD)
Saudi Arabia	Mandatory	2.93 billion (2012)
Malaysia	Mandatory	1.6 billion (2011)
Indonesia	Voluntary	231.6 million (2012)
Kuwait	Voluntary	116 million (2012)
Pakistan	Mandatory	105 million (2011)
Qatar	Voluntary	39 million(2010)
Jordan	Voluntary	29 million (2011)
Palestine	Voluntary	22.6 million (2012)
Brunei	Voluntary	13.8 million (2010)
Lebanon	Voluntary	11-13 million (2012)
Algeria	Voluntary	3.5 million (2009)
Bahrain	Voluntary	2.3 million aid to families
Maldives	Voluntary	1.7 million (2012)
Djibouti	Voluntary	516,329 (2012)
Niger	Voluntary	77,405 (2001-2007)

Table 1.1: Available Data on Zakat Aid

As more countries developed formal zakat institutions, there were increasing efforts at coordination between zakat institutions from different countries. This has taken the form of fairly regular zakat conferences and symposiums where practitioners and religious scholars discuss religious regulations on zakat, how to apply traditional regulations in the modern socio-economic context, and other strategies for promoting

⁴³ “Statistics: Aid at a glance, Summary by donors,” OECD-DAC, December 2013, <http://www.oecd.org/dac/stats/aid-at-a-glance.htm>

⁴⁴ “Statistics – Zakat and Sadaqa Revenues, 2010 through 2012,” Kuwait House, February 2014, <http://www.zakathouse.org.kw/AxCMSwebLive/static.cms>

payment of zakat. Since 1984, there have been nine official conferences on zakat, with the most recent held in Jordan in 2012.⁴⁵ Additionally, this coordination took a financial form, as fairly stable flows of zakat money were established, especially from oil-rich countries in the Gulf to other Arab countries with higher poverty and vulnerability. The Palestinian Zakat Fund receives several million dollars from foreign zakat-affiliated organizations each year.⁴⁶ There have been several calls for greater formal cooperation, including the creation of an international zakat foundation. Malaysia created the International Waqf and Zakat Foundation in 2005, and although it is affiliated with the Organization of Islamic Cooperation, it has not necessarily garnered broad participation.⁴⁷ However, such calls demonstrate the degree of interest in creating international coordination around zakat among members of the Muslim community.

These contemporary zakat institutions can be considered a recent ‘rewriting’ of zakat practice. Although based on fixed religious principles rooted in historical precedent, zakat is a dynamic concept that must be reinterpreted and reformed to fit a modern socio-political and economic context. Contemporary political and religious actors with their own agendas and interests must actively work to establish zakat institutions, and these institutions must be made to fit into modern political and legal structures. The next chapter seeks to trace the rewriting process of zakat during the twentieth century. This will help explain the increased institutionalization and

⁴⁵ “Opening of the Ninth International Conference on Zakat in Amman,” Al Qabas. 2012, <http://www.alqabas.com.kw/node/609098>

⁴⁶ Allison Dale Minor, “Zakat in the West Bank,” (Beirut: ESCWA Technical Paper, 2013), 27-28

⁴⁷ See International Waqf and Zakat Foundation. (2013). “Who we are.” http://www.worldzakatfoundation.org/home_english.htm

international nature of zakat during the past thirty years and provide a deeper understanding of the goals, practices, and activities of contemporary zakat institutions.

Chapter 2: Rewriting Zakat

While rooted in the Quran and hadith, zakat is a dynamic concept whose meaning to Muslims and manifestations in the real world are tied to changing socio-political and economic environments. As such, zakat has been reinterpreted and revitalized throughout Islamic history, into today.⁴⁸ In the contemporary period, this process of reinterpretation and revitalization has been closely tied to 20th century Islamic revivalist movements. In this chapter, I provide a brief overview of Islamic revivalism and how it has been linked to a ‘rewriting’ of zakat practice. In particular, I examine how Islamic revivalist trends contributed to the increased institutionalization of zakat, the increasingly transnational nature of zakat practice, and a reframing of the primary goals of zakat to establish zakat as a poverty alleviation tool. Each one of these trends has contributed to the increased relevance of zakat practice to the field of international development.

ISLAMIC REVIVALISM: BACKGROUND

While Islamic revivalism is well-documented in the literature, few scholars have analyzed the connection between Islamic revivalism and renewed attention to and institutionalization of zakat.⁴⁹ Amy Singer describes the perspectives of a couple key revivalist scholars on zakat in her book, *Charity in Islamic Societies* (2008).⁵⁰ Marie Petersen builds on Singer’s account with a broader analysis of the effect of Islamic revivalist movements on charitable giving in her thesis, *For humanity or for the umma?*

⁴⁸ Singer, 46

⁴⁹ See Kuran 1993 in *Fundamentalisms and the State* and 2003 in *Poverty and Charity in Middle Eastern Contexts*, Khan 2013, Singer 2008, Petersen 2011

⁵⁰ Singer, 201-206

Ideologies of aid in four transnational Muslim NGOs (2011). While Petersen's analysis connects the work of specific scholars with larger socio-political events, she does not focus specifically on zakat, but rather associates zakat with charitable giving generally.⁵¹ To more fully understand shifting interpretations of zakat, it is necessary to look at both the broader socio-political trends and the perspectives of key revivalist scholars, and to connect these to actual examples of zakat practice today.

The revivalist movements that emerged across the Muslim world during the early and mid-1900s sought to establish an Islamic alternative to the dominant, "western"⁵² political and economic systems that are associated with modern states. Islamic revivalists argued that western economic systems, including both capitalism and socialism, had failed the Muslim world. These systems left the region with rampant inequality and underdevelopment. Further, political systems based in secular-humanism had inspired the ills of colonialism and resulted in corrupt, ineffective governments. For these reasons, the Muslim world was in need of a more just and moral alternative. According to revivalists (discussed in greater depth below), these alternatives could be found in the Qur'an and sunnah. They argued that Islam provides a comprehensive and timeless framework for social and political systems.⁵³ While revivalists call for a return to the fundamentals of

⁵¹ Petersen, 73-80

⁵² I use the term "Western" in this chapter because this is the dichotomy often used by Islamic revivalists. However, it is important to note that this is a highly ambiguous, relative term that can be used to obscure meanings or create a stronger sense of rupture between "western" and "Islamic" societies than actually exists. Typically, the term 'western' is used as shorthand for predominantly secular systems or cultures associated with the United States and western Europe.

⁵³ It is important to note the difference between Islamic revivalists, who call for the creation of a comprehensive Islamic system with minimal reinterpretation and see Western systems as a threat to an

Islam, it is important to acknowledge that Islamic revivalism is not backward looking; it is a direct response to modernity and an attempt to address contemporary problems. For this reason, it is common for Islamic revivalist movements to adopt or engage modern technologies and systems.⁵⁴

Some of the key milestones for the Islamic revivalist movement include the creation of the Muslim Brotherhood in Egypt and the Jamaat-e-Islami in Pakistan in the 1920s and 1930s. These Islamist organizations were important in both spreading the Islamic revivalist message and translating this message into a political force. The development of secular Arab nationalist and socialist movements combined with governmental suppression of Islamist groups during the 1950s and 1960s weakened Islamic revivalist groups. However, these groups witnessed a new surge in popularity in the late 1960s and 1970s due to a series of events. One key event was the decisive defeat of Arab powers by Israel in 1967 –which was seen as a failure of secular Arab nationalism more generally. Other formative events in the resurgence of Islamic revivalism were the Iranian revolution and establishment of an Islamic state and the Arab oil embargo and subsequent surge in wealth of Islamically-oriented countries in the Arabian Gulf.⁵⁵ Although the nature of Islamic revivalist movements today varies across

Islamic way of life and those, often called Islamic modernists, who allow for more explicit reinterpretation of Islamic principles to make them more relevant in the modern world. Examples of the latter group include Muhammad Abduh, Rashid Rida, and Muhammad Iqbal. Although there is considerable exchange between these two groups, there are important distinctions in the approach towards fundamental Islamic texts and their orientation towards secular, ‘western’ systems (see Khan ii-xiii)

⁵⁴ Lapidus, Ira M, “Islamic Revival an Modernity: the Contemporary Movements and the Historical Pardigms.” *Journal of the Economic and Social History of the Orient*, 40 (1997): 447-448

⁵⁵ Lapidus, 445

different countries, they remain an important force, as witnessed in the wake of 2011 protest movements across the Arab world (the so-called “Arab Spring), when Islamist popular movements and parties took advantage of the disruption of autocratic regimes to reassert their strength.

Another distinctive characteristic of Islamic revivalism is its transnational nature. While Islamic revivalists tend to call for the creation of an Islamic state within the existing national framework, there is considerable exchange, movement, and collaboration across borders. If Islam provides the basic framework for society, then one’s affiliation with the global Muslim community, the *ummah*, is the most important affiliation, potentially above or alongside one’s national identity. The transnational nature of Islamic revivalism is evident in the broad network of organizations affiliated with the Muslim Brotherhood, the efforts of Iran to “export” the Islamic revolution, particularly among Shi’a populations, and more generally in the highly mobile nature of prominent Islamic revivalist scholars. Islamic revivalist groups have also readily embraced digital technology as a way to reach a wider swath of the Islamic world.⁵⁶

Key Figures in Islamic Revivalism & Islamic Economics

Sayyid Qutb (1906- 1966) and Abul A’la Maududi (1903-1979) were both prominent figures in the Islamic revivalist movement who dedicated significant attention to the revival of zakat as a key component of an Islamic socio-economic system. Qutb

⁵⁶ See Mandaville, Peter, *Transnational Muslim Politics: Reimagining the Umma*, (New York: Routledge, 2001), 157-177 and Roy Olivier, *Globalized Islam: the search for a new Ummah*, (New York: Columbia University Press,2006)

was an important, early leader of the Muslim Brotherhood in Egypt. He suggested that the prevailing social inequalities in Egypt and much of the rest of the Islamic world represented the failure of dominant Western systems and the need for an Islamic alternative. Qutb was particularly concerned with issues of social justice and the potential of a ‘moral economy’ in an Islamic system, where zakat ensured that the poor actually had a right (*haqq*) to the money of the wealthy.⁵⁷ Qutb’s focus on rampant inequality and poverty in the Muslim world as key evidence that Western systems had failed Muslims is critical, because it implied that the alternative, Islamic system needed to address poverty and inequality. This focus on poverty was a central component of the strategy of the Muslim Brotherhood in Egypt in the late 20th century, as well as that of related revivalist movements. In particular, this strategy involved a focus on social welfare activities and grassroots mobilization of the community. Further, it paved the way for zakat to become an important component of emerging Islamic systems.

Maududi was a prominent revivalist leader and theologian in both India and Pakistan and founder of Jamaat-i-Islami. He also saw economic inequalities as a foundational factor in the degradation of Islamic communities more generally. Maududi went further than Qutb in describing the components of a moral Islamic economic system, including the role of zakat. Maududi coined the term Islamic economics and laid out the key principles of Islamic economics in his work, *First Principles of Islamic*

⁵⁷ Qutb, Sayyid, *Social Justice in Islam* (translated, John Hardie), (Washington DC: American Council of Learned Societies, 1953)

Economics, first published in Urdu in 1969.⁵⁸ Maududi did not have a degree in economics, but later generations of scholars, including those with considerable training and mastery of economic concepts and methods, have sought to build on the ideas he laid out.⁵⁹

ISLAMIC ECONOMICS & ZAKAT

Islamic economics is an important component of the revivalist project to create a modern Islamic system. Proponents of Islamic economics combine a variety of Islamic principles to devise laws for banking, finance, trade, and taxation that they argue are both economically viable –and often presented as superior to mainstream systems - and in line with Islamic principles. The Qur’an sets forth a few basic principles related to economic systems, including prohibition of usury (*riba*), the system of zakat, general discouragement of hoarding wealth and extreme inequality, and encouragement of trade. Islamic economists use these basic principles and other precedents from the early Islamic empire to formulate modern economic systems and principles.⁶⁰ Given the importance of zakat as one of the few economic principles clearly laid out in the Qur’an, Islamic economics and Islamic revivalism more generally resulted in a new wave of attention to zakat practice, both by religious scholars as well as policy makers and government actors.

⁵⁸ See the recently published compilation of Maududi’s speeches and articles, *The First Principles of Islamic Economics*.

⁵⁹ A few key institutions have supported the growth and study of Islamic economics, including the Center for Research in Islamic Economics (Jeddah), the Islamic Foundation (Leicester, United Kingdom), the Institute of Policy Studies (Islamabad), Sheikh Muhammad Ashraf Publishers (Lahore), and Islamic Publications (Lahore)

⁶⁰ See Khan, especially xv-xvi, 123-132, 415-431

ISLAMIC REVIVALISM AND REWRITING ZAKAT

Institutionalization of zakat

Not only did Islamic revivalism and Islamic economics draw new attention to the practice of zakat, it did so by focusing on its role as an institution within formal, national political systems. In other words, zakat was important not just as a personal religious practice, but as a component of an Islamic state. Those calling for a revitalization of zakat during the 20th century were not just religious figures, but also those who were engaged in the political sphere, like Maududi. For these reasons, the revitalization of zakat did not solely imply increased attention in religious teachings or public awareness campaigns; it involved the creation of formal zakat institutions created exclusively for the purpose of collecting and distributing zakat.

While recent Sunni scholars have developed a fairly broad consensus around the desirability of a formal zakat institution, there is some ambiguity in Islamic law around how zakat practice should be managed. The key point of departure is whether one considers zakat to be primarily a personal religious duty and act of worship, or part of a formal Islamic political and economic system. If zakat is primarily a personal religious duty, the process of paying it is an individual act, like prayer, where the true intention of the individual is essential.⁶¹ By institutionalizing zakat, its nature as a personal act of devotion between the individual and God is obscured.

Further, several hadiths encourage payment of zakat to those closest to the payer, including relatives from whom they are not already responsible, and others within their

⁶¹ Al Ghazali, 26-30

community that they know to be worthy beneficiaries. This is seen as fulfilling both the duty of zakat and the duty of caring for one's extended family. Additionally, it more directly strengthens one's immediate community.⁶² Given this focus on proximity and personal relationships, these hadiths suggest that individuals should simply pay zakat to those around them, rather than depending on an institution that will distribute their zakat to strangers, often quite far from them. This is actually a concern for some countries with obligatory, state-controlled zakat systems. Both Saudi Arabia and Malaysia allow individuals to distribute a portion of their zakat on their own, rather than paying it to the official zakat organization.⁶³

It is important to note that the current consensus around the institutionalization of zakat exists primarily at the level of religious and public officials, not necessarily at the level of the general public. While it is difficult to ascertain the opinions of the Muslims across all different countries and regions, information on zakat payment rates from Lebanon and Palestine suggests that many Muslims continue to consider zakat primarily as a personal religious duty. In both countries, payment to the official zakat organizations is not enforced, and officials estimate that a fairly small percentage of practicing Muslims actually pay to the official organization, with many preferring to distribute their own zakat as they see fit. Were all individuals to pay zakat to the formal institutions, their revenues would be much greater. For this reason, zakat institutions for which payment is

⁶² Al Ghazali, 54

⁶³ Islamic Development Bank, 39 Note, Saudi Arabia does not offer the same option to companies, given that they do not have the same obligations to relatives and immediate communities that individuals do

not obligatory dedicate significant efforts to encourage payment of zakat, and both Lebanon and Palestinian zakat organizations report increasing rates of payment.⁶⁴

A survey of residents of Gulf countries suggests similar discomfort with institutional zakat collection, especially governmental zakat institutions. Recognizing the major gaps in both theoretical and empirical literature on actual contemporary zakat practice, Guermat, Al-Utaibi, and Tucker (2003) conducted a survey of 159 individuals from various Gulf countries to better understand zakat as an individual practice. Although small and including only upper middle class respondents with a certain level of existing knowledge of zakat, this survey provides one of the few examples of empirical data on zakat. In contrast to Islamic scholars, there was a strong consensus among respondents that zakat should not be paid to a government body because it is an individual responsibility to God.⁶⁵

Despite these concerns, contemporary Sunni religious opinion has clearly shifted towards framing zakat as part of a formal Islamic system. Various scholars and officials have made a deliberate effort to assert this conception of zakat, particularly Yusuf al-Qardawi. Qardawi is a prominent revivalist scholar affiliated with the Muslim Brotherhood and one of the key contemporary religious authorities on zakat. Although Egyptian, he was stripped of his citizenship due to his religious-political views and is now based in the Gulf. Qardawi has written extensively on zakat, taking up the work of

⁶⁴ Minor 2013, 27 and Minor (unpublished), 37

⁶⁵ C. Guermat, T. Al-Utaibi, and J. P. Tucker, *The Practice of Zakat: An Empirical Examination of Four Gulf Countries*. (Discussion Paper. Exeter University, Department of Economics, 2003), 5

past revivalists scholars like Qutb and Maududi as part of an effort to attract greater attention to zakat among officials and the general public.⁶⁶ Qardawi begins his two-volume review of zakat regulations with a clear affirmation that, “Even though *zakah* is usually mentioned with the methods of worship of Islam, such as prayer, it is in fact part of the socio-financial system of Islam.”⁶⁷ Here he clearly reflects the influence of the Islamic revivalist project of establishing an alternative Islamic socio-political system. He goes on to further assert that, “Zakah is rather a social welfare institution supervised by the state, and an organized tax administered by an autonomous public organization.”⁶⁸ Qardawi and other Sunni scholars today look to other evidence from the Qur’an, sunnah, and early Islamic history to support the idea that zakat should be a formal institution.

In particular, the existence of the category of zakat workers among the eight beneficiary groups listed in the Qur’an is used by scholars to support the institutionalization and professionalization of zakat practice. In determining Islamic law, the Qur’an is seen as the most important authority, followed by sunnah, consensus of scholars, and analogies to past rulings. Thus, the existence of evidence for institutionalization in the Qur’an is particularly important. In another passage from the Qur’an, the prophet is told to take charity (*sadaqa*) from the wealth of the people to purify it.⁶⁹ While this passage uses the term *sadaqa*, zakat is directly associated with purification of wealth (the term is from the verb, ‘to purify’), and scholars suggest that this is further

⁶⁶ Qardawi, i

⁶⁷ Qardawi, xix

⁶⁸ Qardawi, 113

⁶⁹ Sura 9:103

Qur'anic proof that the state should manage zakat. Further, there are reports that the Prophet Mohammed did in fact assign officials to collect zakat and that he considered payment obligatory. Finally, the example of the first Islamic rulers – called the rightly-guided caliphs – is also used to support the creation of an official state body for zakat collection.⁷⁰ However, it is important to note that all scholars agree that the budget of a state zakat organization must be separate from the regular government budget.⁷¹ As religious scholars increasingly built a consensus around the institutionalization of zakat, countries across the Muslim world began taking steps to create official zakat institutions.

Because revivalists are interested in establishing an Islamic state, zakat institutions are typically established at the national level through formal provisions in the legal framework, with some affiliation to or oversight from the government. Following the strengthening of the Islamic revivalist movement in the 1970s and through the mid-1980s, countries across the region passed a series of new zakat laws revitalizing or creating zakat institutions where they did not exist before, as seen in Table 2.1.⁷² It is difficult to generalize across the diverse countries in this list, but this surge of interest in zakat is likely connected to the rise of Islamic revivalists during this period, as discussed previously. Interestingly, this initial wave of zakat institutionalization was followed by a second wave that began around the turn of the millennia, and continues today, with ongoing efforts by countries like Morocco, Tunisia, Iraq and Kyrgyzstan to establish

⁷⁰ Qardawi, 114

⁷¹ Qardawi, 115 and The Fatwas delivered by the First Symposium of Zakah Contemporary Issues (Held in Cairo Rabi` Al-Awwal 14, 1409 A.H. / October 25, 1988 A.D.).
http://www.zakatguide.org/english/fatwas_zakat_06.html

⁷² Islamic Development Bank, 31-34

formal state zakat institutions.⁷³ This newest wave has been extremely important; half of the formal zakat institutions in this list were established since 2001. This highlights the growing significance of zakat in the realm of international development.

⁷³ Dunia Hafsa, « by 2014, Zakat Fund Project will be Ready and presented to the national parliament, » *al-maghreb*, 27 November 2013, <http://www.lemaghreb.tn/%D8%A5%D9%82%D8%AA%D8%B5%D8%A7%D8%AF/2505-%D9%85%D8%B9-%D8%A8%D8%AF%D8%A7%D9%8A%D8%A9-%D8%B3%D9%86%D8%A9-2014-%D9%85%D8%B4%D8%B1%D9%88%D8%B9->

Country	Zakat Institution Name	Year Established
Egypt	Nasser Social Bank	1971
Bahrain	Zakat Fund	1979
Saudi Arabia	Department of Zakat and Income Tax	1979
Pakistan	Department of zakat	1980
Sudan	Diwan al zakat	1980
Malaysia	Zakat Majlis	1980
Bangladesh	Department of Zakat	1982
Kuwait	Zakat house	1982
Lebanon	Central Zakat Fund & Branch Zakat Funds	1984
Brunei	Majlis Ugama Islam Bruei (MUIB)	1984
Jordan	Zakat Fund	1988
Qatar	Ministry of Awqaf and Islamic Affairs	1995
Yemen	Department of Duties for Zakat	1999 (revised from 1975)
Oman	Zakat Fund	2001
Niger	Zakat and Endowments Board	2001
Algeria	Zakat Fund	2003
United Arab Emirates	Zakat Fund	2003
Indonesia	BAZNAS, UPZ, LAZ	2004
Djibouti	Diwan al Zakat	2005
Palestine	Zakat Fund and Zakat Committees	2007
Senegal	Senegalese Zakat Fund	2009
Gambia	Zakat Centre	2010
Maldives	Zakat Fund	2012
Tunisia	Tunisian Zakat Association (ATZ)	2012
Libya	Zakat Fund, under new law from 2012	2012 (revised from 1971)
Kyrgyzstan	Institute of Zakat Payment	2013
Iraq	Zakat and Sadaqa Fund	2013
Morocco	Zakat Fund (planned 2014)	2014
Iran	Paid to Imams, through religious charitable "bonyads," the largest of which is Bonyad-e Mostazafin	N/A

Table 2.1: Timeline of Zakat Institutions in Muslim Majority Countries

Despite the consensus among religious scholars and the clear pattern of zakat institutionalization over the past several decades, the few non-Muslim academics who have studied zakat have largely failed to examine zakat as an institution, whether as a general trend or through case studies of specific zakat institutions.⁷⁴ Most academics examine zakat only as a religious concept that may inform Islamic charitable or social practices. In focusing on zakat as a religious concept, academics seem to dismiss the importance of zakat as a real practice and contemporary institution.⁷⁵ Even Amy Singer (2008), who conducts an in-depth analysis of historical zakat practice, limits her discussion of contemporary zakat practice to a fairly brief discussion of 20th century theoretical understandings of zakat.⁷⁶ As such, existing literature fails to address the important, international trend of zakat institutionalization or the significant role played by contemporary zakat institutions, both collectively and in their respective countries.

Transnational zakat practice

Over the past several centuries, zakat practice across the Muslim world has constantly shifted between more informal and more institutionalized practice.⁷⁷ However, this recent pattern of zakat institutionalization is unique for its remarkably integrated,

⁷⁴ There are a couple exceptions to this, and there are some signs that this lack of attention is shifting. The World Bank and the United Nations Economic and Social Commission for Western Asia (UN-ESCWA) recently commissioned studies on zakat in Yemen, Sudan, Palestine, and Lebanon. The primary research for this thesis comes from the latter of these two studies, which were conducted by the author. Additionally, Mons Atia conducted research on zakat in Yemen, present in her recently-published book *Building a House in Heaven: Pious Neoliberalism and Islamic Charity in Egypt*. Also, see Mahamod, Schaeublin, and Toor for case studies on zakat in Malaysia, Palestine, and Pakistan respectively.

⁷⁵ See Jonathan Benthall and Jerome Bellion-Jourdan, *The Charitable Crescent: Politics of Aid in the Muslim World* (New York: IB Tauris, 2003) Benthall (2009), Petersen, Kroessin, and Singer.

⁷⁶ Singer, 205

⁷⁷ Singer, 36-64

global reach. In a ten-year period, countries across Asia, the Middle East, and Africa launched similar efforts to institutionalize and revitalize zakat, founded in a basic consensus around what zakat means in the contemporary world. International coordination, collaboration, and financial support among zakat institutions has provided the foundation for what could be called an informal international zakat network and helped shape contemporary zakat as a distinctly transnational practice.

The transnational nature of contemporary zakat is certainly in part due to the conditions of an increasingly globalized world, where religious and political trends can be translated more smoothly across borders and even continents. More importantly, though, it arose in the context of Islamic revivalism and the ideal of the Islamic *ummah*, or community of believers. The ideal of a unified *ummah* is an important concept for all revivalists; for some the perfect Islamic system is one in which the entire *ummah* is unified under a single Islamic caliphate.⁷⁸ In contrast to a socio-political system built around nations, the concept of the *ummah* suggests that one's identity as a Muslim is the first and most important identity. For this reason, revivalist intellectual and political movements have not been confined to national borders. This same tendency is evident in contemporary zakat practice. As countries began reviving or establishing zakat institutions in the early 1980s, they immediately sought out collaboration and debate with other scholars and practitioners from other countries, hoping to build international consensus and coordination around zakat practice. The clearest form of this collaboration

⁷⁸ A caliphate is an Islamic state under the leadership of a caliph that is a successor to Mohammed, with both religious and political authority. See Olivier Roy, *Globalized Islam: The Search for a New Ummah*

has been a series of international zakat conferences, beginning in 1984 with the First Zakat Conference in Kuwait and continuing to the most recent conference in Jordan in 2012.

Government officials from a variety of Organization of the Islamic Conference (OIC) member countries gathered at these conferences to discuss some of the challenges of establishing a contemporary zakat institution, and how to interpret and potentially modify traditional religious regulations on zakat to be relevant in a modern world. Practitioners exchanged experiences and also turned to scholars from a variety of different countries for guidance, including Qardawi. These conferences and a later series of symposiums have resulted in a variety of formal religious rulings (*fatwa*) on zakat practice that represent a degree of international consensus around methods and standards for collecting and distributing zakat. For example, the First Zakat Conference produced important fatwas clarifying and expanding the wealth on which zakat should be taxed. One fatwa declared that zakat is due on the capital held by companies, while another affirmed that zakat is due on wages and salaries (after they have been held for a year, and only if they reach the nisab).⁷⁹

Some other important fatwas came out of the First Zakat Symposium in 1988, including one explicitly calling on all Islamic governments to create a formal zakat institution, secured through legislative or other legal statutes and with oversight by religious scholars. Another fatwa provided support for distributing zakat outside of the

⁷⁹ “The Fatwas delivered by the First Zakah Conference (held in Kuwait Rajab 29, 1404 A.H. / April 3, 1984 A.D.),” accessed November 2013 http://www.zakatguide.org/english/fatwas_zakat_04.html

area in which it was collected, if there is a surplus and if there is extreme levels of need in other areas. This ruling relies on the ideal of a unified ummah, where zakat is supposed to build solidarity between the entire Islamic community.⁸⁰

This is an important fatwa because it allows zakat institutions from higher-income countries to transfer zakat aid to other countries with high need. These international zakat flows have become a defining component of the international network of zakat institutions and have helped further solidify the nature of contemporary zakat as a transnational practice. They have also brought the patterns of zakat aid closer to those of mainstream international development aid. Particularly given the wealth of Muslim countries in the Arabian Gulf and the relative deprivation in other Muslim countries as well as the large Muslim diaspora, a significant amount of zakat aid is transferred across borders. Zakat institutions from Gulf oil countries send significant amounts of zakat abroad, either through direct transfers to zakat institutions in other Muslim-majority countries, or through support to specific projects. While data sharing practices make it difficult to get detailed financial data by project, but Table 2.2, which lists the international projects of the Kuwait Zakat House in 2012, demonstrates the extent and diversity of international zakat activity.⁸¹

⁸⁰ “The Fatwas delivered by the First Symposium of Zakah Contemporary Issues (Held in Cairo Rabi` Al-Awwal 14, 1409 A.H. / October 25, 1988 A.D.),” accessed October 2013, http://www.zakatguide.org/english/fatwas_zakat_06.html

⁸¹ the Qur’an and hadiths also encourage a degree of secrecy around zakat that impairs the development of a culture of evaluation and data transparency and sharing among zakat institutions. Those paying zakat are discouraged from discussing their payment, as bragging about it renders the act void. For this reason, zakat institutions are typically wary of divulging information about their donors unless explicitly authorized to do so. Further, those disbursing zakat are commanded to hide the identity of zakat recipients as a way to

Activity	Number
Orphan sponsorship	8067 orphans
Care for poor	37 beneficiaries
Support for Students	1469 students
Manufacturing & SMEs	11 projects
wells and water provision	104 wells
Relief projects	2 projects
Health programs	8 programs
Construction of Schools	27 schools
Construction of Community Centers	16 centers
Construction of Mosques	85 mosques
Training Programs	3 programs

Table 2.2: Kuwait Zakat House Aid Programs Abroad (2012)
Source: *Kuwait Zakat House, "Statistics"*⁸²

A variety of Islamic charities have developed in non-Muslim countries explicitly for the purpose of collecting and distributing zakat. An important example of this is the Zakat Foundation of America (ZFA). The ZFA is a relatively new organization, founded in 2001, with a rapidly growing budget. Between 2008 and 2012 the total donations to the Foundation grew four-fold, from roughly 2 million USD to 8 million USD. The vast majority of this money went towards aid and development activities abroad, primarily in Muslim-majority countries.⁸³ It is also interesting to note that the ZFA received the highest possible rating from the US-based charity evaluation organization, Charity

preserve their dignity, particularly given that there is a degree of shame associated with begging and receiving charity in some passages of the Qur'an (see Al Ghazali, 35)

⁸² As mentioned previously, poor data availability makes it difficult to get actual financial amounts for this aid

⁸³ See "About," Zakat Foundation of America, accessed January 2014, <http://www.zakat.org/about/> and Zakat Foundation of America, "Annual Report: 2012." & "Annual Report: 2008." <http://www.zakat.org/news/publications/>

Navigator. With a four-star rating, it ranks far above US-based charities engaged in similar aid activities.⁸⁴ Another important, more established example is Islamic Relief Worldwide. Founded in the UK in 1984 – around the same time as the state zakat institutions listed above – Islamic Relief has offices or affiliated organizations in over 30 countries and a budget of roughly 112 million USD.⁸⁵ Although not focused as explicitly or exclusively on zakat as the ZFA, zakat practice is an important component of Islamic Relief’s funding, activities, and guiding principles.⁸⁶

The existing efforts to build consensus and coordination around zakat, combined with significant transnational financial flows affirm the nature of contemporary zakat practice as a distinctly transnational practice. Many zakat practitioners and religious scholars would like to further expand international coordination around zakat, to create a unified, international zakat foundation that comprises the entirety of the Muslim world. Discussions on this goal have occurred repeatedly, primarily through the OIC. Malaysia recently took the initiative to establish the International Zakat and Waqf Foundation. The importance of the ideal of the Islamic ummah is clear in the organization’s mission statement:

We recognize that poverty alleviation is a complex, multidimensional task. However, we strongly believe that if the Ummah unites through the duty of Zakat....to fight the perennial problems of poverty, disease, and illiteracy, we will have the potential to solve these issues in our generation.

⁸⁴“Zakat Foundation of America: current rating,” Charity Navigator, accessed February 2014, <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=10986#.UvmNfPldXy5>

⁸⁵ “Annual Report 2012: Financials,” Islamic Relief Worldwide, accessed December 2013, <http://islamic-relief.net/reports/charitable-expenditure-2007-2011/>. For a detailed study of Islamic Relief Worldwide, see Petersen 2011.

⁸⁶ Khan, 98, 105

The mission statement proceeds to cite a saying of the Prophet Mohammed, that “A Muslim brother for another Muslim brother is like bricks on a wall, they all support each other.”⁸⁷

Despite the efforts of the Malaysian government and repeated affirmations of support from various country governments, the International Waqf and Zakat Foundation has not actually developed into a functioning zakat institution.⁸⁸ Part of this difficulty stems from the fact that contemporary zakat institutions have a distinctly national character, closely linked to national governments. Despite the ideal of the Islamic ummah, the project to establish an Islamic state has occurred within the framework of nations, and country governments often have an interest in maintaining national control over zakat practice.

It is not difficult to understand why a government would be interested in harnessing the resources associated with zakat, including both the financial resources, as well as the religious authority or control. For example, efforts by the Palestinian government in the West Bank to centralize the loose network of decentralized, community-based zakat committees under the leadership of the Ministry of Religious Affairs in 2007 were closely associated with the government’s interest in weeding out the influence of Hamas following the Fatah-Hamas conflict. This conflict resulted in the split between the Fatah-controlled West Bank and Hamas-controlled Gaza Strip and created

⁸⁷“Mission Statement,” International Waqf and Zakat Foundation, accessed March 2014, http://www.worldzakatfoundation.org/home_english.htm

⁸⁸ “World Zakat Fund To Be Established; Expected At \$10 Billion In Ten years,” *Islam Online* 23 August 2009, http://islamonline.com/news/articles/28/Global_Zakat_fund.html

extreme suspicion of Hamas within the government. Although the extent of Hamas influence in the zakat committees pre-2007 is unclear, people generally associated committees members with Hamas, and the government was worried that the zakat committees would be used as a way to build political support for Hamas.⁸⁹

Given the fact that zakat institutionalization has generally been firmly rooted in national governmental systems, it is unlikely that zakat will become a fully internationalized activity. Instead, the ideal of a uniting as an Islamic ummah to revitalize zakat will likely continue to take the form of coordination and financial support among separate, nationally-rooted zakat institutions.

Zakat as a poverty reduction tool

Another interesting shift in contemporary zakat practice and one that is particularly relevant in this report is the way zakat has been framed primarily as a poverty alleviation system, often in direct dialogue with modern, secular poverty alleviation and social welfare mechanisms found in the United States and Europe. This reframing of zakat has also been closely linked to Islamic revivalism and particularly Islamic economics. The focus on poverty alleviation is particularly prominent in discourse around zakat institutions. In fact, contemporary discourse on zakat is so consistent in its presentation of zakat as a poverty alleviation tool, as evident in the mission statement of the International Waqf and Zakat Foundation, that many observers assume that this has always been the primary purpose of zakat. Various scholars who have studied zakat as a

⁸⁹ Minor 2013, 13-14

component of Islamic charitable practices have made this assumption.⁹⁰ However, even a cursory examination of zakat regulations and past manifestations casts doubt on this notion.

Of the eight beneficiary groups of zakat, only the first two are actually required to be poor. The other six beneficiary groups can and have been used to address a wide variety of objectives that have little to do with poverty alleviation. In the past, the “in the cause of God” category was used to channel zakat funds to the payment of soldiers and volunteer militias.⁹¹ In addition, zakat has been closely linked to assertion of authority. Following the Prophet Mohammed’s death, the first caliph launched a series of military campaigns to reassert control over the empire, called the Ridda wars. During these wars, one of the key objectives of the caliph was to enforce collection of zakat. In this way, governmental collection of zakat can become a symbol of both political and religious legitimacy.⁹²

Even according to religious ideals, poverty alleviation is not the primary goal of zakat. Zakat is primarily a form of worship; it is a duty to God and a demonstration of one’s willingness to place their absolute submission to God over their material concerns. The relatively graphic punishments listed in the hadiths demonstrate that failure to pay zakat is seen as a betrayal of God, rather than of society. In these punishments, one’s wealth quite literally comes back to punish the individual, illustrating the horrible fate

⁹⁰ See Benthall and Bellioun-Jourdan, 7-28

⁹¹ Singer, 55

⁹² Singer, 46

faced by one who places their love for anything – including wealth – over their love for God.⁹³ The prominent medieval religious scholar Al Ghazali (d. 1111), who conducted one of the more comprehensive historical religious studies on zakat, actually warned his followers about focusing too much on the social aspects of zakat.⁹⁴ According to this understanding, the primary concern is that one pays zakat; the actual disbursement of zakat and ultimate impact on society is less important.

In his highly critical analysis of Islamic economics, Timur Kuran (2008) goes as far as rejecting that zakat serves in any way as a poverty alleviation tool. Kuran argues that zakat was not, even during its earliest manifestations, primarily designed for redistribution of wealth. Instead, it was used as a way to ‘purify’ the accumulation of wealth in a way that actually legitimizes social inequality. He states that the degree of wealth redistribution associated with zakat is very small and cannot effectively reduce inequalities. As long as the wealthy pay zakat, even extreme levels of wealth are deemed religiously acceptable.⁹⁵ However, in this argument Kuran does not address the fact that the Qur’an and hadiths actually discourage of over-accumulation of wealth.⁹⁶ Kuran’s

⁹³ For example, hadith 486 from Sahih al Bukhari (narrated by Abu Huraira) states that “Allah’s apostle (PBUH) said: ‘Whoever is made wealthy by Allah and does not pay the Zakaat of his wealth, then on the Day of Resurrection his wealth will be made like a baldheaded 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.’” Again, hadith 2170 states via Abu Dharr that the prophet Mohammed stated, “And no owner of camels, or cattle or goats and sheep, who does not pay zakat (would be spared punishment) but these (camels, cattle, goats and sheep) would come on the Day of the Resurrection wearing more flesh and would gore him with their horns and trample them with their hooves. And when the last one would pass way, the first one would return (to trample him) till judgment would be pronounced among people.”

⁹⁴ Al Ghazali, 21

⁹⁵ Kuran, in *Poverty and Charity in the Middle East*, ed. Michael Bonner, Mine Ener, and Amy Singer (Albany: Suny University Press, 2003), 283

⁹⁶ Maududi, 73

interest in discrediting the field of Islamic economics seems to lend an overly critical tone to his argument. Islamic principles generally and Qur'anic passages and hadiths on zakat specifically do offer powerful injunctions for social equality and justice, and building social solidarity and stability has consistently been an important component of zakat. What is unique about contemporary representations of zakat is the way that poverty alleviation has become the dominant focus, particularly in reference to modern, secular poverty alleviation mechanisms, and often at the expense of zakat's primary function as a form of worship and submission to God. It is necessary to extend Kuran's, and consider *why* contemporary zakat has been framed in this way.

To understand the focus on the poverty alleviation components of zakat, it is helpful to look back to some of the early efforts to revive zakat, particularly those of Qutb and Maududi. Qutb presented rampant social inequality and poverty as proof that Western systems had failed the Muslim world and relied on these social ills as evidence of the need for an Islamic alternative. It logically follows, then, that this Islamic alternative needs to feature a strong focus on social equality and include distinct systems for poverty alleviation. For Qutb and others after him, zakat was that system. In order to present zakat as an alternative, it is also necessary to place zakat in dialogue with existing western structures. Social welfare and poverty alleviation systems provided the level for this comparison. In the *First Principles of Islamic Economic*, Maududi states that, "The institution of Zakah is the Muslim community's version of the 'Cooperative Society'. It is their 'Insurance Company' and their 'Provident Fund'. It is a subsidy for the

unemployed. It is the scheme of social security for widows, orphans, the handicapped and all those without the means to sustain themselves.”⁹⁷

The effort to establish Islamic systems as alternatives to dominant western systems can have important consequences. In his critique of Islamic economics, *What is Wrong with Islamic Economics* (2013) Mohammad Akram Khan is highly critical of this tendency within both zakat and Islamic economics generally. He argues that the absorption with creating an alternative to Western systems has jeopardized the creation of a distinct field of Islamic economics, reducing it to a restatement of Islamic teachings in modern economic jargon. Less attention is paid to truly trying to establish effective systems.⁹⁸ As Khan alludes, there is also a threat that these tendencies could skew our understanding of zakat by letting the modern jargon overshadow the unique nature of zakat.

This threat is particularly problematic because the focus on poverty alleviation in zakat discourse is not necessarily reflected in actual zakat practice. The first two beneficiary categories – the poor and the needy – have become the most common beneficiary categories. However, support for general religious activities not targeted at the poor or vulnerable remain important activities of most zakat institutions.⁹⁹ Further, there is still a consensus among religious scholars that the “in the cause of God” beneficiary category of zakat refers primarily to jihad, or protection of the Islamic faith,

⁹⁷ Maududi, 74

⁹⁸ Khan, xv

⁹⁹ Minor (unpublished), 42.

including militarily.¹⁰⁰ This clearly distinguishes zakat from typical poverty alleviation systems. However, it is important to note that this fact does not suggest that zakat institutions are engaged directly in militant activity – heightened suspicion of Islamic charities since 2001 has required zakat institutions to meet high standards for transparency, and there is absolutely no evidence of any relationship between zakat institutions and terrorist activity.¹⁰¹

Finally, there is evidence that, in practice, some zakat practitioners and religious scholars prioritize payment of zakat is over the effectiveness of its distribution, that is, its effectiveness at alleviating poverty. This is partly evident in the mission statements of zakat institutions that place a stronger emphasis on strengthening the religious duty of zakat, with little to no mention of how zakat is distributed and the impacts of zakat on social welfare (see Table 2.3). Such prioritization suggests that there are still significant strands of zakat practice within which payment of zakat as an act of worship remains the dominant purpose of zakat, while disbursement of zakat and its role in poverty alleviation are secondary concerns.

¹⁰⁰ “The Fatwas delivered by the First Symposium of Zakah Contemporary Issues (Held in Cairo Rabi` Al-Awwal 14, 1409 A.H. / October 25, 1988 A.D.)” accessed February 2014, http://www.zakatguide.org/english/fatwas_zakat_06.html

¹⁰¹ See Benthall and Bellion-Jourdan

Country	Mission Statement
Algeria	A social and religious institution that operates under the guidance of the Ministry of Religious Affairs
Bahrain	Sensitize people on the duty of zakat as a religious duty, develop the resources of zakat and its tools, and address the needs of poor and needy families that are legitimate beneficiaries of zakat. The values of the team include charity, transparency, justice, security, and solidarity
Djibouti	Help the poorest and most vulnerable populations around Djibouti
Egypt	Build social solidarity between Egyptians, realize a just society, provide employment opportunities and participated in addressing social problems like poverty and unemployment
Iraq	Donations will go towards the poor, sick and needy and will "be distributed discreetly by a special committee to those who deserve it, thus protecting the recipient's dignity", The committee will also "prevent money from falling into the hands of armed extremist groups
Jordan	Manage and accept zakat, sadaqa, and donations domestically and abroad; spread awareness of zakat; distribute zakat to legitimate beneficiaries
Kuwait	Pursue leadership and excellence in zakat and charitable works domestically and abroad
Lebanon	Strengthen and revive the duty of zakat, one of the foundational five pillars of Islam and Build social solidarity among Muslims in society
Libya	Revitalize the duty of zakat, collect and distribute zakat and other donations to rightful beneficiaries in full confidence, and in accordance with Sharia
Niger	Primarily concerned with social welfare. It contributes to the economic wellbeing of the under-privileged members of the society who are resident in Niger state without recourse to ethnicity.
Oman	Distinguish itself in work for the duty of zakat; collect and distribute zakat according to Sharia regulations
Pakistan	Assist the needy, indigent and the poor preferably giving financial assistance to widows and orphans
Palestine	Social justice through the religious duty of zakat; the fund participates in the fight against poverty and the transition from social welfare to sustainable development
Qatar	To realize the duty of zakat and achieve social solidarity; sensitize the population on zakat, collect zakat, and distribute it to legitimate beneficiaries
Saudi Arabia	Assess and collect zakat on business activities from Saudi persons and citizens of member states in the Gulf Cooperative Council; spend zakat revenues on the needy and poor
Senegal	The association seeks to build leadership and excellence in the service of Zakat and for the emergence of a society filled with Islamic values and practices. It seeks to Develop the resources of zakat, donations, and waqf, and use them in accordance with Sharia for works that benefit the Senegalese umma with the highest efficiency and excellency
Sudan	Support the duty of zakat by collecting and disbursing zakat, Da'wa and sensitization on the importance of zakat, manage zakat to achieve greater social compassion and solidarity
Tunisia	Sensitization on zakat, assist with calculation of zakat for individuals and institutions, organize training activities for zakat
United Arab Emirates	Leadership and excellence in the duty of zakat; sensitization on zakat, collect zakat, distribute it to legitimate beneficiaries and help achieve sustainable development
Yemen	Address problems of poverty, help those in need, and help those who can work find opportunities to support themselves

Table 2.3: Zakat Fund Mission Statements

This tendency is further evident in the proceedings of international zakat conferences and symposiums, which tend to focus on collection of zakat, rather than its distribution. For example, the proceedings from the 1990 Zakat Conference in Malaysia include sections on the effectiveness of obligatory or voluntary zakat payment systems,

the level of state control and autonomy of zakat institutions, rates and kinds of wealth subject to zakat, penalties for not paying zakat, and religious oversight systems of zakat activity. However, out of the 486 page conference proceedings from this conference, there are only two pages discussing principles of disbursement.¹⁰² The primacy of the act of paying zakat is further evident in the position of some schools of Sunni Islamic law that permit payment of zakat to a corrupt government agency that is known to not be incorrectly distributing zakat, and state that doing so actually fulfills one's zakat obligation.¹⁰³

It is important to note that, in examining variations in the stated and implicit objectives of zakat, I do not want to make assumptions about the intentions of specific zakat practitioners. Shifting discourse around zakat has and will continue to affect how it is practiced at the level of institutions and individuals. However, the evidence from official conference proceedings, religious rulings, and actual activities of zakat institutions suggest that identifying contemporary zakat institutions exclusively or even primarily as poverty alleviation systems may be an oversimplification. Particularly when studying zakat from the perspective of international aid, it is important to avoid such tempting oversimplifications and to acknowledge the distinctiveness, complexity, and dynamism of zakat practice.

Reviewing contemporary transformations in zakat helps us avoid the tendencies to see zakat as a static religious concept or to collapse it into other dominant charitable or

¹⁰² Islamic Development Bank, 44-47

¹⁰³ Qardawi 128

aid practices associated with secular or non-Islamic systems. Further, it highlights important trends related to zakat that have made it an increasingly institutionalized, internationalized practice. These trends have made zakat practice increasingly relevant within the realm of international development and widened the spaces of potential interaction between zakat institutions and mainstream international development organizations. However, in order to establish a meaningful dialogue between these two systems, it is important that the dialogue be rooted in the actual practice of zakat institutions, rather than theoretical discussions. Towards this goal, the next chapter examines the experience of contemporary zakat institutions in Palestine and Lebanon, two unique cases where the potential for interaction with mainstream international development organizations is particularly high.

Chapter 3: Zakat in the West Bank and Lebanon

INTRODUCTION

In order to better understand how some of the contemporary trends in zakat manifest themselves in practice and to explore the nature of contemporary zakat institutions, it is helpful to examine examples of such institutions in depth. The Central Zakat Fund and Zakat Committees in the West Bank and the Lebanon central and branch Zakat Funds are especially valuable case studies when analyzing the relationship between zakat and mainstream international development, because OECD-DAC donors and mainstream multilateral organizations like the World Bank are highly active in both countries. Palestine and Lebanon are major recipients of international aid; in 2010 they received 2.6 and .99 billion US dollars in aid (USD) (respectively). This is a substantial amount of aid for two relatively small countries; Palestine has a population of roughly 4 million, while Lebanon's population is near 4.4 million. This means that Palestine received 643 USD of aid per capita, while Lebanon received 224 USD per capita. Palestine is a lower middle income country whose government is highly dependent on the aid. Aid actually makes up over a fourth of GDP in Palestine (26.6 percent).¹⁰⁴ Lebanon is an upper middle income, but decades of instability have left it with extremely poor infrastructure and high levels of inequality.¹⁰⁵ Aid makes up 2.3 percent of GDP in

¹⁰⁴ "National Accounts," Palestinian Central Bureau of Statistics (PCBS), http://www.pcbs.gov.ps/site/lang__en/507/site/741/default.aspx

¹⁰⁵ "Data-West Bank and Gaza," The World Bank, accessed March 2014, <http://data.worldbank.org/country/west-bank-gaza> and "Data-Lebanon." <http://data.worldbank.org/country/lebanon>

Lebanon.¹⁰⁶ In both Palestine and Lebanon, the vast majority of reported aid comes from mainstream international development donors, as seen in Figures 3.1 and 3.2. This means that there is increased space for interaction between zakat institutions and mainstream international development actors.

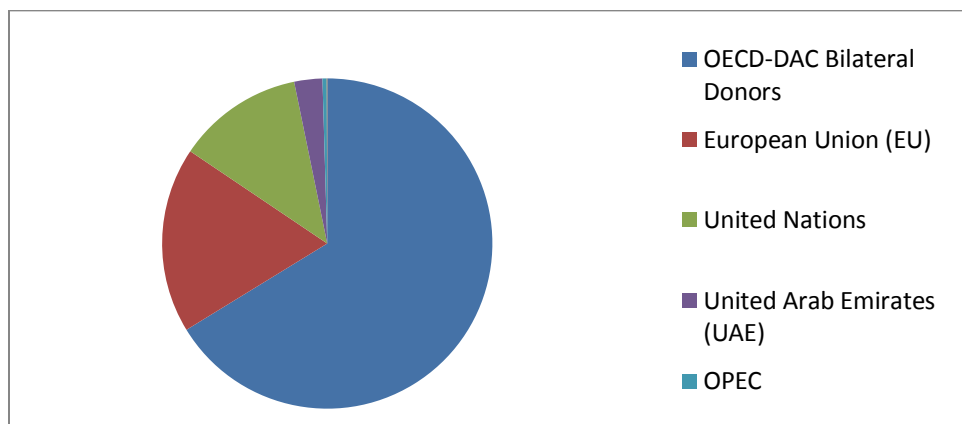


Figure 3.1: Palestine, Sources of Official Development Assistance (ODA) (2010) Source: AidData 2013

¹⁰⁶ "Lebanon: Data," The World Bank.

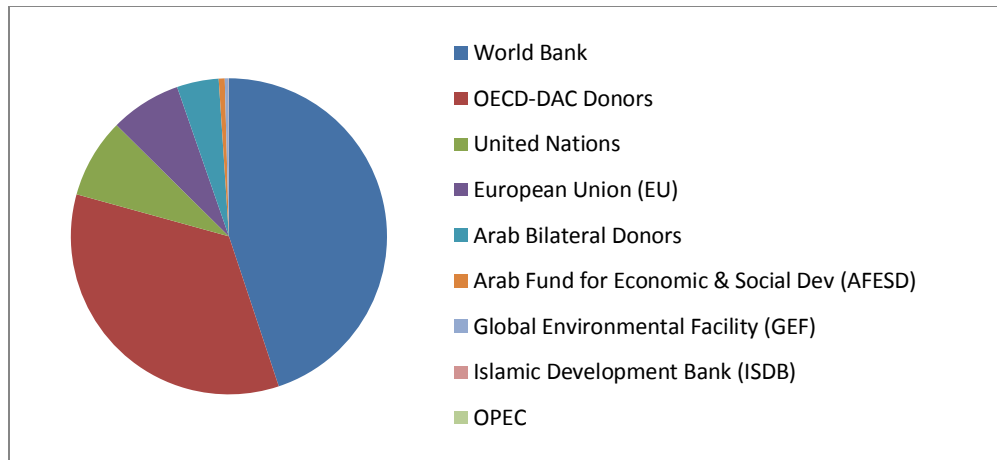


Figure 3.2: Lebanon, Sources of ODA (2010) *Source: AidData 2013*

Describing the process of zakat institutionalization in Palestine and Lebanon also helps illustrate the trends discussed in the previous chapter. The zakat institutions in the West Bank and Lebanon were established during the wave of zakat institutionalization that spread across the Muslim world in the late 1970s and 1980s. In both cases, international influence was an important factor in the efforts to establish zakat institutions. Religious revival and solidarity were important drivers in this process, but the focus on poverty reduction was essential in establishing the relevance of zakat in Palestinian and Lebanese society, particularly given the ongoing instability and the lack of formal social welfare systems that characterized both countries during this period.

Additionally, these two examples facilitate a comparison between two zakat institutions that are employing very different strategies to define their position vis-à-vis other social welfare organizations and secure their funding sources against a variety of pressures. In particular, the West Bank Central Zakat Fund is actively engaged in efforts

to centralize zakat practice under government control and has shown signs of embracing some discourse and strategies associated with mainstream international development. The Lebanese Zakat Funds, on the other hand, have become increasingly regionalized over the past several years and rely on a more exclusively religious discourse and their role as official religious institutions to distinguish themselves from a host of other prominent religiously-oriented social welfare organizations. While the cases of the West Bank and Lebanon highlight the dynamism of contemporary zakat institutions, the continuity in activities and beneficiary groups between these institutions highlights the common threads tying contemporary zakat institutions together.

ZAKAT IN THE WEST BANK

Establishment of the Zakat Committees

Unlike most Muslim-majority countries, the process of zakat institutionalization was initially decentralized in Palestine. This was due primarily to the fact that Palestine lacked its own formal political authority until 1994. Beginning in 1977, local figures in the cities of Nablus, Ramallah, and Qalqilyah began forming a series of zakat committees. These committees were formed primarily by local community members, including both religious figures and businessmen.¹⁰⁷ As in other countries, the Zakat Committees were framed largely as social welfare organizations. The role of the Zakat Committees in social welfare was extremely important given the major gaps in social

¹⁰⁷ Lundblad, 166.

services and social safety nets in the region during this era, where UNRWA¹⁰⁸ was the only major provider of social welfare. For this reason, many other cities and towns followed suit and established their own zakat committees over the next ten to fifteen years.¹⁰⁹ Some of these zakat committees had budget of several million USD, although it was more common to see committees with budgets of a million USD or less.¹¹⁰

It is interesting that the institutionalization of zakat occurred independent of a centralized effort by the government or another official body. Although this largely cut Palestine off from the formal zakat conferences and other international cooperation around zakat that emerged during this period, the process of zakat institutionalization was connected to the global trend of zakat revitalization in more decentralized ways. Muslim Brotherhood affiliates operating in the area (which would develop into the Islamic Resistance Movement, or Hamas, in the late 1980s) played an important role in the establishment of the first few zakat committees in the West Bank. As discussed in the previous chapter, the focus on social welfare provision and zakat specifically was a prominent component of the Muslim Brotherhood's strategy, building off of the ideas of Sayyid Qutb. Although it would be going too far to call the Zakat Committees affiliate organizations of the Muslim Brotherhood, it appears that individuals affiliated with the

¹⁰⁸ UNRWA was created specifically to provide essential aid and services to Palestinian refugees following the 1948 war. It is separate from the UNHCR and works in the West Bank and Gaza as well as neighboring countries. It currently serves approximately 5 million Palestinian refugees.

¹⁰⁹ Benthall, 2008, p. 6

¹¹⁰ Benthall, 2008, p. 7

Brotherhood were responsible for much of the momentum for establishing zakat institutions.¹¹¹

The Palestinian Authority (PA) was formed in 1994 and was followed by the development of an extensive network of local and international NGOs. However, significant gaps in social welfare remained in the West Bank, particularly following the first and second intifadas.¹¹² Local communities continued to turn to zakat to help address these gaps, and by 2006 the West Bank had 92 zakat committees.¹¹³ These local zakat committees enjoyed a unique sense of legitimacy in comparison to other NGOs and groups engaged in social welfare provision. Much of this legitimacy stemmed from their identity as zakat organizations fulfilling a shared religious duty and guided by sacred religious principles. This stood in contrast to other social welfare actors, which many perceived to be associated with either the political goals of a corrupt government or foreign aid agendas antithetical to Palestinian culture and socio-political aspirations vis-à-vis Israel. The local legitimacy of these zakat committees was further reinforced by their close connection to the communities in which they operated.¹¹⁴

These committees tended to support a mix of social welfare and religious activities ranging from regular cash and in-kind assistance for families and orphans, to management of major schools and hospitals that offered free or subsidized services to

¹¹¹ Minor 2013, 13

¹¹² World Bank, 2011a, p. 12; Palestinian Central Bureau of Statistics, 2013, p. 22

¹¹³ Lundblad, 2011, p. 166; Schaeublin, 2011, p.16

¹¹⁴ Minor 2013, 10

those in need.¹¹⁵ Religious activities that did not necessarily target the poor were also an important component of the Committees' activities, including construction of mosques and Qur'an lessons.¹¹⁶ Given the poor economic conditions in Palestine, these Committees relied heavily on funding from remittances and neighboring Arab countries, such that as much as 80 percent of their funding came from abroad.¹¹⁷ This highlights the highly transnational nature of zakat. Some committees had budgets as high as six million USD per year, although most had budgets of one million USD or less.¹¹⁸ Combined, the Zakat Committees were important actors in social welfare in the West Bank, with a unique, grassroots presence throughout the territory.

2007 Reforms and Current Structure

As mentioned in the previous chapter, the Ministry of the Interior and the Ministry of Awqaf and Religious Affairs decided to centralize the West Bank zakat system in 2007. This decision stemmed largely from concern about Hamas' influence in the committees following the 2006 fighting between Hamas and Fatah (the long-established dominant party in the Palestinian Authority), and the ultimate political split between the West Bank and Gaza.¹¹⁹ As part of these reforms, the government consolidated the 92 zakat committees into 11 larger zakat committees and created the central Zakat Fund to supervise them, which is overseen by the Ministry of Awqaf and

¹¹⁵ Minor 2013, 12

¹¹⁶ Zakat Committee of Azaria, *Summary of their donations and uses*, (Azaria: Azaria Zakat Committee, 1991), 11

¹¹⁷ Schaeublin, 30-31

¹¹⁸ Benthall, 7

¹¹⁹ Schaeublin, 4

Religious Affairs. The Zakat Fund is primarily responsible for supervising and supporting the Zakat Committees, rather than directly collecting or disbursing zakat, although they are interested in expanding their activities. The Ministry of Awqaf now selects the board members of the zakat committees from lists generated by local actors, and the government has restricted the ability of any other organizations besides the official zakat committees to collect zakat funds.¹²⁰ This represents a clear effort by the government to assert greater control over zakat practice. Like many governments before it, the Palestinian government turned to the example of its neighboring countries when designing this new system, particularly its neighbor, Jordan. The new Zakat Law, which was still awaiting final approval in December 2013, closely resembles the Jordanian Zakat Law.¹²¹

The 2007 reforms created a significant shift in the nature of zakat practice in Palestine, and the Zakat Fund continue to struggle to maintain the legitimacy enjoyed by the original zakat committees. These challenges mirror those of other governments who have established governmental zakat institutions and the general disconnect between official and public opinion on zakat institutionalization. Some Palestinians are uncomfortable with government involvement in zakat practice and feel that the committees have lost their connection with local communities. For example, one prominent, wealthy family in the city of Hebron decided to set up their own system for distributing their zakat (including their own social workers) following the 2007 reforms

¹²⁰Minor 2013, 14-15

¹²¹ "Zakat in Palestine." Palestine Zakat Fund. Accessed May 2013, <http://www.pzf.ps/ar/?p=312>

because they do not believe the government should play such a direct role in zakat practice.¹²² This kind of frustration with the 2007 reforms contributed to decreased funding for zakat committees, primarily from local donors. Since 2007, most committees have seen 20 to 50 percent decreases in funding.¹²³ These cuts are particularly difficult on the Zakat Committees because they exacerbate the funding cuts they experienced just a few years earlier following heightened international restrictions on financing to Islamic charities due to suspected affiliations with terrorist activity.

The 2007 reforms were also a reaction to these restrictions, particularly given that several major powers had labeled Hamas as a terrorist organization. In the aftermath of 9/11 and the War on Terror, a variety of countries enacted stricter anti-terrorist financing laws. This translated into a crackdown on Islamic charities after a 2004 report from the US estimated that Al Qaeda received 30 million USD per year through Islamic charities.¹²⁴ Although there is no evidence of connections between the West Bank Zakat Committees and financing to Hamas or other terrorist organizations, this pressure made international donors wary of donating to the Zakat Committees, and almost all Committees saw drastic drops in their funding around 2004. The Tulkarem Zakat Committee estimates that their international funding in 2013 dropped to 5 percent of what they received ten years before.¹²⁵ The 2007 reforms sought to improve transparency and control of Zakat Committees to restore donor confidence and international opinion of the

¹²² Minor 2013, 27

¹²³ Schaeublin,, 5.

¹²⁴ Alterman and von Hippel, vi

¹²⁵ Minor 2013, 28

Committees more generally (as explained below). Beyond improving the transparency of zakat activity, recent shifts in the discourse of the Zakat Fund suggest that it is seeking to make the Zakat Committees more amenable to the framework of mainstream international development.¹²⁶ These efforts can be seen as an attempt to assert the Zakat Committees as legitimate, effective, and modern development organizations.

Discourse of the Zakat Fund

When it created the Zakat Fund, the Ministry of Awqaf hired a General Manager with a strong background in business and international experience, particularly the United States. This manager has introduced the idea of sustainable development (*al-tanmia al mustadama*) into the discourse of the Fund. The Zakat Fund Vision Statement now explicitly states that the Zakat Fund is trying to move from “social welfare to sustainable development.”¹²⁷ This term was not present in earlier documents from zakat committees and is in fact relatively new in the Arabic language. This Vision Statement also explicitly uses terms – translated directly from mainstream international development language – like ‘fighting poverty’ (see Table 3.2, p. 80), and officials discuss the importance of “results-based”¹²⁸ activities.¹²⁹ The prominence of these terms in the discourse of the Zakat Fund can be seen as a response to the language of mainstream development actors

¹²⁶ Minor 2013, 14

¹²⁷ “Vision: Goal of the Fund,” Palestinian Zakat Fund, accessed May 2013, http://www.pzf.ps/ar/?page_id=8

¹²⁸ Results-based management refers to a strategy that requires development organization to set up clear monitoring, assessment, and reporting procedures towards clearly-defined development results. United Nations Development Programme (UNDP), “Results-Based Management Handbook.” <http://www.un.org/files/UNDG%20RBM%20Handbook.pdf>. 7

¹²⁹ Minor 2013, 26

operating in the West Bank. In addition, the Fund explicitly lists transparency and accountability among its top values, which appears as a direct response to those wary about potential links to terrorist or other problematic activities.¹³⁰

This shift in discourse has translated into some limited shifts in the activities of the zakat committees. Direct provision of cash and in-kind assistance has been the dominant activity of the West Bank Zakat Committees and most other zakat institutions, likely due to religious restrictions on the nature of zakat disbursement discussed in the previous chapter. However, the Zakat Fund is now sensitive to the criticism that these activities represent charity, rather than true development that can help lift people out of poverty. The Zakat Committees have previously supported some income-generating projects, but the Zakat Fund is now placing much more attention on these projects as part of the effort to move towards a sustainable development model, and Zakat Committees are exploring the potential for new income-generating projects. Additionally, the Zakat Fund is working with banks to develop revolving loans for beneficiaries to launch their own productive enterprises. Some Committee officials working on the ground have concerns about the effectiveness of such projects in the weak, unstable economic climate of the West Bank. Others voice concern over the idea of investing zakat funds due to the religious restrictions discussed in the previous chapter.¹³¹

¹³⁰ “Vision: Goal of the Fund.” Palestinian Zakat Fund.

¹³¹ Minor 2013, 26

Funding and Activities

Even with significant decreases in international funding since 2004 and local funding following the 2007 reforms, the Zakat Committees continue to play an important role in provision of social welfare and social services in the West Bank. The total budget of the Zakat Fund and Committees in 2011 was 22.6 million USD (see Figure 3.3), which was used to directly benefit hundreds of thousands of beneficiaries (see Table 3.1). This translates into 828 USD per 100 people in the West Bank. While this represents just under a percent of total ODA to Palestine, it is over twice as much as the total reported aid provided by UN agencies in Palestine during the same year (it is also important to note that this zakat aid was in the West Bank alone, while ODA is calculated for both the West Bank and Gaza Strip).¹³² As stated previously, the vast majority of this aid is given as direct cash and in-kind assistance (food, educational materials, medical supplies and medicines, etc.), particularly as part of regular monthly assistance to orphans and poor families registered with the Zakat Committees (see Figure 3.4).

¹³² “Analytic Dashboard,” AidData, accessed March 2014, <http://aiddata.org/dashboard#/advanced/project-thumbnail>

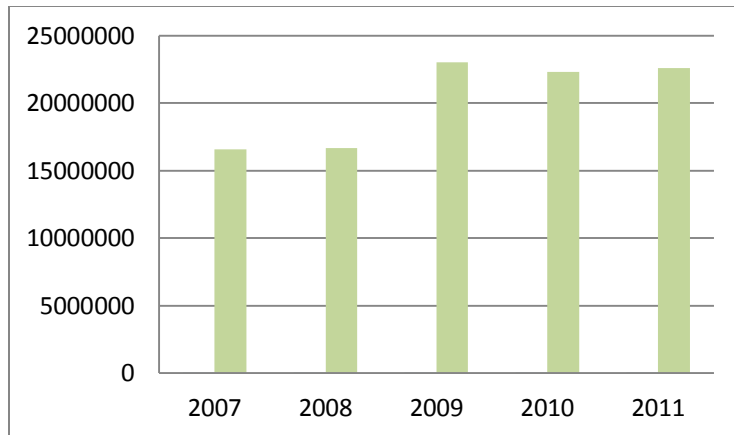


Figure 3.3: Palestinian Zakat Fund, Changes in Funding over Time (USD) Source: Palestinian Zakat Fund 2012

Activity	Number of Beneficiaries
Support to Orphans	20505 orphans
Aid to Families	9480 households
Food Packages	46560 households
Emergency Aid	4000 households
Ramadan Projects	21560 individuals
Funding for Sacrifices	46253 households
Medical Treatment, Tools Insurance and Subsidies	8265 individuals
Seasonal Projects (Festivals)	14000 individuals
Iftar for orphans	1400 orphans

Table 3.1: Palestinian Zakat Fund Beneficiaries Source: Palestinian Zakat Fund 2012

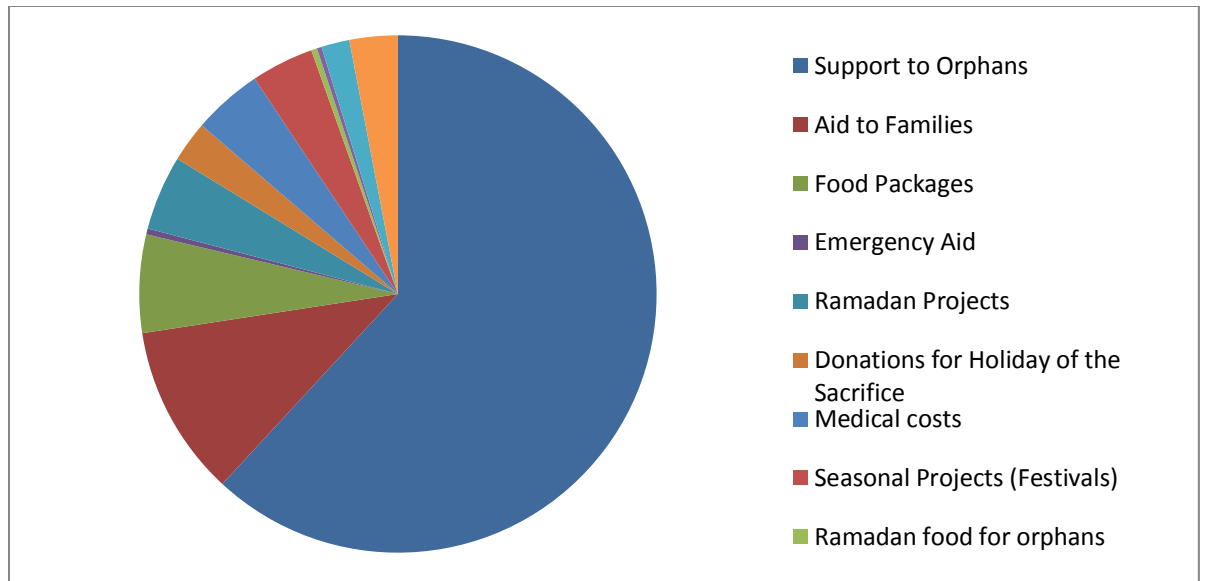


Figure 3.4: Palestinian Zakat Fund, Distribution of Zakat Expenditures by Activity, 2011 (excluding administrative) *Source: Palestinian Zakat Fund 2012*

Orphan Sponsorship

Orphan sponsorship alone accounts for 62 percent of total expenditures, and reached approximately 20,505 orphans between 2007 and 2011.¹³³ As discussed in the introductory chapter, orphan sponsorship is generally an important activity of zakat institutions and is rooted in the emphasis on the importance of helping orphans in the Qur'an and hadiths. Orphan sponsorship is perhaps even more important in the Palestinian context, where ongoing conflict means that many children lose parents, particularly their fathers. Like other zakat institutions, the West Bank Zakat committees define orphans as children who have lost their fathers, regardless of what has happened to their mothers. This means that aid for orphans often goes to what mainstream

¹³³ "Achievements," Palestinian Zakat Fund, accessed May 2013, <http://www.pzf.ps/ar/?p=312>

international development organizations would call female-headed households (although the rationale for their support differs).¹³⁴

In the Zakat Committee orphan sponsorship programs, as in most zakat orphan programs, the Committee matches a donor with a specific child or multiple children. The donor – which can be an individual or an organization locally or abroad – then provides the sponsored child with a minimum, monthly payment via the Zakat Funds and any additional cash or in-kind aid they may wish to provide. The average monthly payment to each orphan is roughly 45 USD per month, and multiple children can receive sponsorship in a single household.¹³⁵ Many donors in the West Bank decide to provide additional funding for a child’s education and/or healthcare, as well as occasional gifts.¹³⁶ The donor then receives regular updates on the child, similar to one-to-one child sponsorship mechanisms programs that are found in some charities in the US and Europe, but that have been subject to criticism.¹³⁷ The nature of these updates can vary depending on the donor. For example, institutions like the Kuwait Zakat House and the Saudi Arabian International Islamic Relief Organization have their own orphan sponsorship forms that the Zakat Committees are responsible for completing. In particular, some donors require more extensive information on the religiosity and moral character of the child.¹³⁸

¹³⁴ Minor 2013, 20 and 36

¹³⁵ Palestinian Zakat Fund 2012a

¹³⁶ Minor 2013, 20

¹³⁷ See Peter Stalker, “Please do not sponsor this child.” *The New Internationalist Magazine*. May 1982. <http://newint.org/features/1982/05/01/keynote/>.

¹³⁸ Minor 2013, 32.

It is difficult to determine whether the focus on orphan sponsorship stems from the priorities of the Zakat Committees themselves or their donors, given that the funding for this activity come from aid (whether it is zakat or sadaqa) that donors have restricted to use in orphan sponsorship (categorized by zakat institutions as “conditional aid”). Given that many Arabs see the Palestinian-Israeli conflict as a broader Arab-Islamic issue, supporting Palestinian orphans is often considered even more important than orphan sponsorship generally, and may even be classified as part of the eighth zakat beneficiary category, “in the cause of God.” International funding tends to be higher for orphan sponsorship than other activities, but it is extremely high in the West Bank. Officials estimate that 85 percent of the funding for orphan sponsorship comes from abroad.¹³⁹

Other Cash and In-Kind Aid

Following orphan sponsorship, the most common activity of the West Bank Zakat Committees is monthly aid to families. To receive this aid, a member of the household must submit an application for assistance, after which a professional social worker from the Committee conducts a household visit to verify their level of need. A variety of factors are considered, including existing income, number of dependents, housing conditions, and medical conditions. In almost all cases, the selected families lack a capable male breadwinner. The Zakat Fund wants to formalize this process with a standardized, computer-based point system, but some Committee employees feel this

¹³⁹ unfortunately, these officials would not speculate on the percentage of overall funding that comes from abroad, although they assert that it is lower than this. Minor 2013, 28

restricts important individual decision-making and understanding of local conditions.¹⁴⁰ Families that are not eligible for monthly aid can benefit from a variety of other seasonal or emergency sources of aid. Additionally, the Zakat Committees provide in-kind aid, particularly food aid, around major religious holidays like Ramadan and the Holiday of the Sacrifice (*eid al adha*). These activities are extremely important for the Committees given their religious significance and visibility.¹⁴¹

Social Service Provision

The West Bank Zakat Committees are also active in the provision of social services. Zakat Committees currently manage 14 medical clinics around the West Bank that provide highly subsidized services for basic checkups and dental services. Two Committees also manage major hospitals.¹⁴² The Al Razi hospital, managed by the Jenin Zakat Committee, is one of the highest quality hospitals in the West Bank. The Ministry of Health relies on Al Razi hospital to provide care to those with government healthcare because it has more services and greater capacity than government hospitals and clinics in the area. UNRWA also works exclusively with Al Razi to provide care for refugees in the area, and it serves as a referral hospital for the neighboring governorates. Al Razi keeps its fees below those of private hospitals and uses price discrimination to make care accessible for those in need. Poor families and orphans registered with the Zakat Committees pay only 40 percent of full fees. For this reason, Al Razi relies on donations

¹⁴⁰ Minor 2013, 30-31

¹⁴¹ Achievements,” Palestinian Zakat Fund

¹⁴² Minor 2013, 22

for 20 percent of its funding. The Tulkaram Zakat Hospital is smaller and does not have the same capacity of Al Razi, but still contracts with UNRWA and the government and is a major provider of healthcare in the northern region of the West Bank. It employs a similar price discrimination model to Al Razi.¹⁴³

In addition to health services, Zakat Committees run six schools and two kindergartens that serve 4,300 students across the West Bank.¹⁴⁴ Most of these schools offer free or reduced tuition for poor students and/or orphans, but others focus on providing a superior religious education to students than can be found in public schools, without specifically targeting those in need. These schools, along with the Qur'anic lessons provided by Zakat Committees, demonstrate that Zakat Committees continue to view religious activities as an important component of their mandate, although they typically describe their religious activities as part of a holistic approach to improving social welfare.¹⁴⁵ However, there has been a clear decrease in more explicitly religious activities like the construction of mosques since the 2007 reforms.¹⁴⁶ The consistency of this trend suggests that it is part of a deliberate effort on the part of the Zakat Fund, likely associated with the shifting strategy of the Zakat Fund, as well as concern about affiliation with any potentially problematic religious groups.

¹⁴³ Minor 2013, 22-23

¹⁴⁴ "Achievements," Palestinian Zakat Fund

¹⁴⁵ Minor 2013, 24-25

¹⁴⁶ Zakat Committee of Azaria, 11

Funding Sources

Although Zakat Fund officials could not provide information on the proportion of their funding that comes from international donations, they likely represent a substantial source of funding. Following the 2007 reforms, all international donations must go through the Zakat Fund. It is interesting to note that most of the Zakat Committees' funding comes from sadaqa and conditional aid (particularly for orphan sponsorship), rather than zakat (although conditional aid may be zakat on which the donor has placed specific restrictions). In 2011 the Zakat Committees received just 103,174 USD in zakat.¹⁴⁷ This is likely due to the fact that very few West Bank residents pay their zakat to the Zakat Committees. Officials estimate that just three to five percent of residents do so, and that the vast majority of this zakat is paid during the holy month of Ramadan. This low payment rate is likely the result of both high poverty rates and economic instability and the preference of individuals to pay their zakat to other organizations or directly to those in need, particularly following the 2007 reforms.¹⁴⁸

Mainstream international development organizations are not currently an important source of funding for zakat committees. However, the Zakat Fund has expressed interest in attracting this kind of funding as a way to make up for decreased funding following 2004 and 2007. This is reflected in some of the shifting discourse of the Zakat Fund. However, turning to these donors may create some issues for the Zakat Fund, and some Zakat Committee officials are less enthusiastic about this strategy. Some

¹⁴⁷ Achievements," Palestinian Zakat Fund

¹⁴⁸ Minor 2013, 27

officials believe that this could dilute the Committees' identity as Islamic institutions, while others feel that it further jeopardizes the local legitimacy of Zakat Committees that stemmed from their independence from international donor agendas.¹⁴⁹

ZAKAT IN LEBANON

The Lebanese Zakat Fund struggles with similar issues as the West Bank Zakat Committees, particularly unstable funding sources and the struggle to define itself in relation to other social welfare provision systems in the country. However, it has pursued different, even contrasting strategies to address these challenges, largely in response to the unique Lebanese context. Lebanon is an extremely diverse, sectarian country with a confessionalist political system. Despite its small population and geographic size, it has 18 different registered ethno-religious groups, including substantial populations of both Sunni and Shi'a Muslims (which make up an estimated 25 to 28 percent and 25 to 35 of the total population, respectively).¹⁵⁰ Following the civil war (which lasted from roughly 1975 to 1990), the top political posts in the government were divided between the different ethno-religious communities. The government itself is resolutely secular and leaves management of all civil affairs to a designated authority within each ethno-religious community.¹⁵¹ The Dar al Fatwa serves as this body for the Sunni Muslim

¹⁴⁹ Minor (unpublished), 28

¹⁵⁰ No official census has been conducted in Lebanon since 1931, so these numbers are estimates. Melani Cammett, *Compassionate Communalism: Welfare And Sectarianism In Lebanon*, (Cornell: Cornell University Press, Unpublished), 37

¹⁵¹ Cammett, 107-8

religious community, while the Shi'a Higher Council performs the same function for the Shi'a Muslim religious community.

Zakat in the Shi'a Community

The existence of major Shi'a and Sunni populations in Lebanon facilitates an interesting comparison of zakat practice between these two communities. Although all Muslims consider zakat to be one of the pillars of Islam, there are important theological differences that minimize the importance of zakat in the Shi'a community. First, the highest Shi'a religious authorities – typically referred to as Grand Ayatollahs or *Marja'as* – tend to interpret the items on which zakat is taxed much more narrowly. While most Sunni religious leaders have expanded the 'zakatable' items listed in the hadiths (gold, silver, some livestock and agricultural products) to be more relevant to a modern economy, (including modern currency, salaries and business profits), most Shi'a Marja'as have not.¹⁵² This greatly reduces the potential resources of zakat. Instead, Shi'a leaders tend to place more emphasis on the practice of *khums*. Khums is mentioned in the Qur'an but is not a pillar of Islam. It requires Muslims to pay one-fifth of their disposable income to either the representative of God on earth (the Marja'a) or descendants of the prophet who are in need.¹⁵³ The former can use khums for social welfare purposes, but they are

¹⁵² See Official Site of the Religious Authority His Eminence Sayyid Hussein Mohammed Fadlallah. Fatwa: Khums, Chapter Two: Payment of Khums. <http://english.bayynat.org.lb/fatawa/s8ch2.htm> . And The Official Website of His Eminence Grand Ayatollah al Sayyid 'Ali al Husayni al Sistani. Islamic Laws: Zakat: Introduction. <http://www.sistani.org/english/book/45/1955/> And Fatwas from the Leader's Office in Qom. <http://www.khamenei.de/fatwas/further.htm>

¹⁵³ See Sura al Anfal, Verse 8:41: "And know that whatever ye take as spoils of war, lo! a fifth thereof is for Allah, and for the messenger and for the kinsman (who hath need) and orphans and the needy and the

not bound to, while the latter represents a fairly restricted category. Sunnis believe that khums is applicable only to spoils of war, and is thus largely irrelevant. Underlying these theological differences is the fact that Shi'as have not been part of the same trend of zakat revitalization that occurred in the Sunni community during the 20th century. For these reasons, zakat does not hold the same meaning among the Shi'a community as it does in the Sunni community, either conceptually or as an institution. While Shi'a groups are highly active in social welfare activities, like all ethno-religious communities in Lebanon, there is not a clear connection between these activities and either zakat or khums. ¹⁵⁴

Establishment & Current Structure of the Sunni Zakat System

The approach to contemporary zakat practice among officials in the Lebanese Shi'a community differs greatly from that of officials in the Lebanese Sunni community. This contrast helps highlight the powerful impact of the contemporary movement to revitalize zakat discussed in the previous chapter, and its distinctly Sunni nature. The Lebanese Sunni community was very much attuned to the growing trend of zakat institutionalization and revitalization in the 1980s. Dar a Fatwa (the official Sunni religious body) officials explicitly state this as a reason that they sought to create their own, official zakat organization. ¹⁵⁵ As in the West Bank, the ongoing conflict and breakdown in governmental services made the social welfare activities of zakat extremely

wayfarer, if ye believe in Allah and that which We revealed unto Our slave on the Day of Discrimination, the day when the two armies met. And Allah is Able to do all things."

¹⁵⁴ Minor (unpublished), 2

¹⁵⁵ Kebi, Zahir, "The Zakat Fund in Lebanon and Alleviating Poverty," accessed November 2013, www.kantakji.com/fiqh/Files/Zakat/1236.doc.

relevant. Further, such an organization could serve as an official social welfare arm of the Sunni community, vis-à-vis the social welfare organizations of the other ethno-religious groups that Sunni groups were fighting in the war.¹⁵⁶ Given the prominence of non-state actors in social welfare provision, there were several other Sunni religiously-oriented organizations in operation at this time, but these were not explicitly focused on collecting and distributing zakat. Officials from Dar al Fatwa and the Zakat Fund stress that, especially in the complex sectarian environment of Lebanon, it was important to establish an *official* zakat organization with oversight from religious authorities that could work to revive the duty of zakat, strengthen solidarity among the (Sunni) Muslim community, and promote social welfare in the way it was ordained by God.¹⁵⁷

Towards these goals, the Dar al Fatwa established a central Zakat Fund in Beirut in 1985. Within a year they also established a branch Zakat Fund in the western city of Bekaa. Until the 2000s, these were the only operating Zakat Funds, and the central Fund in Beirut was responsible for serving all areas of the country that weren't covered by the Bekaa branch Fund. This limited the reach of the Zakat Fund, and in 2003 the Dar al Fatwa decided to establish a series of branch Zakat Funds in other regions of the country.¹⁵⁸ In this way, the Zakat Fund in Lebanon underwent a pattern of regionalization shortly before the Palestinian Zakat Committees underwent a pattern of centralization.

¹⁵⁶ Cammett, 82

¹⁵⁷ Minor (unpublished), 13

¹⁵⁸ Minor (unpublished), 17

These branch Zakat Funds have had varying levels of success, but the Central Zakat Fund gradually transferred responsibility for activities in their respective regions to these branch Funds.¹⁵⁹ Initially there was regular coordination between the branch and Central Zakat Funds, but this coordination has gradually broken down, particularly due to political disputes between the Grand Mufti, the highest Sunni religious authority at the Dar al Fatwa, and religious leaders from the other regions. Two of the branch Zakat Funds (Bekaa and Saida) are now overseen by their own regional Dar al Fatwas. The rest of the branch Zakat Funds are technically still under the supervision of the central Dar al Fatwa in religious and financial matters, but in practice there is little to no cooperation, information sharing, or financial assistance between the central Zakat Fund and the different branches.¹⁶⁰ In this way, the practice of zakat has taken on a fairly geographically fragmented nature in Lebanon. While the poor coordination and support among Funds is an issue, this regionalization of zakat has some advantages in the Lebanese context. The creation of branch Zakat Funds has significantly expanded the reach of zakat aid, and seems to have expanded the financial resources of the Zakat Funds. As will be discussed later, local zakat payments are actually a substantial source of funding for both the branch and central Zakat Funds, in contrast to the West Bank.¹⁶¹

¹⁵⁹ Minor (unpublished), 20

¹⁶⁰ Minor (unpublished), 19

¹⁶¹ Minor (unpublished), 18

Discourse of the Lebanese Zakat Fund

The central and Branch Zakat Funds represent only one part of a larger group of Sunni, religiously-oriented social welfare organizations in Lebanon. In some ways, the Funds are in competition with much older, larger organizations like the Makassed Foundation and Dar al Aytam that also rely on their religious identity for support and legitimacy, perform some similar activities, and have some similar funding sources. To distinguish themselves, the Zakat Funds emphasize their unique identity as an *official* religious welfare organization affiliated with the Dar al Fatwa as well as their unique focus on zakat. (While Makassed and Dar al Aytam receive zakat payments, they do not have an explicit system for accepting zakat or ensuring that it is disbursed according to religious prescriptions).¹⁶² For this reason, the Lebanese Zakat Funds tend to place a much stronger emphasis on reviving the duty of zakat and strict adherence to zakat regulations in their activities and communications than is the case in the West Bank. They have launched a major advertising campaign to encourage payment of zakat that includes billboards, media campaigns, and occasional lectures.¹⁶³ In both their procedural documents and external communications, they require that each activity be categorized according to the eight Qur’anic beneficiary groups.¹⁶⁴ This stronger reference to religious regulations on zakat is reflected in the official goals of the Lebanese central Zakat Fund, as compared those of the West Bank Zakat Fund (see Table 3.2). The Lebanese Zakat

¹⁶² Minor (unpublished), 12

¹⁶³ Minor (unpublished), 16

¹⁶⁴ See Zakat Fund of Lebanon, “Application for Assistance,” (Beirut: Dar al Fatwa, n.d.); Minor (unpublished), 15

Fund also embraces the term “charity” (criticized by the West Bank Zakat Fund or being an outdated, ineffective model) and lacks the reference to terms associated with mainstream international development like “sustainable development” and “social development.”¹⁶⁵

The variation in the stated goals and discourse of these two zakat institutions demonstrates the dynamic nature of contemporary zakat institutions and the various strategies they adopt to establish themselves as legitimate social welfare organizations in their respective societies.

¹⁶⁵ “On the Fund-Goals,” Zakat Fund of Lebanon, accessed December 2012, <http://www.zakat.org.lb/about/objectives.aspx?file=Constitution>

Goals, West Bank Zakat Fund	Goals, Lebanese Central Zakat Fund
<ol style="list-style-type: none"> 1. Participate in fighting poverty and transition from social welfare to sustainable development 2. Educate citizens and encourage them to pay zakat 3. Build social solidarity among members of society 4. Help rehabilitate poor families so they can move out of social welfare and towards “social development” 5. Support income-generating activities to increase employment in underprivileged areas 6. Participate in securing access to health care for the poor and needy 7. Support and care for orphans 8. Support other activities of the Zakat Committees in accordance with national and religious law. 	<ol style="list-style-type: none"> 1. Strengthen and revive the duty of zakat, one of the foundational five pillars of Islam 2. Build social solidarity among Muslims in society 3. Collect zakat, charity, and donations from Muslims in Lebanon and abroad 4. Undertake charitable works as ordained by God 5. Distribute zakat to the legitimate groups described in the Qur’an 6. Distribute aid and charity to the needy 7. Educate Muslims about their religion and encourage piety

Table 3.2: Comparison of the West Bank and Lebanese Zakat Fund Goals Source: Palestinian Zakat Fund. (2013) “Vision.” And Zakat Fund of Lebanon. (2013). “On the Fund-Goals.”

Budget and Activities

The Lebanon Zakat Fund has a much smaller budget than the Palestinian Zakat Fund, reflecting its less dominant position among religious welfare organizations in Lebanon. In 2013, the central Zakat Fund had a budget of roughly 6.4 million USD.¹⁶⁶ The branch Zakat Funds in Lebanon typically have budgets between 100,000 and 500,000 USD per year, except for the Saida and Bekaa Zakat Funds which have budgets of roughly 1 million USD. Although the lack of coordination between these Funds means that there is no central repository of data, the total resources of the central and branch

¹⁶⁶ Zakat Fund of Lebanon, “Budget.” (2014: *internal document acquired directly from the Accounting office of the Zakat Fund of Lebanon*).

Zakat Funds for 2013 was between 10 and 13 million dollars.¹⁶⁷ This can be compared to the Lebanese Ministry of Social Affairs' (MoSA) National Poverty Targeting Program (NPTP); MoSA's new flagship relatively social assistance program that provides similar cash and in-kind assistance to poor and vulnerable households as the Zakat Funds. The budget of the NPTP is 9.3 million dollars, making it larger than any single fund, but smaller than all Funds cumulatively.¹⁶⁸

Like in the West Bank, many of the Lebanese Zakat Funds have witnessed substantial decreases in funding in recent years. The Central Zakat Fund saw its funding drop by 35 percent in the past four years, from 10 million USD in 2009 (see Figure 3.5).¹⁶⁹ Officials point to the global economic crisis, instability in Lebanon, and –more recently - diversion of funds to aid Syrian refugees to explain these declines in funding. The Zakat Fund has responded to these drops in funding by increasing their efforts to sensitize the population about zakat. Additionally, they have also sought to demonstrate the legitimacy and financial transparency of their organization by adherence to international standards. The Central Zakat Fund recently received certification from the International Standards Organization (ISO). According to officials at the Central Fund, they are the first Lebanese religiously-affiliated organization to receive this status.

¹⁶⁷ Minor (unpublished), 17-18

¹⁶⁸ The World Bank, "Better Living Conditions for Lebanon's Poorest." (Washington DC: World Bank Group, 2011)

¹⁶⁹ Zakat Fund of Lebanon. "Budget."

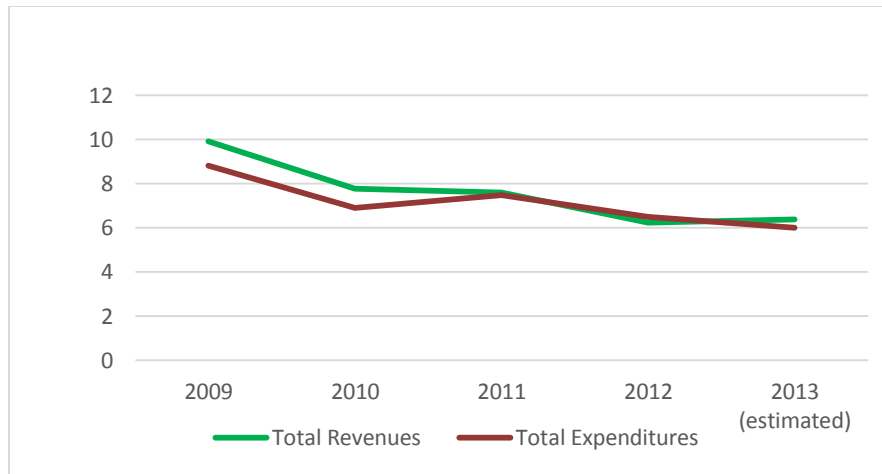


Figure 3.5: Central Zakat Fund Budget (USD Millions) Source: Zakat Fund of Lebanon (2014). “Budget.”

The central Zakat Fund estimates that roughly 30 percent of their funding comes from outside of Lebanon. Most of this comes as zakat from the substantial population of Lebanese living abroad and as conditional aid for orphan sponsorship from other Arab countries, particularly in the Persian Gulf.¹⁷⁰ The vast majority of the funding of the central Zakat Fund comes from zakat and conditional aid (see Figure 3.6), which officials state is also typically zakat.¹⁷¹ This is much different from the West Bank Zakat Fund and explains the Lebanese Fund’s stronger emphasis on sensitization on the duty of zakat.

¹⁷⁰ Minor (unpublished), 15

¹⁷¹ Zakat Fund of Lebanon, “Budget.”

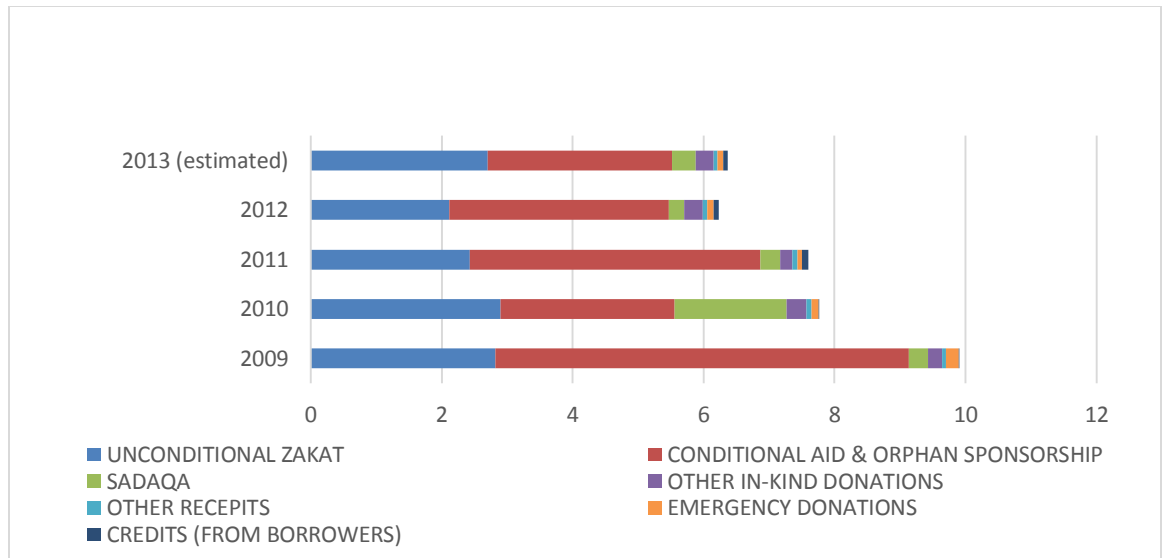


Figure 3.6: Central Zakat Fund, Revenues (USD millions) Source: Zakat Fund of Lebanon (2014). “Budget.”

International funding is highly limited among branch Zakat Funds, and the available data suggest that the branch Zakat Funds rely heavily on zakat payments from local individuals.¹⁷² Detailed information on the Bekaa Zakat Fund’s donors reveals that 55 percent of its donations during the 2012-2013 lunar year came from local individuals and were below 70 USD.¹⁷³ This sets the Zakat Funds apart from other non-state social welfare organizations in Lebanon that rely primarily on donations from elite, wealthy Lebanese families or from foreign donors. The branch Zakat Funds are very proud of the fact that their funding comes from their communities and goes back into their

¹⁷² Minor (unpublished), 17

¹⁷³ Bekaa Zakat Fund, “Statement of Names of Zakat Donors, 2012-2013,” (Bekaa: Dar al Fatwa-Bekaa, 2013)

communities, particularly because regional identity is highly important in Lebanon (often reflecting ethno-religious divisions).¹⁷⁴

Activities: Cash and In-kind Aid

The activities of the central and branch Zakat Funds in Lebanon closely resemble those of the West Bank Zakat Committees, with some meaningful variations. Direct provision of cash and in-kind aid accounts for three-quarters of all aid from the central Zakat Fund, particularly in the form of orphan sponsorship and regular cash and in-kind assistance to registered families (see Figure 3.7).¹⁷⁵ In fact, these are the only activities of some branch Zakat Funds. The central Zakat Fund provides regular aid to almost 1,200 households, and occasional aid to another 2,900 households. Additionally, it sponsors nearly 2,300 orphans. Combined, the branch Zakat Funds provide regular aid and orphan sponsorship to roughly 8,000 individuals (see Tables 3.3 and 3.4).¹⁷⁶

Regular aid to households consumes the largest proportion of the central Zakat Fund's budget (as compared to orphan sponsorship in the West Bank). The Fund provides 100 USD on average per month to families in need registered with the Fund, while branch Zakat Funds typically provide around 50 USD.¹⁷⁷ The Lebanese Zakat Funds have a similar process for selecting beneficiaries as the West Bank Zakat Committees, including an application and household visit.¹⁷⁸ However, except for one

¹⁷⁴ Minor (unpublished), 36

¹⁷⁵ Zakat Fund of Lebanon, "Budget."

¹⁷⁶ Lebanon Zakat Fund, "Yearly Report- 2011-2012," (Beirut: Dar al Fatwa, 2012)

¹⁷⁷ Minor (unpublished), 26 and 32

¹⁷⁸ Minor (unpublished), 29-30

branch Fund that has established a point-based need ranking system, the Lebanese Zakat Funds have a less standardized beneficiary selection system, and many rely on local figures and information systems to identify potential beneficiaries. As a rule, the Zakat Funds prioritize households without a male breadwinner, and some Funds explicitly include this as a condition for receiving aid.¹⁷⁹ This selection process is somewhat controversial in Lebanon; officials and other respondents cited complaints that it was overly invasive and complicated. However, zakat officials stressed that their nature as a zakat institution demanded a rigorous selection process: they have a religious obligation to ensure that they are distributing zakat only to rightful beneficiaries (according the eight categories described in the Qur'an). If they fail to do so, they are leaving the religious duty of zakat unfulfilled.¹⁸⁰ In this way, zakat regulations may create unique incentives for careful beneficiary targeting and selection processes that can exceed the standards of other organizations.

¹⁷⁹ Minor (unpublished), 33-34

¹⁸⁰ Minor (unpublished), 29

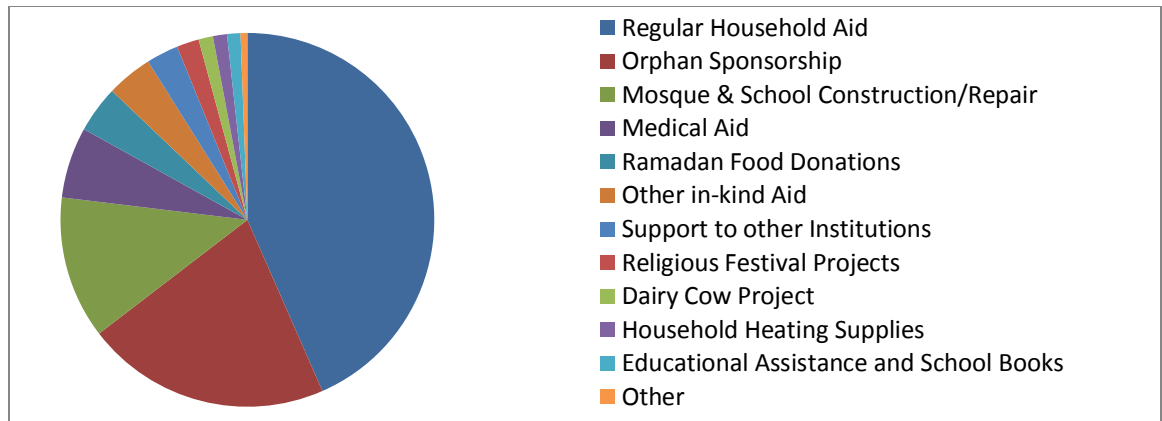


Figure 3.7: Lebanon Zakat Fund, Spending by Activity (2012) *Source: Zakat Fund of Lebanon (2014). "Budget."*

Activity	Number of Beneficiaries
Monthly Financial Aid	1182 families
Other Aid to Households	2847 families
Medical Aid	4533 patients
Religious Education	178 students
Other In-Kind & Food Aid	23001 families
Productive Grants	0 widows
Orphan Sponsorship	2583 orphans
Ramadan Food Donations	44212 fasting individuals
Food Donations for the Holiday of the Sacrifice	46935* individuals
Clothes Donations	8730 individuals
Dairy Cows	0 widows
School Books	8355 students
Quran Lessons	5080 students
Medical Center Patients	23021 patients
Mosque Repair & Construction Of Schools	7 mosques
Household Heating Supplies	1258 households

Table 3.3: Lebanon Zakat Fund, Beneficiaries by Activity *Source: Lebanon Zakat Fund. "Yearly Report- 2011-2012." (Arabic) Brochure. Beirut: Dar al Fatwa*

Zakat Fund	Total No. Beneficiaries	Amount, monthly cash aid	No. Beneficiaries, monthly cash aid	Year of Data
Zakat Fund Bekaa	19,476	\$50 families, \$50-100 orphans	2102 (1743 families, 359 orphans)	2012
Zakat Fund Saida	1,300	\$75	1300	2013
Zakat Fund Hasbiyeh	1,800	\$50	234 (214 families, 120 orphans)	2013
Zakat Fund Tripoli	11,000	\$33	1000	2013
Zakat Fund Minieh	1,000	\$35-50	1000	2013
Zakat Fund Akkar	5,000**	N/A	N/A	2008*
Zakat Fund Sur	31,284**	N/A	N/A	2008*
Zakat Fund Balbek/Hermel	2,680	N/A	N/A	2008*
Zakat Fund Dunieh	2,500	Ranges	1400	2013
Zakat Fund Qalamoun	1,661	\$60-families, \$25-orphans	148 (120 families, 28 orphans)	2013
Zakat Fund Mount Lebanon	1300	\$67-167	900	2013

Table 3.4: Lebanese Branch Zakat Funds: Beneficiaries and Aid Source: Minor (unpublished), 32

* Data from Lebanon Zakat Fund website, News and Events. <http://www.zakat.org.lb/News/>

**Includes duplicate beneficiaries

As in the West Bank, donors have some flexibility in the aid they provide to orphans, but the amount is typically between 50 and 100 USD for those orphans covered by the central Zakat Fund, and around 50 USD per month for those covered by the branch Zakat Funds (although some pay as little as 25 USD per month).¹⁸¹ The Zakat Funds seek to supplement this aid with activities like field trips, birthday celebrations, and rewards for good students, as a way to provide the kind of additional support a child receives from a typical household. Officials stress that they want to support a child's holistic development, not just their financial needs. This serves as the justification for a policy –

¹⁸¹ Minor (unpublished), 25 and 32

shared by the central and branch Zakat Funds – to only sponsor orphans who currently live with family members (whether their mother or other extended family). Officials state that orphanages do not provide the conditions necessary for good moral, social, and religious development, such that aid from the Zakat Funds cannot truly help these children.¹⁸² While many orphans do live with surviving family members, especially mothers, this policy leaves out a substantial number of children. This policy also points to the interesting relationship between the assistance provided by Zakat Funds and traditional family support systems, as will be discussed later.

Other Activities

Following aid to families and orphan sponsorship, the next largest activity (by budget) is repair and construction of mosques and schools. In the past, the central Zakat Fund only performed this construction work on mosques, suggesting the high priority the Fund places on mosques as essential local infrastructure. However, two communities recently asked the central Fund to construct two schools, which were then handed over to the Ministry of Education to equip and manage.¹⁸³ The continued prominence of mosque construction activities in Lebanon contrasts with experience of the West Bank Zakat Committees, as discussed previously. In fact, the Lebanese Zakat Funds continue to work closely with local mosques affiliated with the Dar al Fatwa to identify beneficiaries.¹⁸⁴

¹⁸² Minor (unpublished), 26

¹⁸³ Minor (unpublished), 28

¹⁸⁴ Minor (unpublished), 16

The Lebanese Zakat Funds are less active in social service provision than the West Bank Zakat Committees. This is perhaps because other religiously-oriented organizations have a long-standing, active presence in provision of health care and education. Currently, the central Zakat Fund and two branch Zakat Funds run small clinics that provide basic medical and dental services for a nominal fee, and free medicines (which are provided by the government).¹⁸⁵

The goals of the Lebanese Zakat Fund (above) suggest that it is more focused on the traditional zakat model of direct disbursement of aid, as opposed to income-generating activities. This is largely reflected in the actual activities of the central and branch Zakat Funds. The Central Zakat Fund has decided to stop providing interest-free loans given low success rates and concerns about how this aligned with regulations on zakat distribution. Some branch Zakat Funds have rejected the idea of loans entirely based on these concerns. The central Fund does have small projects that provide dairy cows to widows living in rural areas and tailor training and support for widows, but these represent a fairly small proportion of overall funding.¹⁸⁶

Conclusions and Comparisons

These case studies help highlight both the continuities and diversity of contemporary zakat institutions. In both the West Bank and Lebanon, zakat institutions are in an ongoing process of defining themselves in relation to other social welfare organizations, including governmental institutions, mainstream international development

¹⁸⁵ Minor (unpublished), 27 and 32

¹⁸⁶ Minor (unpublished), 28 and 33

institutions, or older, more established religiously-oriented institutions. This is a process faced by contemporary zakat institutions generally given their relatively recent appearance and unique nature as a religious organization guided by specific regulations, separate from general governmental social welfare programs but typically with some sort of official identity. The need to define clearly their role in the social welfare framework is made more important by varied threats and pressures to the funding sources of zakat institutions associated with international restrictions on financing for Islamic charities and economic instability. Additionally, zakat institutions must deal with inconsistent public support associated with a disconnect between official and public opinion on the nature of zakat institutionalization.

However, the very different strategies of the West Bank and Lebanese zakat institutions demonstrates the varied, complex ways that different zakat institutions deal with this struggle depending on their local context. The West Bank Zakat Fund provides an example of a zakat institution that has embraced some aspects of mainstream international development, and the tensions that emerge from this strategy. In contrast, the Lebanese Zakat Funds have sought to reaffirm their unique religious legitimacy in relation to other religiously-oriented social welfare institutions.

While the West Bank and Lebanese zakat institutions vary in their discourse and orientations, there is remarkable similarity in their activities and beneficiaries. This similarity extends to most other zakat institutions as well. As discussed in the previous chapter, zakat institutions focus primarily on the poor and the needy and identify as

poverty-alleviation organizations. Their role as such has helped establish their relevance in contexts of high need. Direct provision of cash and in-kind aid account for the vast majority of the West Bank and Lebanese zakat budgets via very similar programs: orphan sponsorship, regular aid to families, emergency and medical assistance, and donations around religious celebrations. As Table 3.5 shows, these activities tend to dominate the work of other zakat institutions across the Muslim world.

Country	institution	Information on distribution and collection
Algeria	Zakat Fund	Aid to poor families (cash yearly, 6mo, 3mo based on level of need). Also, investment: for interest-free loans, medicines, small enterprises. Aid reached 150,598 individuals in 2005, and the Fund completed 120 projects in 2009
Bahrain	Zakat Fund	Aid given to poor families, seasonal provision of food and other in-kind aid, sensitization activities on zakat and other religious duties
Bangladesh	Department of Zakat	Medical care to poor children; scholarships to poor & meritorious students; distribution of rickshaws, vans, sewing machines, cattle, and poultry to help alleviate poverty; construction of homes for the homeless; assistance to small businesses with start-up capital; and provision of disaster relief to stricken areas
Brunei	Majlis Ugama Islam Brunei (MUIB)	Zakat collected through representatives in local banks and mosques. Aid distribution: 83.2% to poor, 4.5% to workers, 4.8% to recent or potential converts, 11.6% to those in debt (2000-2010 average)
Egypt	Nasser Social Bank	Aid distribution: 23.1% humanitarian assistance, 15% direct grants to legitimate beneficiary categories, 10.7% to education, 5.8% to health, 3.9% to Dawa activities (2004-2008 average)
Indonesia	BAZNAS, UPZ, LAZ	Aid distribution: 12% to economic programs, 31% to health programs, 16% to education programs, 41% to humanitarian aid (2012)
Iraq	Zakat and Sadaqa Fund	Aid to poor, orphans, widows, sick people and young people who are financially unable to pursue an education or get married
Jordan	Zakat Fund	Aid distribution: 50% on orphans, 25% for regular aid to needy families, 10% to food aid, 5% to medical care

Table 3.5: Mission Statements of Zakat Institutions

Table 3.5 continued

Kuwait	Zakat house	Key projects include water and sanitation, relief projects, medical care, education, and training and income projects, in Kuwait and abroad
Lebanon	Zakat Fund	43% to poor households, 21% to orphans, 12% to mosque and school construction, 8% to Ramadan and food aid, 6% to medical care
Libya	Zakat Fund	Zakat is collected on livestock and crops and sent to the General Organization for Social Insurance and the Islamic Da'wa society for disbursement, after paying zakat administrators. 50% allocated for the poor and needy, 10% administrative, 30% to the Da'wa Society
Malaysia	zakat Majlis	Aid distribution:21% to extremely poor, 24% to poor, 9% to workers, 4% to Recent or Potential Conflicts, 1% to "unfree", 6% to debt, 36% to "in the cause of God", 12% to wayfarers,
Maldives	Zakat Fund	Follows the model of Qatar, Kuwait, and Malaysia . Aid used for cash and medical aid, educational grants for higher education domestically and abroad
Niger	Zakat and Endowments Board	Aid distributed to the destitute, the unemployed, teachers and pupils of traditional Qur'anic schools, as well as very low income earners
Oman	Zakat Fund	Aid provided directly to 8 legitimate beneficiary groups, used for printing Qur'ans and distributing religious materials
Pakistan	Department of zakat	Zakat distribution is managed by local committees, which focus on local projects for the poor. 17% to healthcare, 9% to administration, 31% to education, 43% to social safety nets (cash aid) (2010)
Palestine	Zakat Fund	Zakat committees collect funding from local citizens and businesses, the Central Fund manages zakat donations from abroad. Aid distribution: 61% of aid goes to orphans, 11% as regular aid to needy families, 6% as food packages, 5% as Ramadan projects, 4% as medical care
Qatar	Ministry of Awqaf and Islamic Affairs	Key activities include sensitization projects on zakat, regular social assistance, educational assistance, food aid, and other aid around religious holidays
Saudi Arabia	Department of Zakat and Income Tax	All Saudi and Gulf Cooperation Council Nation citizens and companies conducting business in Saudi Arabia pay zakat on commercial goods at the rate of 2.5%.. These Zakat revenues are automatically remitted to a special account allocated to spend on the needy and poor registered with Social Insurance Agency of Ministry of Social Affairs.

Table 3.5 continued

Senegal	Senegalese Zakat Fund	Aid to the needy, religious festivals, medical aid, access to water and sanitation, support for infrastructure (hospitals, school, orphanages, roads)
Sudan	Diwan al zakat	Mandatory zakat on invested cash and income, trade, and agriculture. Majority of aid goes to the poor and needy, primarily as direct cash aid, also to hospitals, wells, refugees, and nomads
Tunisia	Tunisian Zakat Association (ATZ)	Focuses on sensitization on the duty of zakat
United Arab Emirates	Zakat Fund	Provides aid to needy families, widows, the elderly and the disabled
Yemen	Department of Duties for Zakat	Mandatory collection of zakat does not expand to incomes, shares, deposits

The level of similarity in the activities of these zakat institutions is high enough that it suggests some sort of direct collaboration or emulation. The variation that exist in their activities relates to attitudes towards income-generating activities and loans, emphasis on explicitly religious activities like construction of mosques, and their role in direct social service provision. These variations stem from a variety of sources. They demonstrate some of the tensions experienced by zakat institutions as they engage in activities outside of the traditional zakat aid modality of direct distribution of cash and in-kind aid, and the shifting strategies and orientations of zakat institutions discussed above.

Additionally, they are also a reaction to local conditions and existing gaps in the social welfare framework.

Another important similarity of the West Bank and Lebanese Zakat institutions is the nature of the beneficiaries they target. Their main activities target individuals and households in situations where traditional family support systems have broken down, particularly cases where a male breadwinner is absent or can no longer provide for his family. In other words, zakat institutions tend to target categories of beneficiaries, rather than looking at empirical need as defined by income or other quantitative measures. This reflects the way the Qur'an defines the eight zakat beneficiary groups. Some officials describe this as a way of targeting those who are "below poverty" and argue that it is an important way to prioritize beneficiaries in contexts where the need is greater than their available resources.¹⁸⁷ Others explain that targeting beneficiaries in this way is simply a practical necessity in poor data environments: without reliable information on income and other resources, it is impossible or prohibitively expensive to conduct the kind of rigorous, means-tested methodology used by other institutions. However, other officials also explain that targeting beneficiaries based on the absence of family support systems is fundamental to the purpose of zakat institutions. They argue that family support systems are the foundation of the community, and that zakat institutions serve as a sort of safety net to protect social solidarity and stability when these systems break down. For example, the Bekaa Zakat Fund in Lebanon often provides regular financial aid to the elderly, but

¹⁸⁷ Rana Jawad, *Social welfare and religion in the Middle East: A Lebanese perspective*. (Bristol: Policy Press, 2009), 172

they will only do so if the elderly individual does not have children capable of supporting him. If he does, the Zakat Fund will actually work with the court system (which is affiliated with the Dar al Fatwa in civil matters) to require that child to support his father.¹⁸⁸

The West Bank and Lebanese zakat institutions also illustrate some of the unique incentive structures created by different zakat regulations. As discussed above, the religious imperative of giving zakat only to rightful beneficiaries as identified in the Qur'an encourages zakat institutions to establish rigorous application and selection mechanisms for beneficiaries. However, the Qur'an and hadiths also encourage a degree of privacy around zakat that impairs the development of a culture of evaluation and data transparency and sharing among zakat institutions. Those paying zakat are discouraged from discussing their payment, as bragging about it renders the act void.¹⁸⁹ For this reason, zakat institutions are typically wary of divulging information about their donors unless explicitly authorized to do so. Further, those disbursing zakat are commanded to hide the identity of zakat recipients as a way to preserve their dignity, particularly given that there is a degree of shame associated with begging and receiving charity in some passages of the Qur'an.¹⁹⁰ Zakat institutions in both the West Bank and Lebanon are highly protective of any information on beneficiaries. In Lebanon, the branch and central Zakat Funds even refuse to share information on beneficiaries among themselves, let

¹⁸⁸ Minor (unpublished), 34.

¹⁸⁹ Al Ghazali, 34

¹⁹⁰ Al Ghazali, 35

along other organizations. This has impaired coordination and duplication with other social welfare organizations.¹⁹¹

The Qur'an and hadiths also discourage recipients of zakat from discussing any dissatisfaction or problems with the aid they receive. Instead the recipients are supposed to conceal defects and exaggerate the gift, just as the one paying it is supposed to belittle it.¹⁹² This has the potential to significantly affect the ability and tendency of zakat institutions to evaluate the effectiveness of their assistance. None of the zakat institutions in the West Bank and Lebanon have any sort of culture of evaluation. The central Zakat Fund of Lebanon had to create a formal beneficiary complaint box at their headquarters as part of their ISO certification, but all others have only informal mechanisms for receiving complaints.¹⁹³ None of the institutions conducted evaluations of their activities. While the West Bank Zakat Fund has voiced an interest in establishing a results-based model, they have yet to institute any policies or recommendations for conducting evaluations and acknowledged that this would be difficult given attitudes among the Zakat Committees.¹⁹⁴

Finally, the cases of the West Bank and Lebanon demonstrate the potential of zakat institutions to develop a unique sense of legitimacy and support in comparison to other secular and even other religious social welfare organizations. The religious significance of zakat provided the framework needed to support the development of a

¹⁹¹ Minor (unpublished), 34-35

¹⁹² Al Ghazali, 65-66

¹⁹³ Minor (unpublished), 14

¹⁹⁴ Minor 2013, 26

network of zakat institutions across the West Bank in the absence of a central authority, thus addressing major gaps in social welfare. Even following the 2007 reforms, the fact that the Zakat Committees are based on a set of sacred principles continues to set them apart from the mass of NGOs that dominate the landscape of the West Bank, giving them a stronger sense of local legitimacy. Despite the fact that the Lebanese central Zakat Fund and especially the branch Zakat Funds are relative newcomers to the field of Sunni religiously-oriented social welfare organizations, they have been able to carve out a unique and important niche. In particular, their ability to rely on local donations from their communities distinguishes them from other non-state actors in the country. The importance of the zakat institutions in the West Bank and Lebanon is grounded in a combination of this distinctive source of public legitimacy, the scope of their actual activities, and also the value placed on formal zakat institutions by country governments and other official religious bodies. These factors will help zakat institutions continue to negotiate their place as important actors in the social welfare framework of their respective countries, and internationally.

Chapter 4: Zakat & Mainstream International Development

INTRODUCTION

The past several chapters have described the importance of zakat as an increasingly institutionalized, transnational practice that plays a unique and significant role in social welfare activities across the Muslim world. Given this importance and the widespread, resilient significance of zakat as a religious and philanthropic concept, it is essential that mainstream international development actors develop a better understanding of zakat institutions and how they fit into the social welfare framework. In some cases, this improved understanding could serve as the foundation for mutually-beneficial coordination between zakat institution and mainstream development actors.

This coordination could take a variety of different forms, depending on the context and the interests of the organizations involved. At the most basic level, it should include improved awareness of zakat institutions by mainstream development actors, including their activities, goals, and scope. This requires an attempt by mainstream development actors to seek out accurate information on the practice of zakat and the nature of specific zakat institutions, as well as an effort by zakat institutions to publicly distribute information that clearly communicates their goals and activities to a range of development actors. Beyond improved awareness, this coordination could include some degree of formal information sharing and communication between zakat institutions and development organizations – particularly related to activities and beneficiary groups – to minimize duplication in aid activities. In some situations where there is overlap in

activities, mainstream development organizations could pursue higher levels of coordination. This might include partnering with zakat institutions around specific projects. In some cases, it could extend to formal contracts where zakat institutions serve as implementing partners for mainstream development organizations, particularly in situations where the zakat institutions exercise a comparative advantage (for example, in terms of legitimacy among local stakeholders and access to local networks) and are in need of additional funding.

Coordination somewhere along this spectrum is in line with the interests of both zakat institutions and mainstream development organizations, and is essential to improving the effectiveness and efficiency of aid. Such coordination is highly important for the many zakat institutions that are in the process of negotiating their role in the social welfare and aid framework (as discussed in the previous chapter). Meanwhile, mainstream international development organizations have repeatedly affirmed their commitment to improving coordination with all development actors in recent years, particularly non-traditional development actors engaged in south-south cooperation,¹⁹⁵ like zakat institutions.¹⁹⁶ If these organizations hope to fulfil these commitments, they cannot afford to neglect the unique, widespread, and important role of zakat institutions.

¹⁹⁵ South-south cooperation refers to development cooperation between those countries in the “global south,” which generally includes developing countries. See United Nations Development Programme (UNDP). (2013). “Human Development Report 2013, The Rise of the South Human Progress in a Diverse World.” UNDP: New York. Available from

http://hdr.undp.org/sites/default/files/reports/14/hdr2013_en_complete.pdf

¹⁹⁶ See the High Level Forum on Aid Effectiveness, “The Paris Declaration on Aid Effectiveness and the Acra Agenda for Action,” OECD, <http://www.oecd.org/dac/effectiveness/34428351.pdf>, 117-118

While improved coordination between zakat institutions and mainstream development organizations is crucial to both to enhancing the effectiveness and efficiency of aid and to fulfilling the stated goals of mainstream development organizations, it is important to acknowledge that there are significant challenges to such coordination. In particular, we need to recognize that zakat institutions and mainstream international development organizations are rooted in different cultural and operational contexts and have unique objectives and missions. While there is some overlap between them, we must be careful not to impose the standards or goals of one group on the other, and to acknowledge the situations in which they conflict.

In this chapter I will explore some of these challenges as I analyze how zakat institutions fit into the mainstream international development framework and identify potential spaces for coordination. To do so, I will compare some of the stated goals and strategies of both groups. This includes mission statements and formal declarations from high-level meetings of mainstream international development organizations, as well as the goal statements of zakat institutions, religious texts, and formal fatwas. Information on the experience of zakat institutions from previous chapters will add some nuance to the analysis. This analysis will identify potential areas of overlap or conflict in the goals of both groups of institutions, and the methods they use to achieve those goals.

Following this analysis, it is necessary to examine the degree to which the activities of zakat institutions and mainstream international development organizations actually intersect. Coordination is important for organizations that engage in different,

but complementary aid activities, but it is essential for those that engage in the same kinds of activities with similar beneficiary groups. Lebanon and Palestine again serve as the case studies for this analysis, given the prominence of both international aid and zakat in both countries. Before exploring the potential for cooperation between zakat institutions and mainstream international development actors, however, it is necessary to describe the term ‘mainstream international development’ in greater depth.

MAINSTREAM INTERNATIONAL DEVELOPMENT

Mainstream international development refers to a group of development organizations and networks that began emerging around the end of World War II. It was during this period that governments – particularly those located in North America and Western Europe, started to dedicate substantial resources to raising the living standards of those in other countries.¹⁹⁷ The United Nations crystallized this goal in its charter; it pledged to promote “higher standards of living, full employment, and conditions of economic and social progress and development,” across the globe.¹⁹⁸ In 1960 the UN declared the “first development decade,” and governments began responding by establishing formal bilateral aid agencies.¹⁹⁹

Organizations based in North America and Western Europe largely continue to dominate the sphere of mainstream international development, particularly bilateral

¹⁹⁷ Religion and Development, 30

¹⁹⁸ See United Nations. (1945). “Charter of the United Nations.”

<http://www.un.org/en/documents/charter/chapter9.shtml>Chapter IX, Article 55.

<http://www.un.org/en/documents/charter/chapter9.shtml>

¹⁹⁹ Severine Deneulin, Masooda Bano, *Religion in Development: Rewriting the Secular Script*. (London: Zed Books, 2009), 30

governmental aid organizations that are part of the Organization for Economic Cooperation Development Assistance Committee (OECD-DAC), as well as multilateral organizations like the Bretton Woods institutions (the International Monetary Fund and the World Bank), which were formed at the end of World War II to enhance economic stability and exchange. Local and international non-governmental organizations (NGOs) also play an important role in mainstream international development, particularly as the organizations that implement projects funded by bilateral aid organizations (often referred to as ‘donor organizations’).

Among mainstream international development organizations, ‘aid’ is typically referred to as ‘official development assistance’ (ODA). According to the OECD-DAC, ODA must 1) be provided by an official agency, 2) be intended primarily to promote economic development and wellbeing in developing countries, and 3) be concessional in nature, with a grant element of at least 25 percent.²⁰⁰ Since 1970, development organizations have provided over 5.8 trillion dollars in ODA, a significant proportion of which was provided by just a few development organizations, particularly the World Bank and the United States Agency for International Development (USAID) (see Figure 4.1 below).

²⁰⁰ See “Official Development Assistance – Definition & Coverage,” Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), accessed March 2014, <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>

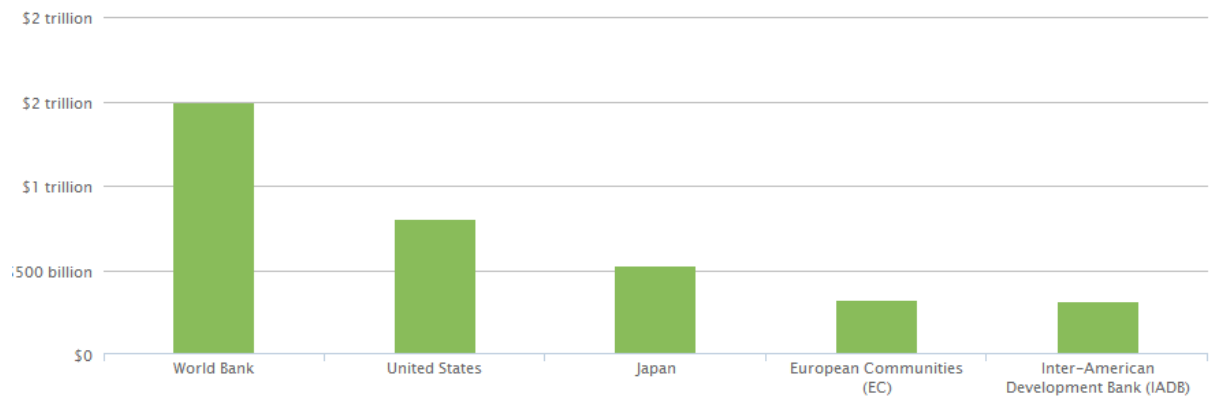


Figure 4.1: Top Donors, Official Development Assistance (1970-2014) *Source: AidData (2014).*

The OECD-DAC, in addition to multilateral organizations like the World Bank and the UN, has provided a framework through which mainstream international development actors can collaborate and shape the field of mainstream international development. This has included the elaboration of a distinct set of values, methods, and goals around aid that define mainstream international development as a discrete system. For this reason, membership in the OECD-DAC can be seen as an indicator of a country's participation in mainstream international development. Despite increasing discussion of emerging donors and south-south cooperation, this system has largely defined the meaning of international development.

In recent years, there have been many efforts to enhance coordination and partnership among development organizations. In 2000, UN member countries agreed to the Millennium Development Goals (MDGs), eight ambitious development goals that

span a variety of sectors and that countries were tasked to meet by 2015.²⁰¹ These goals have helped guide the activities of mainstream development organizations over the past several years, and have also provided a framework for further building consensus around different methodologies in aid.

Following the creation of the MDGs, development organizations organized a series of high-level meetings where participants agreed to a series of standards and best practices for improving the effectiveness and harmonization of aid and the accountability of aid organizations. The formal declarations that emerged from these high-level meetings are a valuable source of information on the shared goals and preferred strategies of mainstream international development actors. Among the most important are the Paris Declaration on Aid Effectiveness (2005), The Accra Agenda for Action (2008), and The Busan Partnership for Effective Development Cooperation (2012).

Locating zakat institutions in mainstream international development

Zakat institutions have not been a part of this network of mainstream international development actors, and it is not completely clear where they would fit within this network. In some ways, they appear to be religious charities, what mainstream international development actors might call faith-based organizations (FBOs). FBOs, especially Christian FBOs, are already highly active in the sphere of NGOs engaged in

²⁰¹ These goals include 1) eradicating extreme poverty and hunger, 2) achieving universal primary education, 3) promoting gender equality and empowerment, 4) reducing child mortality, 5) improving maternal health, 6) combatting HIV/AIDS, Malaria and other infectious diseases, 7) ensuring environmental sustainability, and 8) global partnership for development. See “Millennium Development Goals,” United Nations, <http://www.un.org/millenniumgoals/>

mainstream international development, especially as implementing partners for bilateral aid organizations.

However, unlike FBOs, zakat institutions are typically affiliated with the government in some way, or another official state body (as in Lebanon). They are also often involved in aid activities both domestically and abroad (except in particularly high-need places like Palestine, where zakat aid is only used domestically). In this sense, they resemble independent governmental agencies engaged in social welfare and development. At the same time, zakat institutions are usually separate from both the domestic social welfare bodies, as well as any official bilateral aid organizations in the country. Instead, zakat institutions are usually situated within the Ministry of Religious Affairs, or the Ministry of Finance. In this way, zakat institutions challenge some of our assumptions about the kind of actors engaged in social welfare.

Goals of Mainstream International Development Organizations

Enhancing social welfare and reducing poverty are basic, shared goals of zakat institutions and mainstream international development organizations alike. Like all development organizations, though, these objectives are situated within other objectives and priorities. To better understand the relationship between zakat institution and mainstream international development organizations and the potential for overlapping or conflicting objectives, it is helpful to conduct a closer comparison of each groups' respective objectives and strategies.

In general, mainstream development organizations rely on the assumption that aid ultimately improves the mutual well-being of both the recipient and the donor by enhancing stability and prosperity. This is concisely stated in the World Bank's mission statement "The World Bank has two ambitious goals: End extreme poverty within a generation and boost *shared* prosperity."²⁰²

The Accra Agenda for Action also summarizes the shared goals of mainstream development organizations: "We are committed to eradicating poverty and promoting peace and prosperity by building stronger, more effective partnerships that enable developing countries to realise their development goals..."²⁰³ From this goal statement we understand that in addition to poverty reduction, these development organizations are interested in promoting stability, and that the ideal method for doing so is by working through government systems and building government capacity. The mission statement of USAID helps further clarify this concern for stability. It states,

In an interconnected world, instability anywhere around the world can impact us here at home. Working side-by-side with the military in active conflicts, USAID plays a critical role in our nation's effort to stabilize countries and build responsive local governance; we work on the same problems as our military using a different set of tools.

Especially for bilateral aid agencies like USAID, political concerns are a central guiding factor in aid strategies. Like the military, bilateral aid agencies are a tool

²⁰² Author's emphasis. "About: Mission." The World Bank Group. Accessed March 2014, <http://www.worldbank.org/en/about>

²⁰³ High Level Forum on Aid Effectiveness. 114

governments use to mediate their relationship with other countries and their role in the international system.²⁰⁴ While USAID and other bilateral organizations seek to target those in need, their distribution of aid is also guided by foreign policy concerns, as USAID states explicitly.²⁰⁵

The Paris Declaration, Accra Agenda, and Busan Partnership focus on a set of best practices for mainstream development organizations. These have been expressed fairly consistently across all three documents and include 1) improving country ownership such that donors respect country priorities and make greater use of country systems, 2) focusing on and monitoring development results, 3) improving transparency and accountability in aid, and 4) building more effective and inclusive partnerships with all development actors.²⁰⁶ Although most organizations struggle to actually adhere to these strategies, they direct the procedures and strategies of mainstream development organizations. In this way, they provide a good foundation for evaluating how compatible or conflicting the strategies of mainstream development and zakat organizations are.

COMPARING GOALS

Due to the fact that contemporary zakat institutions have generally concentrated on the first two of the eight Qur'anic beneficiary groups – the poor and the needy – the

²⁰⁴ See Carol Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics*, (Chicago: University of Chicago Press, 2006) ; Ngaire Woods, *The Globalizers: the IMF, the World Bank and their Borrower*, Ithaca, New York: Cornell University Press, 2006).

²⁰⁵ “Where We Work,” USAID, accessed March 2014, <http://www.usaid.gov/where-we-work>. See also Sarah Babb, *Behind the Development Banks: Washington Politics, World Poverty, and the Wealth of Nations*, (Chicago: University of Chicago Press, 2009)

²⁰⁶ High Level Forum on Aid Effectiveness, 114-115 ; “The Busan Partnership for Effective Development,” OECD, accessed March 2014, <http://www.oecd.org/dac/effectiveness/Busan%20partnership.pdf>, 1

social welfare mission of zakat institutions is in fact closely aligned with that of mainstream international development institutions. As described in chapter two, this alignment is not a coincidence, but is rather due in part to the fact that some of the first proponents of reviving zakat institutions did so as part of an effort to demonstrate that Islamic systems could serve as an alternative to dominant “Western” systems. Like mainstream development organizations, religious text on zakat emphasize its potential to increase the prosperity and well-being of all members of society, including both donors and recipients. In this way, zakat is supposed to build a sense of social solidarity.²⁰⁷ Of course, zakat is primarily based on a set of religious values that are not present in the dominant, secular mainstream development discourse. First, from a theological perspective, zakat is primarily an individual religious duty affirming one’s absolute submission to God, as well as a way to purify one’s wealth. While it is also a mechanism for enhancing the welfare of the community, this is arguably a secondary objective from a theological perspective, and it is possible for some tension to exist between these two goals, particularly regarding the ultimate end-goal of zakat.²⁰⁸ In practice, zakat institutions tend to vary in their emphasis on zakat as an individual religious duty or social welfare mechanism, as seen in the cases of Lebanon and the West Bank.

However, zakat’s role as a religious duty does not necessarily put it in conflict with mainstream international development actors. Although the discourse of mainstream development organizations is very clearly secular, religion played an important role in the

²⁰⁷ Qadawi Vol. II, 169-173

²⁰⁸ Al Ghazali, 21

growth of what we now call mainstream international development, and as mentioned previously, FBOs like World Vision, Catholic Relief Services, Caritas, and others continue to play an important role in mainstream aid activity while maintaining their religious identity.²⁰⁹ USAID has a special center tasked with coordinating with FBOs and community initiatives and states explicitly that it does not discriminate against FBOs in selecting implementing partners. However, it does set forth specific regulations on FBOs contracting with USAID.²¹⁰ In particular, FBOs cannot use any USAID funding for ‘inherently religious activities,’ and cannot discriminate against actual or potential beneficiaries based on religion or religious beliefs.²¹¹ Organizations like World Vision “play the game” of mainstream international development by adhering to these rules and other best practice trends.²¹² For this reason, the key issue is not the existence of religious objectives or values, but rather how those objectives influence the actual strategies of zakat institutions.

In this regard, there are some areas of potential conflict between the religious values and regulations associated with zakat and the values and methodologies of mainstream international development organizations. These issues may complicate higher

²⁰⁹ See Deneulin and Bano, 12- 24 and 73-83

²¹⁰ See “Partnership Opportunities: Faith Based and Community Organizations,” USAID, accessed March 2014, <http://www.usaid.gov/partnership-opportunities/faith-based-community-organizations>

²¹¹ “Rule on participation by religious organizations in USAID programs,” USAID, accessed March 2014, <http://www.usaid.gov/work-usaid/partnership-opportunities/faith-based-community-organizations/usaid-rule-participation>

²¹² See “Who we Are,” World Vision, Accessed March 2014, <http://www.worldvision.org/about-us/who-we-are>

levels of coordination, especially if they are not addressed or understood. First, zakat primarily seeks to improve the welfare of the Islamic community (the umma). There is some debate on the question of whether or not zakat aid can be provided to non-Muslims at all. The majority opinion among scholars is that – outside of the “hearts are inclined” category that refers to recent or potential converts – zakat cannot be given to non-Muslims. This means that non-Muslims in the ‘poor and needy’ categories could not benefit from zakat. A more moderate opinion holds that zakat can be given to poor non-Muslims, but only if they do not threaten Islam and if there are no other Muslims who need the aid. However, some prominent religious scholars, particularly Yusuf al-Qardawi (see page 38), permit the distribution of zakat to poor non-Muslims under the sole condition that it does not harm Muslims. In any case, preference for Muslim beneficiaries in zakat does not imply that it is not important to provide for non-Muslims in need. Muslims are held responsible for assisting non-Muslims, especially Jews and Christians (the “people of the book”). It simply means that other mechanisms are used to do so, while zakat serves a more specific purpose.²¹³

Zakat institutions in the West Bank and Lebanon do not typically state explicitly that they will not give zakat to non-Muslims, but almost all of their recipients are Muslim. It is also not uncommon for the initial application and regular updates on children in orphan sponsorship programs to include information on the child’s religiosity

²¹³ Qardawi, vol. II. Pp 91-92

(although it is not clear how this information is used).²¹⁴ The issue of religious preference in selecting beneficiaries is particularly relevant in a religiously-diverse country like Lebanon. Most of the Lebanese Zakat Funds stated that they are willing to serve non-Muslims, but that only Muslims request zakat aid given the sectarian nature of Lebanese society. However, there are some interesting exceptions. For example, Christians make up almost eight percent of the beneficiaries of the Bekaa Zakat Fund, which covers a region with a ten percent Christian population.²¹⁵ This suggests a fairly open policy on beneficiary selection and perhaps some proactive action on the part of the Zakat Fund to target Christians, given the tendency for people to seek out services within their own religious community.²¹⁶

Outside of these exceptions, the tendency to favor Muslims in the selection of beneficiaries will limit the ability of zakat institutions to form formal partnerships with many mainstream international development organizations, particularly when operating in countries with significant religious diversity. It is likely that zakat institutions will not accept regulations on how they select beneficiaries, given religious prescriptions in this area. However, if mainstream international development organizations respect the religious justification behind this prioritization of Muslim beneficiaries, this should not impair other forms of coordination.

²¹⁴ Minor (unpublished), 30

²¹⁵ Minor (unpublished), 35

²¹⁶ For a discussion of sectarian-based social welfare activities, see Cammett

While contemporary zakat institutions place a strong emphasis on poverty reduction, they do also engage in ‘inherently religious activities,’ particularly construction and maintenance of mosques, Qur’an lessons, and other religious educational activities. As discussed previously, this sometimes accounts for a significant proportion of zakat institution budgets, as in Lebanon. However, USAID voices a clear respect for the religious activities of FBOs so long as USAID funding is not applied to such activities. For this reason, these activities should not inhibit the potential for any level of coordination with mainstream development organizations.

Similarly to the way that mainstream development aid, particularly that of bilateral donors, is integrated with larger foreign policy and military objectives, the Qur’an and Sunnah frame zakat aid as part of larger religious, political, and military objectives. However, the way that these objectives are integrated into zakat has the potential to create substantial challenges for coordination between zakat institutions and some mainstream development organizations. This is particularly true given the fact that, in today’s geopolitical context, the political and military objectives of dominant mainstream development actors like the United States are often in conflict with those of zakat institutions and their respective governments.

The final of the eight beneficiary categories of zakat, “in the cause of God.” is the main avenue for what we would consider political-military uses of zakat. The meaning of this category is debated by religious scholars. While some interpret it as any activities that improve the condition of Muslim communities (such as hospitals, roads, and

schools), other religious scholars hold that it refers only to *mujahidin*, or religious struggle. This can include militant activity so long as religious scholars feel that Islam is being threatened militarily by non-Muslims. Past fatwa have explicitly permitted use of such funds for military movements in places like Palestine, Afghanistan, and the Philippines.²¹⁷ Were zakat institutions to actually use the zakat money they collect to support militant activities in these areas, this would violate the regulations typical of mainstream development organizations and potentially even international law (given that it is highly possible that the groups they would support are considered terrorist organizations by some countries, especially those that dominate mainstream international development activity). However, there is no evidence that zakat institutions actually support any military activity, and increasing emphasis on financial transparency and high accounting standards makes it unlikely that any such support exists, particularly in the context of harsh anti-terrorist financing regulation, as discussed in the case of the West Bank.

Despite the absence of material support for such activities, it is likely that support for what are seen as religious struggles continues to be strong among zakat institutions. This includes religious struggles where dominant mainstream development actors like the United States are seen as supporters or the direct perpetrators of acts that threaten Muslims and Islam generally. Further, the Sunnah forbid associating zakat with groups

²¹⁷ “The Fatwas delivered by the First Symposium of Zakah Contemporary Issues (Held in Cairo Rabi` Al-Awwal 14, 1409 A.H. / October 25, 1988 A.D.” Accessed December 2014, http://www.zakatguide.org/english/fatwas_zakat_06.html

that are seen as harming Islam.²¹⁸ In the context of the War on Terror and drone strikes in Pakistan and other parts of the Muslim world, the ongoing Palestinian-Israeli conflict, and the aftermath of the Iraq and Afghanistan wars, the political climate between zakat institutions and the United States and its allies is highly charged. For these reasons, it may be preferable that efforts to establish higher levels of coordination with zakat institutions be conducted via multilateral organizations that are not directly associated with a single country's foreign policy

COMPARING STRATEGIES AND BEST PRACTICES

To better understand where zakat institutions fit into the framework of mainstream international development and the potential for coordination between the two groups, it is helpful to look beyond the goals of these organizations, to the strategies and best practices they use to achieve them. To do so, we can compare the four best practices of mainstream international development that emerged from the recent high level forums mentioned above (improving country ownership, focusing on and monitoring development results, improving transparency and accountability, and building more effective and inclusive partnerships) to the practices of zakat institutions that we have discussed in previous chapters.

A) Broad Partnerships

The last best practice of mainstream development organizations – broad partnership – is arguably the most important, because it deals with the actual interest of

²¹⁸ Qardawi vol II, 93

zakat institutions and mainstream development organizations in pursuing coordination. The Accra Agenda explicitly calls for development organizations to reach out to civil society actors and non-traditional partners, and describes the need to respect cultural diversity and local content. In particular, it tasks mainstream development organizations with improving coordination with civil society around government programs, enhancing civil society accountability for results, and improving information sharing on civil society organizations' activities.²¹⁹ While zakat institutions may not necessarily fit the definition of civil society, we can apply the principle of broad partnership to zakat institutions, given that they are non-traditional development actors that are distinct from dominant governmental social welfare and development agencies. In this way, assessing the potential for coordination with zakat institutions is itself very much in accordance with the stated objectives of mainstream international development organizations.

However, this also raises the question of whether or not zakat institutions are interested in building better partnerships with mainstream international development organizations. As discussed previously, it is important for zakat institutions to assert their importance in social welfare activities, particularly given the limited awareness of zakat institutions by mainstream development organizations. Additionally, in the face of suspicion about the connection between Islamic charities and terrorist financing, it is in the interest of zakat institutions to address misconceptions and demonstrate their identity as legitimate social welfare and aid organizations engaged in similar work as mainstream

²¹⁹ High Level Forum on Aid Effectiveness (2008), 118

development organizations. This is particularly relevant in contexts where prominent, internationally-designated terrorist movements exist, like Lebanon and Palestine. Doing so will help restore confidence among those individuals and donors abroad who might be discouraged from donating for fear of reprisals from increasingly strict anti-terrorist financing restrictions and will improve the international reputation of zakat institutions generally. These concerns were likely important factors behind the decision of the Organization of Islamic Cooperation (OIC) and the World Congress of Muslim Philanthropists to sponsor a UN forum in 2012 in which zakat experts discussed the potential to link zakat to the Millennium Development Goals (MDGs).²²⁰ While these limited kinds of engagement have not translated into substantial partnerships on the ground, they do demonstrate an interest in at lower levels of coordination.

Attitudes towards more advanced forms of partnership with mainstream development organizations are likely to vary among different zakat institutions. As mentioned in the last chapter, there is some existing, limited coordination between zakat institutions and mainstream development organizations in the West Bank, where UNRWA contracts with the major zakat hospitals for treatment of UNRWA-sponsored refugees. Additionally, the Lebanese Central Zakat Fund has periodically provided UN-funded vaccinations at its clinic.²²¹ Expanding this kind of coordination to include broader communication and partnerships around project implementation could provide

²²⁰ “News: Zakat's Potential Role in Accelerating Global Development discussed at the United Nations,” Organization of Islamic Cooperation (OIC), November, 2012, <http://www.oicun.org/9/20121119013818998.html>

²²¹ Zakat Fund of Lebanon, “Statement on Activities,” (Beirut, Dar al Fatwa: 2012)

valuable opportunities for additional financing for zakat institutions struggling with funding issues and persistently high levels of need. Partly as a result of these pressures, and also in an effort to gain greater acknowledgement of their role in social welfare, officials at the West Bank Zakat Fund have voiced interest in receiving funding from multilateral institutions like the UN.²²² Their willingness to accept these funds may also be influenced by the fact that zakat makes up a smaller proportion of their funding (as compared to general charity) than other institutions.

However, many other zakat institutions – especially those with more secure funding sources and more exclusive focus on upholding the religious duty of zakat – are not likely to express the same interest in higher levels of coordination, like serving as implementation partners. There is some disagreement even within the West Bank Zakat Committees on this matter. Zakat institutions might be worried about how receiving funding from non-Muslims or non-Islamic organizations affects their identity as a religious institution. However, if the development organization in question is not seen as harming Islam, this should not negatively affect interest in coordination around activities that does not involve exchange of funds.

B) Country Ownership

Understanding the implications of this best practice for coordination with zakat institutions requires looking separately at their domestic and international aid activities. In their domestic activities, zakat institutions are typically affiliated with the government

²²² See Minor (2013), 28

and can be considered an existing country system. In this way, greater coordination with zakat institutions would improve donors' use of country systems. The Accra Agenda focuses on an "open and inclusive dialogue on development policies" as an important step toward greater country ownership.²²³ Zakat institutions could play a valuable role in such dialogues.

In their international activities, zakat institutions typically work through their zakat counterparts in the recipient countries. The aid they provide primarily funds the existing activities of the zakat institution or is used to fund a specific project at the request of the recipient institution. In this way, transnational zakat aid often takes the form of what mainstream development organizations might call 'sector budget support.'²²⁴ In this way, country ownership can be seen as a shared strategy of both mainstream development organizations and zakat institutions, and greater coordination between them can even be seen as a strategy for helping mainstream development organizations meet their commitments to this goal.

C) Monitoring and Results-Based Management

There are substantial differences in the practices of zakat institutions and mainstream development organizations in the area of monitoring and evaluation. As discussed in the previous chapter, there is not typically strong a culture of evaluation among zakat institutions. This is likely in part due to religious prescriptions that encourage secrecy around zakat distribution and discourage beneficiaries from discussing

²²³ "The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action," 17

²²⁴ Minor (unpublished), 15 and Minor (2013), 28

defects of the zakat aid they receive.²²⁵ Zakat institutions in both the West Bank considered their financial audits to be sufficient forms of monitoring, and no institutions in the West Bank or Lebanon had conducted any evaluations of any projects. While zakat officials at these institutions expressed a concern for identifying effective procedures for meeting the needs of beneficiaries and using their limited resources in an efficient way, they did not seek to measure outcomes of their activities, or establish any systematic method for evaluating satisfaction of beneficiaries.²²⁶

While the question of, “what works in development?” has been the focus of many mainstream development organizations in recent years, it may be less relevant to zakat institutions for a variety of reasons. First, if the primary objective of zakat is to fulfil one’s religious duty to *pay* zakat, attention to collection of zakat may overshadow attention to the effectiveness of *zakat distribution*. The potential for this imbalance between the different goals of zakat is particularly evident in fatwas like the one that declares one’s zakat obligation fulfilled even if it is paid to a corrupt government that does not accurately distribute it.²²⁷ The imbalance is also evident in some of the literature from zakat practitioners. As discussed in chapter two, only two pages of the 486-page conference proceedings from the 1990 Zakat Conference in Malaysia discussed disbursement of zakat, while the rest examined various administrative structures and zakat collection issues.²²⁸

²²⁵ Al Ghazali, 34

²²⁶ Minor (2013), 26 and Minor (unpublished), 14 and 19

²²⁷ Qardawi vol I, 128

²²⁸ Islamic Development Bank, 44-47

In addition, the fact that the legitimate uses of zakat are already defined in the Qur'an means that the primary concern of zakat institution in distribution of aid is that they adhere to these Qur'anic uses, not necessarily that their aid achieves certain outcomes. This is distinct from mainstream development organizations that typically have to demonstrate the *results* of their activities to the donor organizations or legislatures that give them money. As discussed in the last chapter, this means that zakat institutions often have rigorous beneficiary selection processes to ensure that they are providing aid to legitimate beneficiaries. Some zakat institutions also consider tracking the aid provided to each of the eight Qur'anic beneficiary categories a form of monitoring.²²⁹ In this way, while reducing poverty and improving well-being of the legitimate beneficiary groups is an important goal of zakat institutions, the religious regulations around zakat do not necessarily provide strong incentive mechanisms for monitoring the effectiveness of activities at achieving these goals.

The lack of evaluation culture stands in stark contrast to the focus on results-based management among mainstream development organizations. (Results-based management refers to a strategy that requires development organization to set up clear monitoring, assessment, and reporting procedures towards clearly-defined development results.)²³⁰ Donor organizations typically require implementing partners to submit a results framework describing the connection between specific activities and clearly-

²²⁹ This is the case in Lebanon, as well as in Malaysia and Brunei. See Minor (unpublished), 15 and Thomson Reuters Islamic Research and Training Institute, *Islamic Social Finance Report 2014*, accessed April 2014, <https://www.zawya.com/islamic-finance/isfr/>. 50-51.

²³⁰ United Nations Development Programme (UNDP), "Results-Based Management Handbook," accessed March 2014, <http://www.un.org/files/UNDG%20RBM%20Handbook.pdf>. 7

defined, measurable outputs and outcomes.²³¹ These organizations place a preference on activities with a strong evidence base when designing and selecting programs for funding.²³² It will be difficult to shift attitudes and procedures around evaluation that are rooted at least in part in religious concepts, such as secrecy around zakat distribution. At the same time, the interest of zakat officials in finding effective, efficient ways to meet the needs of their beneficiaries suggests that there is potential to improve monitoring and evaluation practices. In situations where zakat officials do express a clear interest in building such mechanisms, as in the West Bank, this could represent a promising space for cooperation between mainstream international development actors and zakat institutions.²³³ The Paris Declaration explicitly calls on development organizations to help partner countries build their capacity for monitoring and evaluation and results-based management. Offering technical assistance in evaluation and monitoring could thus provide mainstream development organizations with an opportunity to build partnership and good-faith with zakat institutions, while maintaining their commitments within the Paris Declaration.

D) Transparency and Accountability

The nature of transparency and accountability among zakat institutions is complex. Transparency itself is an important value of many zakat institutions, and several

²³¹ See Independent Evaluation Group (IEG), “Designing A Results Framework For Achieving Results: A How-To Guide,” (Washington DC: World Bank, International Bank for Reconstruction and Development, 2012)

²³² See USAID, “Global Health Evidence Summits,” Accessed March 2014, <http://www.usaid.gov/what-we-do/global-health/summits>

²³³ Minor (2013), 26

institutions list it among their top values (see appendix). Zakat officials explain that their responsibility for upholding one of the pillars of Islam and helping individuals fulfill one of their basic religious duties gives them a strong sense of accountability, much stronger than typical social welfare and development organizations.²³⁴ While this of course does not bar the potential for corruption or mismanagement, it is a meaningful influence for many zakat officials. However, the nature of this accountability does not necessarily align with that of mainstream international development organizations.

One of the most important forms of accountability for zakat institutions is oversight by religious authorities to ensure that they adhere to religious regulations on zakat. Recent fatwa actually requires zakat institutions to have such religious oversight.²³⁵ Transparency for zakat institutions also means financial transparency, given the importance of avoiding corruption. As in Lebanon and the West Bank, it is common for zakat institutions to emphasize their dependence on regular audits performed by reputable, external agencies and their adherence to international standards for financial transparency.²³⁶ Another example of this transparency is the tendency to disclose the funding that goes towards employee salaries and administrative costs of zakat institutions. Religious regulations require that zakat institutions keep these costs below

²³⁴ Minor (unpublished), 29-30

²³⁵ “The Fatwas delivered by the First Symposium of Zakah Contemporary Issues (Held in Cairo Rabi` Al-Awwal 14, 1409 A.H. / October 25, 1988 A.D.,” accessed February 2014, http://www.zakatguide.org/english/fatwas_zakat_08.html

²³⁶ Minor (2013), 10, 25 and Minor (unpublished), 14

one-eighth of total funding.²³⁷ Zakat institutions also express a concern for transparency to those who pay zakat to them, although this takes different forms. At the least, it requires explaining the activities in which the institutions engage, and perhaps how much or what percentage of funds goes to each activity. Towards this goal, zakat institutions in Lebanon publish and distribute pamphlets on their annual activities.²³⁸ However, the religious regulations that encourage secrecy around the distribution of zakat also limit the willingness of zakat institutions to share information broadly, especially information on beneficiaries. Further, the religious imperatives for transparency do not provide clear support for transparency between zakat institutions and mainstream development organizations, as they are not engaged in fulfilling the religious duty of zakat. The West Bank zakat institutions have no formal information sharing mechanisms, including with other government agencies and ministries.²³⁹ Information sharing is arguably even more limited among the Lebanon zakat institutions, which do not even share beneficiary information amongst themselves.²⁴⁰

For mainstream international development organizations, transparency and accountability means not just establishing good financial management, but also public disclosure of aid data and good information sharing mechanisms between relevant

²³⁷ “Third Symposium on Zakah Contemporary Issues, Fatwas on Zakah, Kuwait, December 2,” Accessed February 2014, http://www.zakatguide.org/english/fatwas_zakat_08.html

²³⁸ Minor (unpublished), 19

²³⁹ Minor (2013), 33

²⁴⁰ Minor (unpublished), 19

development and social welfare actors.²⁴¹ These latter forms of transparency may be more difficult to achieve with zakat institutions. However, improved information sharing is also an essential – arguably the most important – step for enhancing coordination between zakat institutions and other social welfare and development organizations and ultimately improving the effectiveness and efficiency of aid. As discussed below, there is considerable overlap in the activities of zakat institutions and those of mainstream development organizations. Formal communication and information sharing is thus important to reduce duplication of efforts and promote exchange of knowledge between two highly important, different groups of development actors. It is thus a worthwhile endeavor to see how the existing value that zakat institutions place on transparency can be extended to support greater transparency with other development organizations, while maintaining respect for confidentiality of beneficiary information.

While there are some challenges to establishing higher levels of coordination between zakat institutions and mainstream international development organizations, these challenges are hardly insurmountable, especially if both groups understand and respect the unique goals and priorities of the other. Comparing the activities of mainstream development organizations and zakat institutions in Lebanon Palestine further highlights the importance of such coordination.

²⁴¹ See “About IATI,” International Aid Transparency Initiative (IATI) accessed March 2014, <http://www.aidtransparency.net/about> ; “About Us,” Publish What you Fund, accessed March 2014, <http://www.publishwhatyoufund.org/about-us/>

COMPARING ACTIVITIES

Given the fact that zakat institutions are religious organizations distributing aid according to the beneficiary categories described in the Qur'an, it seems natural that their activities would be much different from those of mainstream international development organizations. This assumption has fueled the tendency for zakat institutions to exist in isolation from other development and social welfare organizations. However, as discussed in previous chapters, contemporary zakat institutions developed in dialogue with secular development and social welfare systems and are extremely dynamic institutions that adapt to changing contexts. Further, they share similar goals of addressing extreme poverty and improving mutual well-being (although zakat institutions arguably have a more holistic view of well-being that includes religious and moral well-being). In this way, it should not be so surprising that there is considerable overlap in the activities and target beneficiaries of zakat institutions and mainstream development organizations.

To assess this overlap, I have analyzed aid data from USAID in Lebanon and Palestine alongside aid from the Zakat Funds in both countries. I selected USAID for this analysis because it has the most project data available (via the AidData database) and is a prominent actor in mainstream international development, as discussed previously. Figure 4.2 below depicts the ODA provided by USAID to Lebanon and Palestine in 2010, divided by the sector. Figures 4.3 and 4.4 depict Zakat Fund aid in both Lebanon and Palestine, also divided by kinds of activities. Project descriptions from the AidData

database provide additional insight into the nature of activities that USAID funded in Lebanon and Palestine.²⁴²

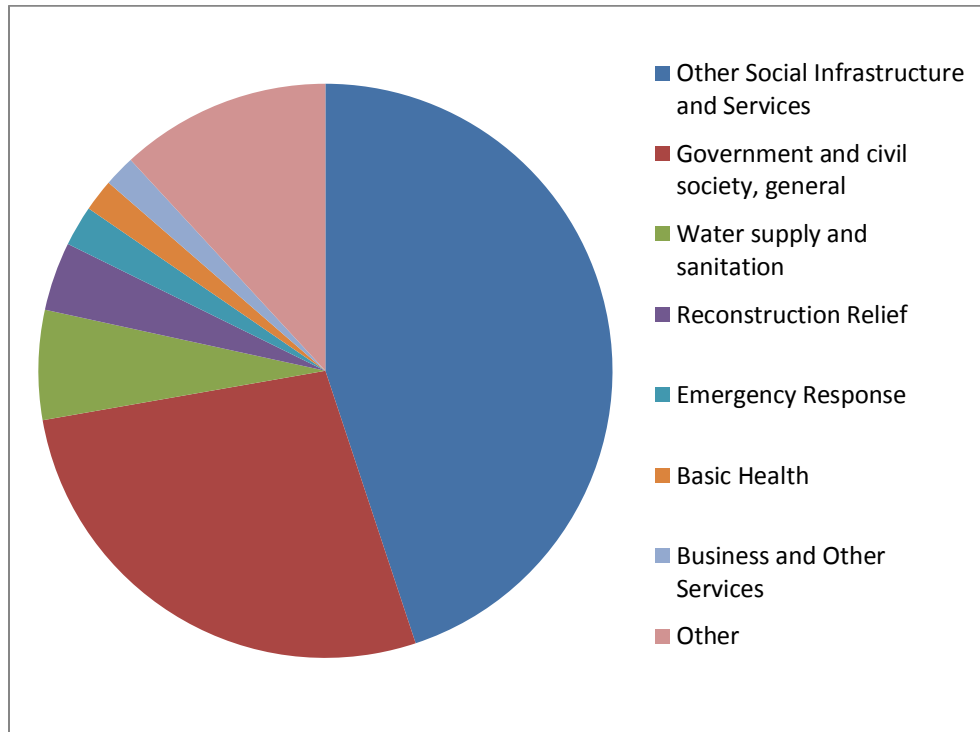


Figure 4.2: Budget by Sector, USAID in Lebanon and Palestine (2010) *Source: AidData (2014)*

²⁴² See “Analytical Dashboard,” AidData, accessed March 2014, <http://aiddata.org/dashboard>

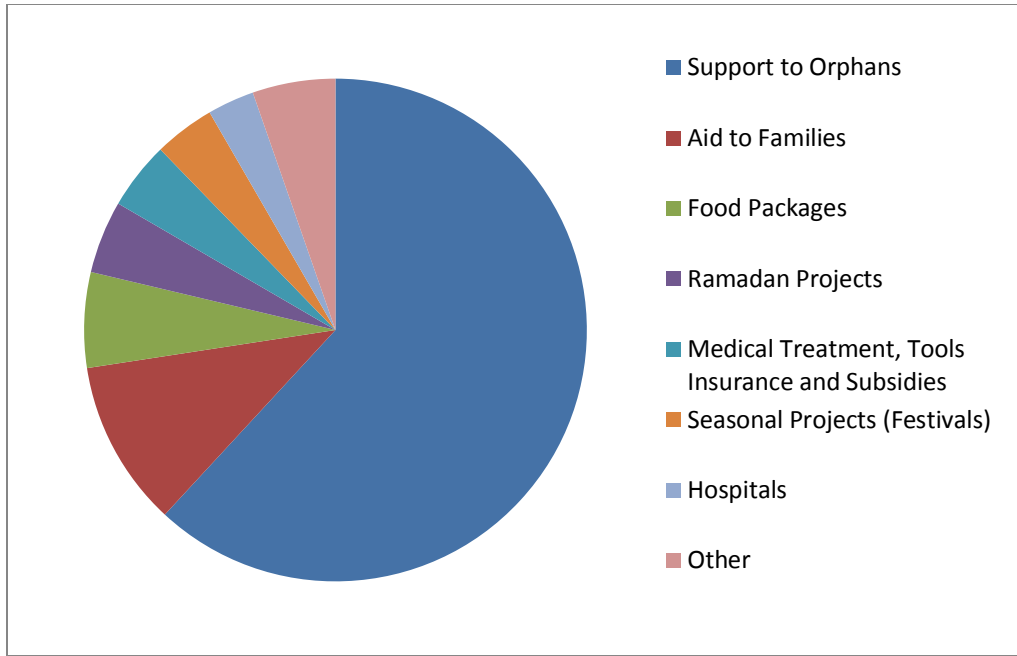


Figure 4.3: Budget by Activity, West Bank Zakat Fund (2011) Source: West Bank Zakat Fund (2012)

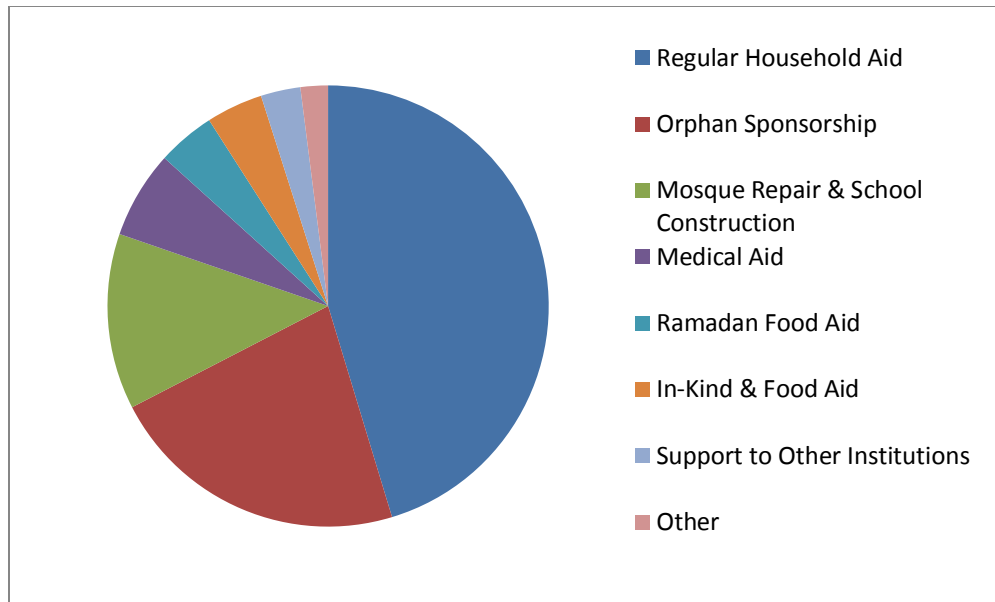


Figure 4.4: Budget by Activity, Lebanese Central Zakat Fund (2012) *Source: Central Zakat Fund of Lebanon (2013)*

From this data, we see that the “Other Social Infrastructure and Services,” sector receives by far the most funding from USAID (at 45 percent of total aid). Project-level data reveals that this category is made up of two kinds of projects. The first kind of activity is listed as cash or in-kind transfers to the poor, or those suffering from temporary shocks. The second category is described as assisting,

Special populations which may be vulnerable or at-risk on a temporary or chronic basis whose needs are not addressed under emergency humanitarian assistance or other programs. These include groups such as the disabled; orphans, children and at-risk youth; victims of trafficking; victims of gender-

based violence; refugees, returnees, ethnic minorities, internally displaced or other socially excluded groups; the elderly; and female heads of household.”²⁴³

Both of these activities are remarkably similar to the dominant activities of the West Bank and Lebanese Zakat Funds, specifically orphan sponsorship and regular aid to families (which combined make up 72.6 and 64.7 percent of total zakat aid in the West Bank and Lebanon, respectively). As discussed in the previous chapter, aid for orphans typically goes to what mainstream international development organizations call female headed households, and the aid to families targets households with elderly or disabled members, particularly in the absence of a capable male breadwinner. Further, this aid comes primarily in the form of cash and in-kind transfers. In this way, most of the aid from both zakat institutions and USAID is targeting similar populations with the same kinds of assistance.

The Reconstruction Relief and Emergency Response sector projects – which make up a combined 6 percent of USAID aid - provide education, health and food assistance to the victims of conflict and refugees. This is similar to the “In-Kind and Food Aid” category of the Lebanese Zakat Fund projects, which makes up roughly four percent of total funding. This aid is also provided on a one-time basis to those who suffer from shocks, emergencies, or conflict. The Zakat Funds’ “Household Supplies and Heating” aid –which accounts for 1.2 percent of zakat aid - targets similar beneficiaries, particularly refugee and displaced populations that lack basic household necessities and

²⁴³ See Analytical Dashboard,” AidData, accessed March 2014, <http://aiddata.org/dashboard>
<http://aiddata.org/dashboard>

heating. The West Bank Zakat Funds have a similar emergency aid fund, but this accounts for a smaller percentage of total aid.

Health projects also make up a substantial proportion of the budgets of both USAID and the zakat institutions. The kind of health aid they provide differs; USAID's health projects focus on containing public health threats and nutrition, while the zakat institutions typically provide grants to cover treatment costs for specific individuals in need, or direct care at clinics and hospitals. However it is likely that many of the health activities of USAID and the zakat institutions are complementary. Water and Sanitation is another major sector for USAID projects in Lebanon and Palestine. While not major activities of the Lebanon or West Bank Zakat Funds, water and sanitation projects are common among other zakat institutions, particularly given scarce water resources in that region and the religious importance of water.²⁴⁴

The two biggest differences between the aid activities of USAID and the zakat institutions are USAID's support for the Government and Civil Society sector, and the religious activities of the zakat institutions, specifically mosque construction by the Lebanese Zakat Fund. The Government and Civil Society sector projects primarily involve capacity building and training projects for government agencies and civil society groups. This is not an activity performed by zakat institutions, although there may be potential for USAID to provide capacity building and training *to* zakat institutions, particularly in the area of monitoring and evaluation, as discussed previously.

²⁴⁴ "What We Do: Distribution," World Zakat Foundation. Accessed February 2014, http://www.worldzakatfoundation.org/home_english.htm

Based on this data, it appears that the bulk of aid from zakat institutions and USAID in Lebanon and Palestine funds overlapping or complementary activities. In the absence of formal communication and information sharing, this suggests that there is considerable potential for duplication of aid. Such duplication can mean overconcentration of certain types of aid among some populations, while other populations remained unserved or underserved. In this way, lack of coordination between zakat institutions and mainstream development organizations may be negatively affecting both the efficiency and effectiveness of both zakat and mainstream aid. Similarly, these organizations may be missing opportunities for valuable partnerships that improve the complementarity of aid and take advantage of the unique comparative advantages of both groups. For example, USAID food aid to displaced populations could be coordinated with provision of household and cooking supplies from zakat institutions. Additionally, zakat institutions might have a comparative advantage in reaching remote populations given their unique religious legitimacy and the existence of local networks through mosques and the “mukhtar” system discussed in the previous chapter.

Conclusion

It is important not to underplay the significant challenges that mainstream development organizations and zakat institutions may face as they seek to improve coordination. In many cases, political differences are likely to complicate higher levels of direct coordination between many zakat institutions and bilateral development organizations. This is particularly true given the religious imperatives associated with the

“in the cause of God” zakat beneficiary category and religious injunctions against associating zakat with those who harm Islam. Further, some zakat institutions may be wary of directly receiving money from non-Islamic organizations zakat institutions, especially those that place a stronger, more exclusive focus on their role in revitalizing the religious duty of zakat. Other practices, like preference for Muslim beneficiaries and limited evaluation mechanism, may further limit the potential for partnerships around specific projects. However, these challenges will not apply in every case and should not bar lower levels of coordination, or coordination via multilateral organizations.

One of the more significant challenges will involve zakat institutions’ reluctance to share information with outside groups. Communication and information sharing is essential to help reduce the potential for duplication in aid. That being said, transparency is a key value of most zakat institutions, and this value could be expanded to include transparency with a broader group of development actors. Similar issues that affect willingness to share information could also prevent zakat institutions from meeting the monitoring and evaluation requirements that might be necessary with implementation partnerships. However, interest in identifying more effective, efficient activities on the part of zakat officials may mean that monitoring and evaluation could provide a space for technical assistance from mainstream development organizations that could build trust and partnership.

In the end, these challenges are also not so great that they should dissuade policy makers and practitioners from pursuing varying levels of coordination, whether this takes

the form of lower levels of coordination, such as increased awareness and release of public information or formal communication and information sharing mechanisms; or higher levels of coordination, such as partnerships around specific activities; or contracted implementation partnerships. Given the scope of zakat aid internationally, its institutionalized nature, and focus on poverty reduction, mainstream international development organizations cannot continue to dismiss zakat institutions or to assume that they exist in a separate sphere of aid activity. As the sector distribution of USAID and zakat aid in Lebanon and Palestine demonstrates, there are considerable areas of overlap between zakat aid and mainstream development aid. Any level of coordination will help zakat institutions secure their place in the social welfare framework in the region, help mainstream development organization meet their commitment, and generally improve the effectiveness and efficiency of aid.

Conclusion: Continuing the Dialogue

The fact that zakat is enshrined among the five pillars of Islam gives it a timeless significance and legitimacy across the Muslim world. At the same time, however, zakat is a highly dynamic practice that has and will continue to evolve with changing socio-political and economic contexts. Zakat practice has undergone a constant process of revitalization and reinterpretation since its first manifestations in the 7th century. We are currently witnessing such a process of revitalization of zakat. Zakat has become a transnational, institutionalized practice providing several billions of dollars of aid every year. Over the past three or four decades, 29 out of the roughly 45 countries with a Muslim population of 60 percent or greater have established formal, national institutions for collecting and distributing zakat. The initial wave of zakat institutions occurred in the late 1970s to the late 1980s, but a second wave has developed in the past 15 years. Most of these institutions are enshrined in law as official institutions somehow affiliated with national governments.²⁴⁵ There have also been increasing efforts to establish transnational coordination among zakat institutions, which has taken the form of financial flows, coordination, and exchange. This coordination culminated in the establishment of the International Zakat and Waqf Foundation in Malaysia in 2012, which seeks to serve as an umbrella organization and global fund for zakat across the Muslim world.²⁴⁶

²⁴⁵ See Appendix 1

²⁴⁶ This foundation is functional, but does not yet appear to be active in zakat collection or distribution, and has minimal participation from governments outside of Malaysia. See “Who We Are.” International zakat and Waqf Foundation. http://www.worldzakatfoundation.org/home_english.htm

Although rooted in religious regulations found in the Qur'an and hadiths, contemporary zakat practice has been shaped by 20th century Islamic revivalist movements and has developed in dialogue with dominant secular social welfare systems.²⁴⁷ In particular, contemporary zakat has taken on the shape of a highly institutionalized practice focused on poverty alleviation. This interpretation of zakat practice is at times in tension with other religious objectives of zakat, which emphasize zakat as an individual religious duty that demonstrates one's absolute allegiance to God through a willingness to give up material wealth, rather than a social duty.²⁴⁸ This tension is evident in the hesitation of individuals to pay their zakat to formal, governmental zakat institutions, as well as in contemporary zakat institutions that vacillate between a focus on the act of paying zakat and the social impact of zakat distribution.²⁴⁹ Although contemporary zakat institutions are primarily framed as poverty alleviation systems, it is important that observers do not ignore these tensions or the more complex religious and social objectives of zakat.

Contemporary zakat institutions must navigate these tensions and other challenges as they seek to define themselves in relation to other religious and social welfare organizations domestically and internationally. In addition to the fact that many of these institutions are relatively new, they challenge some of the typical categories of religious

²⁴⁷ Revivalist figures like Sayyid Qutb and Abul A'la Maududi were particularly important in efforts to revitalize zakat practice as part of a larger movement to establish a comprehensive Islamic political and economic system. See Sayyid Qutb, *Social Justice in Islam* (Washington DC: American Council of Learned Societies: 1953); Abul A'la Maududi, *The First Principles of Islamic Economics* (translated by Ahmad Imam Shafaq Hashemi) (Leicestershire, United Kingdom: The Islamic Foundation, 2011).

²⁴⁸ Al Ghazali, 21

²⁴⁹ See Guermat, al-Utaibi, and Tucker, 5; Minor (2013), 27; Minor (unpublished), 37.

and social welfare organizations. At first glance, their religious nature and social welfare activities seem to place them in the category of religious charities. Unlike religious charities, though, zakat institutions are typically official government institutions with a more specific mission than other charities (to collect and distribute zakat). However, they are also usually separated from regular government social welfare and aid agencies. This unique status of zakat institution can make it difficult for them to assert their role in the social welfare framework, or to establish coordination with charities, aid organizations, or other governmental institutions.

Zakat institutions in different countries vary significantly in how they navigate these challenges. This is evident in the cases of the West Bank and Lebanese zakat institutions, which have developed in reaction to the unique socio-economic environments and social welfare frameworks in both countries. In particular, the West Bank Zakat Fund has undergone a process of increasing centralization of zakat and embraced some of the values and methods of mainstream international development to assert their reputation as a transparent, effective, modern social welfare institution. The Lebanese Zakat Funds, on the other hand, have become increasingly decentralized in response to social and regional divisions in the country. Additionally, they place a stronger emphasis on their official religious status and strict adherence to Qur'anic regulations to assert their legitimacy vis-à-vis the myriad of other religiously-oriented social welfare organizations in Lebanon.

Despite these differences, there are remarkable similarities across zakat institutions, particularly regarding activities and beneficiaries. Direct provision of cash or in-kind aid tends to dominate the budgets of zakat institutions. They typically target beneficiary groups that are “below poverty,” particularly where typical family support systems have broken down.²⁵⁰ This includes orphans, widows, single mothers, the elderly, and disabled. The preference for direct provision of aid is rooted in religious regulations that require ownership of zakat aid to pass fully to the beneficiary, as well as restrictions on investment of zakat money.²⁵¹

Throughout this process of reinterpretation, institutionalization, and negotiation, the goals and activities of zakat institutions have become increasingly aligned with those of mainstream international development organizations. In many ways this is the result of Islamic revivalist influences that sought to present zakat as an alternative to dominant “Western” influences. As discussed in Chapter Four, both mainstream international development organizations and zakat institutions seek primarily to alleviate poverty and to enhance mutual well-being. Assumptions about the inherent differences between zakat institutions and mainstream development organizations, as well as the formers’ somewhat ambiguous position in typical social welfare organization categories have contributed to the isolation of zakat institutions and undermined coordination.

²⁵⁰ Jawad, 172

²⁵¹ “Fatwas on Zakat: Distribution of Zakat.” Masjid Council for Community Advancement. Accessed October 2013, http://www.zakatguide.org/english/distribution_zakat.html

However, many of these assumptions are misguided. The “charity” of zakat institutions actually closely resembles the kind of conditional and unconditional cash transfers that are increasingly popular within mainstream international development.²⁵² The social service provision and relief activities of zakat institutions also align closely with those of mainstream development organizations, and religious principles that assert the *right* of zakat beneficiaries to zakat aid resemble the human rights based approach to development pursued by mainstream development organizations.²⁵³ Analysis of USAID and zakat aid distribution in Lebanon and Palestine underlines the remarkable similarity in the kind of aid and target populations across mainstream development organizations and zakat institutions: the majority of their aid was being used for the same activities among the same groups of beneficiaries.²⁵⁴

Given this level of overlap and the importance of zakat aid internationally, it is essential that more efforts be taken to establish coordination between zakat institutions and mainstream international development organizations. In addition to their control over billions of dollars of aid, zakat institutions have unique comparative advantages in aid that make them important players in international development activity: they tend to enjoy a unique sense of religious and local legitimacy rooted in the widespread, resilient

²⁵² See “Cash Transfers and Safety Nets.” The World Bank, accessed April 2014, <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTSAFETYNETSANDTRANSFERS/0,,contentMDK:22190222~pagePK:210058~piPK:210062~theSitePK:282761,00.html>.

²⁵³ See “Human Rights Based Approach to Development Programming (HRBA),” United Nations Development Group, accessed April 2014, [http://www.undg.org/content/programming_reference_guide_\(undaf\)/un_country_programming_principles/human_rights-based_approach_to_development_programming_\(hrba\)](http://www.undg.org/content/programming_reference_guide_(undaf)/un_country_programming_principles/human_rights-based_approach_to_development_programming_(hrba))

²⁵⁴ See page 90-91

significance of zakat as a religious duty. They also have access to an exceptional source of financing and can often reach diverse populations through their connections to deeply-rooted local social and religious networks.

Coordination between zakat institutions and mainstream development organizations could come in the form of lower levels of coordination, such as increased awareness on the part of mainstream actors and release of public information on the part of zakat institutions. At a slightly higher level, it could take the shape of formal communication and information sharing mechanisms. Higher levels of coordination could include partnerships around specific activities or contracted implementation partnerships.

There are certainly challenges to such coordination, particularly regarding information sharing practices and evaluation standards of zakat institutions, as well as political-religious tensions. However, these challenges should not prevent some level of coordination, particularly given that such coordination is in line with the goals and interests of both sets of organizations. Coordination will help zakat institutions assert their position in the social welfare framework domestically and internationally, enhance their international reputation for transparency, provide them with valuable technical assistance, and address the funding difficulties faced by several zakat institutions. Coordination will also help mainstream international development organizations meet their goals for broad partnership and use of country systems and allow them to benefit from the comparative advantages of zakat institutions. By addressing duplication and

enhancing complementarity of aid, this coordination will ultimately serve the shared goals of both organization of alleviating poverty and improving social solidarity.

The first step towards improved coordination is to create a dialogue between two sets of institutions that have largely operated in isolation, and which often speak very different languages, one that is inherently religious and the other that is self-consciously secular. That has been the objective of this thesis. It seeks to initiate a dialogue built on an understanding of zakat as a complex, dynamic concept that is rooted in enduring religious principles, but that has also been shaped by modern systems, ideologies and socio-economic conditions. It has provided the foundation for a critical examination of the areas of potential coordination and potential conflict between zakat institutions and mainstream international development organizations that examines both groups through their own stated goals and missions. This dialogue should be continued by zakat and development practitioners in both formal and informal arenas, followed by experimentation with various levels of coordination that can serve as a foundation and model for future, more substantive collaboration between zakat institutions and mainstream development organizations.

Appendix A:

Matrix of Zakat Institutions Across the Muslim World

Full Zakat Institution Table, Part I

Country	institution	Established	Governmental Affiliation	Voluntary
Algeria	Zakat Fund	2003	Ministry of Awqaf & Religious Affairs	yes
Bahrain	Zakat Fund	1979	Council of ministers has some powers	yes
Bangladesh	Department of Zakat	1982	Ministry of Religious Affairs	yes
Brunei	Majlis Ugama Islam Brunei (MUIB)	1984	Ministry of Religious Affairs	Yes
Djibouti	Diwan al zakat	2005	Affiliated with Ministry of Awqaf & Culture	Yes
Egypt	Nasser Social Bank	1971	Fully autonomous, public organization. But under the control of the Central Bank, with supervision by the Ministries of the Treasury and Social Insurance	Yes
Gambia	Zakat Centre	2010	Gambia Supreme Islamic Council (GSIC)	Yes
Indonesia	BAZNAS, UPZ, LAZ	2004	Ministry of Social Affairs	Yes
Iran	paid to Imams, through religious charitable "bonyads," the largest of which is Bonyad-e Mostazafin		None	Yes
Iraq	Zakat and Sadaqa Fund	2013	Diwan al Waqf al Sunni	Yes
Jordan	Zakat Fund	1988	Ministry of Awqaf and Religious Affairs	Yes
Kuwait	Zakat house	1982	Ministry of Awqaf and Religious Affairs	Primarily
Kyrgyzstan	Institute of Zakat Payment	2013	Established by Mufti	yes
Lebanon	Central Zakat Fund & Branch Zakat Funds		Dar al Fatwa (the official Sunni civil authority, because the 1984 government is secular & confessionalist)	yes
Libya	Zakat Fund, under new law from 2012	1971, with a new law in 2012	Ministry of Islamic Affairs	Mandatory
Malaysia	zakat Majlis	1980	(significant variation across) managed at the state level by the State Islamic Affairs Council	mandatory
Maldives	Zakat Fund	2012	Ministry of Islamic Affairs	yes
Morocco	planning national zakat fund (for 2014)	2014	Ministry of Awqaf and Religious Affairs	yes
Niger	Zakat and Endowments Board	2001	Sharia Commission	
Oman	Zakat Fund	2001	Ministry of Religious Affairs and Religious Affairs	yes
Pakistan	Department of zakat	1980	Ministry of Finance	Mandatory on certain kinds of wealth
Palestine	Zakat Fund and	2007	Ministry of Religious Affairs	yes

Zakat Committees			
Qatar	Ministry of Awqaf and Islamic Affairs	1995 Ministry of Awqaf and Religious Affairs	yes
Saudi Arabia	Department of Zakat and Income Tax	1979 Ministry of Finance	Mandatory
Senegal	Senegalese Zakat Fund	2009 None	yes
Sudan	Diwan al zakat	1980 Ministry of Guidance and Direction	Mandatory
Tunisia	Tunisian Zakat Association (ATZ)	2012 none, but calls for a governmental zakat fund	yes
United Arab Emirates	Zakat Fund	2003 Ministry of Religious Affairs	yes
Yemen	Department of Duties for Zakat	1975, revised in 1999 Administration of Duties	Mandatory

Full Zakat Institution Table, Part II

Country	Information on distribution and collection	Amount (USD)
Algeria	Aid to poor families (cash yearly, 6mo, 3mo based on level of need). Also, interest-free loans, medicines, small enterprises. Aid reached 150,598 individuals in 2005, and the Fund completed 120 projects in 2009	3.5 million (2009)
Bahrain	Support for poor families, seasonal provision of food and other in-kind aid, sensitization activities on zakat and other religious duties	2.3 million aid to families
Bangladesh	Medical care to poor children; scholarships to poor & meritorious students; distribution of rickshaws, vans, sewing machines, cattle, and poultry to help alleviate poverty; construction of homes for the homeless; assistance to small businesses with start-up capital; and provision of disaster relief to stricken areas	unknown
Brunei	Zakat collected through representatives in local banks and mosques. 83.2% to poor, 4.5% to workers, 4.8% to recent or potential converts, 11.6% to those in debt (2000-2010 average)	13.8 million (2010)
Djibouti	unavailable	516,329 (2012)
Egypt	23.1% humanitarian assistance, 15% direct grants to 8 Qur'anic beneficiary categories, 10.7% to education, 5.8% to health, 3.9% to Dawa activities (2004-2008 average)	unknown
Gambia	unavailable	
Indonesia	12% to economic programs, 31% to health programs, 16% to education programs, 41% to humanitarian aid (2012)	231.6 million (2012)
Iran	unavailable	
Iraq	Aid to poor, orphans, widows, sick people and young people who are financially unable to pursue an education or get married	unknown
Jordan	50% on orphans, 25% for regular aid to needy families, 10% to food aid, 5% to medical care	29 million (2011)
Kuwait	Key projects include water and sanitation, relief projects, medical care, education, and training and income projects, in Kuwait and abroad	115 million (2012)
Kyrgyzstan	unavailable	
Lebanon	43% to poor households, 21% to orphans, 12% to mosque and school construction, 8% to Ramadan and food aid, 6% to medical care	11-13 million (2012)
Libya	Zakat collected on livestock and crops & sent to the General Org for Social Insurance and the Islamic Da'wa society for disbursement, after paying zakat administrators . 50% allocated for the poor and needy, 10% administrative, 30% to the Da'wa Society	unknown
Malaysia	21% to extremely poor, 24% to poor, 9% to workers, 4% to Recent or Potential Conflicts, 1% to "unfree", 6% to debt, 36% to "in the cause of God", 12% to wayfarers,	1.6 billion (2011)

Maldives	Follows the model of Qatar, Kuwait, and Malaysia . Aid used for cash and medical aid, educational grants for higher education domestically and abroad	1.7 million (2012)
Morocco	unavailable	
Niger	Aid for The destitute, the unemployed, teachers and pupils of traditional Qur'anic schools, as well as income earners	77,405 (2001-2007)
Oman	Aid to 8 categories, printing Qur'ans and distributing religious materials	
Pakistan	Aid distribution managed by local committees, which focus on local projects for the poor. 17% to healthcare, 9% to administration, 31% to education, 43% to social safety nets (cash aid) (2010)	105 million (2011)
Palestine	Zakat committees collect funding from local citizens and businesses, while the Central Fund manages zakat donations from abroad. 61% of aid goes to orphans, 11% as regular aid to needy families, 6% as food packages, 5% as Ramadan projects, 4% as medical care	22.6 million (2012)
Qatar	Key activities include sensitization projects on zakat, regular social assistance, educational assistance, food aid, and other aid around religious holidays	39 million(2010)
Saudi Arabia	All Saudi and Gulf Cooperation Council Nation citizens and companies conducting business in Saudi Arabia pay zakat on commercial goods at the rate of 2.5%. Focus on cash, investments, and real estate. These Zakat revenues are automatically remitted to a special account allocated to spend on the needy and poor registered with Social Insurance Agency of Ministry of Social Affairs.	2.93 billion (2012)
Senegal	Aid to the needy, religious festivals, medical aid, access to water and sanitation, support for infrastructure (hospitals, school, orphanages, roads)	
Sudan	Mandatory zakat on invested cash and income, trade, and agriculture. Majority of aid goes to the poor and needy, primarily as direct cash aid, also to hospitals, wells, refugees, and nomads	unknown
Tunisia	Focused on sensitization on zakat	unknown
United Arab Emirates	Provides aid to needy families, widows, the elderly and the disabled	unknown
Yemen	Mandatory collection of zakat does not expand to incomes, shares, deposit	unknown

Full Zakat Institution Table, Part III

Country	Mission Statement	Source
Algeria	A social and religious institution that operates under the guidance of the Ministry of Religious Affairs	http://www.marw.dz/index.php/2010-01-05-09-04-17 , http://www.alamatonline.net/l3.php?id=41267 , http://dc359.4shared.com/doc/Wne_EdoT/preview.html
Bahrain	Sensitize people on the duty of zakat as a religious duty, develop the resources of zakat and its tools, and address the needs of poor and needy families that are legitimate beneficiaries of zakat. The values of the team include charity, transparency, justice, security, and solidarity	http://www.zakafund.bh/
Bangladesh	unavailable	http://www.islamicfoundation.org.bd/departments/view/20 ; , http://www.bangtadoot-canberra.org/media/pdf/OldNotices/Notice%2016.pdf .
Brunei	unavailable	Thomson Reuters https://www.zawya.com/islamic-finance/isfr/
Djibouti	Help the poorest and most vulnerable populations around Djibouti	http://www.adi.dj/fr/services.php?m=article&id=133284&a=1 ; http://somalilandpress.com/djiboutial-biri-ngo-banned-by-authorities-49248
Egypt	Build social solidarity between Egyptians, realize a just society, provide employment opportunities and participated in addressing social problems like poverty and unemployment	http://www.nsb.gov.eg/nsb/social/
Gambia	unavailable	http://thepoint.gm/africa/gambia/article/gsic-prexy-calls-for-support-as-zakat-collection-centre-opens
Indonesia	unavailable	http://www.nation.com.pk/international/26-Mar-2014/zakat-underused-anti-

		poverty-tool: Thomson Reuters
Iran	unavailable	Powell
Iraq	Donations will go towards the poor, sick and needy and will "be distributed discreetly by a special committee to those who deserve it, thus protecting the recipient's dignity", The committee will also "prevent money from falling into the hands of armed extremist groups	http://sunniaffairs.gov.iq/ar/?s=%D8%A7%D9%84%D8%B2%D9%83%D8%A7%D8%A9 ; http://ar.aswataliraq.info/(S(b3cd43izxgkglb550dp4rmbm))/printer.aspx?id=302042 ; http://mawtani.al-shorfa.com/en_GB/articles/iii/features/2013/03/13/feature-01
Jordan	Manage and accept zakat, sadaqa, and donations domestically and abroad; spread awareness of zakat; distribute zakat to legitimate beneficiaries	http://www.zakatfund.org/public/Arabic.aspx?Lang=1&Page_Id=503&Menu_Id=
Kuwait	leadership and excellence in work in the duty of zakat and charitable works domestically and abroad	http://www.zakathouse.org.kw/AxCMWebLive/static.cms
Kyrgyzstan	unavailable	http://islam.ru/en/content/news/kyrgyzstani-myftiyat-opens-institute-zakat-payment ; http://www.nation.com.pk/international/26-Mar-2014/zakat-underused-anti-poverty-tool
Lebanon	Strengthen and revive the duty of zakat, one of the foundational five pillars of Islam and Build social solidarity among Muslims in society	primary research
Libya	Revitalize the duty of zakat, collect and distribute zakat and other donations to rightful beneficiaries in full confidence, security, and in accordance with Sharia	http://zakatfund.ly/page_content.aspx?ID=3; Powell
Malaysia	unavailable	Thomson Reuters
Maldives	unavailable	http://minivannews.com/society/islamic-ministry-receives-rf14-8-million-in-public-donations-for-mosque-repairs-40497
Morocco	unavailable	http://www.alislah.org/2012-11-13-12-27-31/2013-01-19-18-49-28/item/28831-2013-10-31-15-27-17.html
Niger	Primarily concerned with social welfare. It contributes to the economic wellbeing of the under-privileged members of the society who are resident in Niger state without recourse to ethnicity.	http://www3.geh.ox.ac.uk/pdf/nrn/BP6Ndagi.pdf
Oman	Distinguish itself in work for the duty of zakat; collect and distribute zakat according to Sharia regulations	http://www.zakatfund.org/public/MainArabic.aspx?Lang=1&Page_Id=212 ; Powell
Pakistan	Assist the needy, indigent and the poor, preferably giving financial assistance to widows and orphans	IBD, kahf, Powell, Thomson Reuters
Palestine	Social justice through the religious duty of zakat; the fund participates in the fight against poverty and the transition from social welfare to sustainable development	http://www.pzf.ps/ar/?page_id=8
Qatar	To realize the duty of zakat and achieve social solidarity; sensitize the population on zakat, collect zakat, and distribute it to legitimate beneficiaries	http://www.zf.org.qa/
Saudi Arabia	Assess and collect zakat on business activities from Saudi persons and citizens of member states in the Gulf Cooperative Council; spend zakat revenues on the needy and poor	https://dzit.gov.sa/documents/10180/89f83a9e-a241-49f9-ad70-3bc1c04b714d ; Powell
Senegal	The association seeks to build leadership and excellence in the service of Zakat and	http://www.senegalzakat.org/spip.php?page=fsz-art&id_article=96

	for the emergence of a society filled with Islamic values and practices. It seeks to Develop the resources of zakat, donations, and waqf, and use them in accordance with Sharia for works that benefit the Senegalese umma with the highest efficiency and excellency	
Sudan	Support the duty of zakat by collecting and disbursing zakat, Da'wa and sensitization on the importance of zakat, manage zakat to achieve greater social compassion and solidarity	http://www.zakat-sudan.org/indexdc53.html?page=subject2&pid=13
Tunisia	Sensitization on zakat, assist with calculation of zakat for individuals and institutions, organize training activities for zakat	http://www.atz.tn/ar/index.php ; http://www.babnet.net/cadredetail-63899.asp
United Arab Emirates	Pursue leadership and excellence in the duty of zakat; Conduct sensitization activities on zakat, collect zakat, distribute it to legitimate beneficiaries and help achieve sustainable development	http://zakatfund.gov.ae/zfp/web/projects/projectlist.aspx
Yemen	Address problems of poverty, help those in need, and help those who can work find opportunities to support themselves	Powell; http://aljazeera.net/ebusiness/pages/6f38f450-9989-4e6a-94ba-4b9fc40044e3

Bibliography

- AidData “Analytic Dashboard. “Accessed March 2014,
<http://aiddata.org/dashboard#/advanced/project-thumbnail>
- Al Ghazali. *The Mysteries of Almsgiving*, Translation by Nabih Amin Faris. Lahore, Pakistan: Ashraf Press, 1966.
- Al Qabas. “Opening of the Ninth International Conference on Zakat in Amman,” Accessed November 2013. <http://www.alqabas.com.kw/node/609098>
- Al Qardawi, Yusuf. “Fiqh Al Zakah (Volume I): A Comparative Study Of Zakah.” Scientific Publishing Centre King Abdulaziz University, n.d.
- Al Qardawi, Yusuf. “Fiqh Al Zakah (Volume II): A Comparative Study Of Zakah.” Scientific Publishing Centre King Abdulaziz University, n.d.
- Atia, Mona. *Building a House in Heaven: Pious Neoliberalism and Islamic Charity in Egypt*. (Minnesota: University of Minnesota Press, 2013).
- Ayatollah al Sayyid ‘Ali al Husayni al Sistani. “Islamic Laws: Zakat: Introduction.” <http://www.sistani.org/english/book/45/1955/>
- Babb, Sarah. *Behind the Development Banks: Washington Politics, World Poverty, and the Wealth of Nations*. Chicago: University of Chicago Press, 2009.
- Benthall, Jonathan and Jerome Bellion-Jourdan. *The Charitable Crescent: Politics of Aid in the Muslim World*.(New York: IB Tauris, 2003).
- Benthall, Jonathan. “The Palestinian Zakat Committees 1993–2007 and Their Contested Interpretations.” Program for the Study of International Organizations (PSIO) Occasional Paper, Geneva: The Graduate Institute, 2008.
- Cammett, Melani. *Compassionate Communalism: Welfare And Sectarianism In Lebanon*, (Cornell: Cornell University Press, Unpublished).

- Charity Navigator. "Glossary: Administrative Expenses." Accessed February 2014, <http://www.charitynavigator.org/index.cfm?bay=glossary.word&word=Administrative%20Expenses&mid>
- Charity Navigator. "Zakat Foundation of America: current rating." Accessed February 2014, <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=10986#.UvmNfPldXy5>
- Deneulin, Severine, Masooda Bano. *Religion in Development: Rewriting the Secular Script*. London: Zed Books, 2009.
- Department of Zakat and Income Tax, Saudi Arabia, *Zakat and Income Tax: Magazine* 35 (2013): <https://dzit.gov.sa/documents/10180/89f83a9e-a241-49f9-ad70-3bc1c04b714d>.
- Dunia Hafsa. "By 2014, Zakat Fund Project will be Ready and presented to the national parliament." *al-maghreb*, 27 November 2013, <http://www.lemaghreb.tn/%D8%A5%D9%82%D8%AA%D8%B5%D8%A7%D8%AF/2505-%D9%85%D8%B9-%D8%A8%D8%AF%D8%A7%D9%8A%D8%A9-%D8%B3%D9%86%D8%A9-2014-%D9%85%D8%B4%D8%B1%D9%88%D8%B9->
- Guermat, C. T. Al-Utaibi, and J. P. Tucker, *The Practice of Zakat: An Empirical Examination of Four Gulf Countries*. Discussion Paper. Exeter University, Department of Economics, 2003.
- Hasan, Zubair. "Sustainable Development from an Islamic Perspective: Meaning Implications and Policy Concerns." Germany: University Library of Munich MPRA Paper, 2006.
- High Level Forum on Aid Effectiveness. "The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action." OECD, <http://www.oecd.org/dac/effectiveness/34428351.pdf>.
- Independent Evaluation Group (IEG). "Designing A Results Framework For Achieving Results: A How-To Guide." Washington DC: World Bank, International Bank for Reconstruction and Development, 2012.
- International Waqf and Zakat Foundation. "Mission Statement." Accessed March 2014, http://www.worldzakatfoundation.org/home_english.htm

- International Waqf and Zakat Foundation. "Who we are." Accessed February 2014.
http://www.worldzakatfoundation.org/home_english.htm
- Islam Online Staff. "World Zakat Fund To Be Established; Expected At \$10 Billion In Ten years," *Islam Online* 23 August 2009,
http://islamonline.com/news/articles/28/Global_Zakat_fund.html
- Islamic Development Bank, Islamic Research and Training Institute. "Institutional Framework of Zakah: Implications and Dimensions." Seminar Proceedings No.23, Jeddah, Saudi Arabia, 1995.
- Islamic Development Bank. "Institutional Framework of Zakah: Dimensions and Implications." Proceedings of the International Conference on Islamic Economics and Banking, Leicester, 2002.
- Islamic Relief – United States. Zakah Calculator." Accessed February 2014.
<http://www.irusa.org/campaigns/zakah/>
- Islamic Relief Worldwide. "Annual Report 2012: Financials." Accessed December 2013,
<http://islamic-relief.net/reports/charitable-expenditure-2007-2011/>.
- Ismail, Abdul Ghafar and Bayu Taufiq Possumah. "Theoretical Model for Zakat-Based Islamic Microfinance Institutions in Reducing Poverty." *International Research Journal of Finance and Economics* 103 (2013).
- Kahf, Monzer. *Economic of Zakah*. Jeddah: IRTI/IDB, n.d.
- Kebi , Zahir. "The Zakat Fund in Lebanon and Alleviating Poverty." Accessed November 2013, www.kantakji.com/fiqh/Files/Zakat/1236.doc.
- Kroessin, Mohammed. *Concepts of Development in "Islam": A Review of Contemporary Literature and Practice*. BPR Publishers, 2008.
- Kuran, Timur. "The Economic Impact of Islamic Fundamentalism." in *Fundamentalisms and the State*, edited by Martin E. Marty, R. Scott Appleby. Chicago: University of Chicago Press, 1996.
- Kuwait House. "Statistics – Zakat and Sadaqa Revenues, 2010 through 2012," Accessed February 2014, <http://www.zakathouse.org.kw/AxCMSwebLive/static.cms>
- Lancaster, Carol. *Foreign Aid: Diplomacy, Development, Domestic Politics*. Chicago: University of Chicago Press, 2006.

- Lapidus, Ira M. "Islamic Revival an Modernity: the Contemporary Movements and the Historical Pardigms." *Journal of the Economic and Social History of the Orient*, 40 (1997).
- Lebanon Zakat Fund. "Yearly Report- 2011-2012." Beirut: Dar al Fatwa, 2012.
- Lundblad, Lars. *Islamic Welfare, Meanings and Practices: Processes of Institutionalization and Politicization of the Zakat Principle in Palestine*. Bergen, Norway: University of Bergen, 2011.
- Mandaville, Peter. *Transnational Muslim Politics: Reimagining the Umma*. New York: Routledge, 2001.
- Masjid Council for Community Advancement. "Fatwas on Zakat: Distribution of Zakat." Accessed October 2013, http://www.zakatguide.org/english/distribution_zakat.html
- Maududi, Sayyid Abul A'la. *The First Principles of Islamic Economics* (translated by Ahmad Imam Shafaq) Hashemi. Leicestershire, United Kingdom: The Islamic Foundation, 2011.
- Minor, Allison. "Zakat in Lebanon." Beirut: UNESCWA Technical Paper, Unpublished.
- _____. "Zakat in the West Bank." Beirut: ESCWA Technical Paper, 2013.
- Nurzaman, Mohamad Soleh. "Zakat and Human Development: An Empirical Analysis on Poverty Alleviation in Jakarta, Indonesia." Paper presented at 8th International Conference on Islamic Economics and Finance, Qatar, 2010.
- Organization for Economic Cooperation and Development (OECD) "The Busan Partnership for Effective Development," OECD, accessed March 2014. <http://www.oecd.org/dac/effectiveness/Busan%20partnership.pdf>.
- _____. "Query Wizard for International Development Statistics (QWIDS). Accessed February 2014. <http://stats.oecd.org/qwids/#?x=2&y=6&f=3:51,4:1,1:25,5:3,7:1&q=3:51+4:1+1:2,25+5:3+7:1+2:1+6:2007,2008,2009,2010,2011,2012>
- OECD Development Assistance Committee (DAC).). "Statistics: Aid at a glance, Summary by donors," Accessed December 2013. <http://www.oecd.org/dac/stats/aid-at-a-glance.htm>

- _____. "Official Development Assistance – Definition & Coverage." Accessed March 2014, <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>
- Official Site of the Religious Authority His Eminence Sayyid Hussein Mohammed Fadlallah. "Fatwa: Khums, Chapter Two: Payment of Khums." Accessed December 2013. <http://english.bayynat.org.lb/fatawa/s8ch2.htm> . And The Official Website of His Eminence Grand Organization of Islamic Cooperation (OIC). "News: Zakat's Potential Role in Accelerating Global Development discussed at the United Nations." November, 2012. <http://www.oicun.org/9/20121119013818998.html>
- Palestine Zakat Fund. "Zakat in Palestine." Accessed May 2013, <http://www.pzf.ps/ar/?p=312>
- Palestinian Central Bureau of Statistics. "National Accounts Palestinian Central Bureau of Statistics (PCBS) Accessed December 2013. http://www.pcbs.gov.ps/site/lang_en/507/site/741/default.aspx
- Palestinian Zakat Fund. "Achievements." Accessed May 2013, <http://www.pzf.ps/ar/?p=312>
- Petersen, Marie Juul. "For Humanity Or for the Umma?: Ideologies of Aid in Four Transnational Muslim NGOs." PhD diss for University of Copenhagen, 2011.
- Qutb, Sayyid, *Social Justice in Islam* (translated, John Hardie). Washington DC: American Council of Learned Societies, 1953.
- Jawad, Rana. *Social welfare and religion in the Middle East: A Lebanese perspective*. Bristol: Policy Press, 2009.
- Rizvi, Sayyid Muhammad. "Zakat in Shi'a Fiqh." Available from http://www.islamic-laws.com/pdf/ZAKAT_IN_SHIA_FIQH.pdf
- Roy, Olivier. *Globalized Islam: the search for a new Ummah*. New York: Columbia University Press, 2006.

- Schaeublin, Emanuel. *Charity under Threat? Zakat Institutions in the Occupied Palestinian Territory*. Research Summary. Geneva: The Graduate Institute, The Centre on Conflict, Development, and Peacebuilding (CCDP), 2012.
- Singer, Amy. *Charity in Islamic Societies*. Cambridge: Cambridge University Press, 2008.
- Stalker, Peter. "Please do not sponsor this child." *The New Internationalist Magazine*. May 1982. <http://newint.org/features/1982/05/01/keynote/>.
- The Official Website of His Eminence Grand Ayatollah al Sayyid ‘Ali al Husayni al Sistani. "Islamic Laws: Zakat: Introduction." Accessed January 2014. <http://www.sistani.org/english/book/45/1955/>
- The World Bank Group. "Lebanon: Data." Accessed March 2014, <http://data.worldbank.org/country/lebanon>
- _____. "Better Living Conditions for Lebanon’s Poorest." Washington DC: World Bank Group, 2011.
- _____. "Data-West Bank and Gaza." Accessed March 2014, <http://data.worldbank.org/country/west-bank-gaza>.
- Thomson Reuters Islamic Research and Training Institute. *Islamic Social Finance Report 2014*. Accessed April 2014, <https://www.zawya.com/islamic-finance/isfr/>.
- Toor, Ashraf and Abu Nasar. "Zakat As A Social Safety Net: Exploring the Impact on Household Welfare in Pakistan." *Pakistan Economic and Social Review*. 42 (2004).
- United Nations Development Programme (UNDP), "Results-Based Management Handbook," accessed March 2014, <http://www.un.org/files/UNDG%20RBM%20Handbook.pdf>.
- _____. "Human Development Report 2013, The Rise of the South Human Progress in a Diverse World." UNDP: New York, 2013. Available from http://hdr.undp.org/sites/default/files/reports/14/hdr2013_en_complete.pdf
- United Nations Development Programme (UNDP). "Results-Based Management Handbook." <http://www.un.org/files/UNDG%20RBM%20Handbook.pdf>.
- USAID. "Global Health Evidence Summits." Accessed March 2014, <http://www.usaid.gov/what-we-do/global-health/summits>

- Walbridge, Linda, ed. *The Most Learned of the Shi'a: The Institution of the Marja' Taqlid*. Oxford: Oxford University Press, 2001.
- Woods, Ngaire. *The Globalizers: the IMF, the World Bank and their Borrower*, Ithaca, New York: Cornell University Press, 2006.
- Zakat Committee of Azaria, *Summary of their donations and uses*, (Azaria: Azaria Zakat Committee.
- Zakat Foundation of America. "About." Accessed January 2014, <http://www.zakat.org/about/>
- Zakat Foundation of America. "Annual Report: 2008." Accessed March 2014. <http://www.zakat.org/news/publications/>
- Zakat Foundation of America. "Annual Report: 2012." Accessed March 2014. <http://www.zakat.org/news/publications/>
- Zakat Fund of Lebanon "On the Fund-Goals." Accessed December 2012, <http://www.zakat.org.lb/about/objectives.aspx?file=Constitution>
- Zakat Fund of Lebanon, "Application for Assistance," (Beirut: Dar al Fatwa, n.d.).
- Zakat Fund of Lebanon, "Budget." (2014: *internal document acquired directly from the Accounting office of the Zakat Fund of Lebanon*).
- Zakat Guide. "The Fatwas delivered by the Third Symposium on Zakah Contemporary Issues," Accessed November 2013, http://www.zakatguide.org/english/fatwas_zakat.html
- Zaman, Asad (ed). "Islamic Economics: A Survey of the Literature: I." *Islamic Studies*. 48 (2009).