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### Persecuted Muslim Minority: *Zakat*, *Waqf*, and *Sadaqah* as financial Instrument for Human Development

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**Abstract:** Poverty is enormous in the world today among Muslims so much that it has become household in all continents of the globe. Poverty does spear education sector with is inherent effect on the level literacy coupled with economic growth and development of a concerned nation. Hence, because of neglect of the persecuted Muslim minority, the present study wishes to examine how *zakat*, *waqf* and *sadaqah* could be instrumental towards enhancing human development among the persecuted minority Muslims. The study is exploratory in nature, therefore, previous studies on the aforementioned three Islamic institutions were reviewed in relation to human development among deprived Muslim minority to ascertain the dimensionality of the reviewed cases and relevance to the present research. It is hoped that, the findings would be useful for institutions or organisations involve in human development crusade inclusive of persecuted Muslim minority.

**Keywords:** *waqf*, *zakat*, *sadaqah*, financial instrument, human development

#### 1. INTRODUCTION

The experiences of the Muslims living as minorities in some countries in the world are not pleasant but brutal. They increasingly face problems of discrimination; police or paramilitary forces usually burst into their homes and humiliate their families. They do not have control over their lives and the perpetuation of their own customs and values. For example, the Rohingya minority Muslims, have suffered grievous deprivations of basic rights, including inadequate access to food, water, shelter, education, and health care; restrictions on freedom of movement; denial of needed humanitarian aid; limited opportunities to obtain an education or earn a living; egregious human rights abuses resulting in death, injury, and displacement (U.S-Commission-On-International-Religious-Freedom, 2016). Equally, in the former state of Yugoslavia

the Serbs systematically killed and drove their Muslim minority from their homes in Bosnia (Ahmad, 1993). Even the predicament of the Muslim in Kashmir, Palestine and the Central Asian republics of the Soviet Union are painful to the experience.

In a situation where people are deprived of their fundamental human rights as the case of the persecuted Muslim minorities, the ultimate result will be poverty. For example, the severe poverty among Rohingya people has exacerbated the situation for all who live there. These people are poverty stricken as result of the economic, social, religious and cultural deprivation they faced from their ruler (U.S-Commission-On-International-Religious-Freedom, 2016). Meanwhile, several efforts have been done to alley the condition of the persecuted Muslim minority such as the propagation of insidious evil through several means, praying for the persecuted minority Muslims, fund raising to secure the basic need of life for them and opportunity to fled their place of persecution to a save land. Meanwhile, the efforts put in seem not to be effective. The recent news has reported that the persecuted Muslim minority especially the Rohingya people are still facing some challenges despite that the issues have been taken up by the international bodies and the government has resolved to restore their condition.

However, even if their situation is being restored and they have gained access to their community, these people have suffered great loss in terms of academic and educational deprivation which cannot be finally restored and resolved through ordinary material and geographical provision. These people are intellectually and economically siphoned. In order to actually assist them, there is need for them to be economically and intellectually empowered. Therefore, the major focus of the present study is to devise means for the intellectual and social and economic development of the persecuted Muslim minority. What is meant here by human development is way of creating avenues for improving human capabilities and opportunities for all individuals. Human development is the development of the people through building human capabilities, by the people through active participation in the processes that shape their lives and for the people by improving their lives. It is broader than other approaches, such as the human resource approach; the basic needs approach and the human welfare approach (United Nations Development Programme, 2016). Developing human capacity of the persecuted minority Muslim could be an avenue to alleviate and eradicates the poverty among them. This is because human development program is one of the major ways to improve the life of people, alleviate the level of their poverty and suffering (United Nations Development Programme, 2016).

Meanwhile, the major avenues for poverty alleviation and human sustainable development in Islam and among the Muslim populace are *zakat*, *sadaqah* and *waqf* (Damilola & Nassir, 2015). For instance studies found that, the institutionalization of *zakat* as well as *waqf* is an alternative strategy that would provide the foundations for sustainable development and good life (*hayattayibah*) (Damilola & Nassir, 2015; Saifuddin, Kayadibi, Polat, Fidan, & Kayadibi, 2014). Even, it was affirmed by (Saifuddin et al., 2014; Theodossiou, 2015) that *zakat* as well as *waqf* today has the potential of being an effective tool for poverty alleviation in Muslim communities and in Muslim majority countries. Studies also contend that *zakat* and *waqf* play significant role in eliminating poverty and attaining sustainable development in the Muslim community (Saifuddin et al., 2014). Due to this, the present study intends to explore how *zakat*, *waqf* and *sadaqah* have been used as financial instrument for human development in various empirical researches and ultimately to highlight how they can be practically utilized for the human development of the persecuted Muslim minority.

## **2. THE CONCEPT OF ZAKAT, SADAQAH AND WAQF**

The three Islamic concepts are the means for soliciting funds from the rich or average Muslim by returning the funds to the poor ones in the Muslim community in order to ensure equitable distribution of wealth in the Islamic society. These three concepts can be differentiated based on their definitions. Firstly, *zakat* as a concept can be referred to the determined portion of wealth prescribed by God to distribute among deserving categories (Yumna, & Clarke, 2012; Sohag, Mahmud, Alam, & Samargandi, 2015). Similarly, (Mkuu, Effandi, & Yusoff, (2017) reported (Allami, 2015) to define *zakat* as a compulsory, flat levy, which is imposed by the Quran, and its fund must distribute to the eligible beneficiaries. On the other hand, *sadaqah* implies the act of giving to the poor and needy to confirm one's genuine servitude and devotion to God (Benaouda Bensaid & MohdYusoff, 2013). However, the basic concept of *sadaqah* means to give and to help without anticipating any form of compensation or favour in return; while also holding the sincere intent of pleasing God. *Sadaqah* also seeks to assist others towards gaining independence. Meanwhile, *waqf* is an act of holding certain property and preserving it for the benefit of Muslim community (Man & Abdulwaheed, 2011). It is similar to endowment which consists of declaration of intention, the donor, the property and the beneficiary (Islamic Relief, 2009).

The *zakat*, *sadaqah* and *waqf* based on the above various definitions of the concepts are differ in meaning, structure, mode of collections, and distribution. For example, *sadaqah* is nonetheless voluntary, not fixed, not invested, discharged according to need and mandate, can take the form of any asset, and can be given by anybody without any restriction. While *zakat* is obligatory with fixed amount, spent in one year, need to be discharged as soon as possible, paid in cash and stock and liability of payment is under *Shari'ah* description. *Waqf* on the other hand is generally capitalized and property based, invested in social or economic assets and is inform of endowment and long term (Benaouda Bensaid & Mohd Yusoff, 2013; Man & Abdulwaheed, 2011; Mkuu *et al.*, 2017). It can be seen from the just concluded discussion these concepts are majorly aimed for equality, redistribution of wealth and poverty alleviation, redistribution of wealth and important and effective institutions, for wealth sharing and for ensuring a minimum standard of living for Muslims (Hafizah, Azizi, & Ram Al Jaffri, 2016; Aziz, Johari, & Yusof, 2014; Abu Bakar & Abd Ghani, 2011). Meanwhile, it should be noted that, the focus of the present study is explored how the aforementioned concepts can be used as means and institutions for human development. In this regard, each concept can be considered separately.

### **2.1. Zakat Institutions as Financial Instrument for Human development**

Human development is defined as the process of enhancing and enlarging human capabilities which could be inborn, skills and abilities as well as opportunities that could engender healthy living and functioning productively in the society. Human development is a process of enlarging people's choices to lead lives they value, by expanding functioning and capabilities (Alkire, 2010). More so, Fukuda-Parr, (2001) highlighted the main indicators of human development as the ability to have an average human development achievement and Knowledge. Decent standard of living, professional and income earning activities, political participation, professional decision making and Income earning power. It should be noted that the main focus of *zakat* in Islam is human development based on the characteristics. This is because, the wealth of the rich is used to enriched and developed the poor people in order to become *zakat* payer in future. Based on this, several studies on *zakat* shall be explored in relation to the human development.

Firstly, an empirical study was conducted by Mkuu, Effandi, & Yusoff, (2017) in Zanzibar to explore the successful level of poverty alleviation strategies and point out how *zakat* institution could be an effective alternative to eradicate poverty in the majorly Muslim populated area. The study reported *zakat* management strategies in Zanzibar that religious leaders administered zakat in Zanzibar but the existence of special law pertaining to the issue is not well addressed (Mkuu *et al.*, 2017). More so, *waqf* and Trust Commission was established through Act No. 5 of 1980 and all matters related to *zakat* collection and distributions are under control and management of the commission. Equally, during early 2011 non-governmental organizations for collection and distribution of *zakat*, were also incorporated and registered with government. However, the *zakat* institution could not be able to solve the problem of poverty alleviation and human development in the region due to the fact that the *zakat* is not fully implemented the country and the human development program is too focused on the only poverty alleviation program but neglect other aspect of human development strategies.

Equally, (Ahmed & Muhammad, 2017) reported that the issue of *zakat* as a means of human development has been taken lightly by the Islamic intellectuals, academia and opinionist for so many years without critically examine the significance and application of *zakat/sadaqah* in the Nigeria's socio-economic system. This resulted to a situation, where it has been ignored and taken for granted by many Muslims in Nigerian without paying cognizance attention on the implications and consequences it might cause due to lack of application and implementation of *Zakat* institution in Nigeria. Whereas the concept of *Zakat* has been significantly translated by Muslim intellectuals in Malaysia, Singapore, Indonesia, Gulf Countries via institutional approaches and has transformed the socio-economic lives of their citizens positively. It was suggested that Nigeria, a largest Muslim country in the African region, should collectively identify the importance of *zakat* institution hence, introduce it to the hearts and minds of the Muslim *Ummah* and set the stage for its takeoff with the aim of putting in place Islamic financial institution's activities that are centrally controlled by Shari'ah Supervisory Board (SSB). The author sensitizes Nigerian Muslim especially, the clerics to wake-up to their responsibilities. However, the study fails to justify empirically how *zakat* can enhance human development in Nigeria.

Another study by Hassan, (2010) suggested that, an integrated approach to poverty alleviation and human development scheme, of which the two Islamic sources of income which are *zakat* and *awqaf* can be combined to serve as the major source of income of an Islamic micro finance bank. It was argued that since a Fatwa issued by the International Shari'ah Board on *Zakat* (ISBOZ) explains that *zakat* funds might be used in undertaking development projects, educational services, and health care services as long as the beneficiaries of such projects fulfill the criteria to be recipients of *zakat* (Monzer 2006). Therefore, the incorporation of the two basic and traditional institutions of Islam, the *awqaf* and the *zakat* with Islamic Micro-finance into a single framework may effectively resolve fund inadequacy of Islamic micro finance by using funds from the *zakat* and the *awqaf*. More so, *zakat* fund may be used in providing the capital investment of or providing the business initiation fund and for that no return should be charged. However, the *awqaf* funds may be used as investable fund in providing capital investment and working capital financing for the micro-businesses.

In addition, study by (Hossain, 2012) investigated the importance of *zakat* to human development. This study explores empirical study that looked into the analytical views of justification about how *zakat* can alleviate poverty from the society. The results of the study disclosed with some concrete justifications

that *zakat* can be considered as a well-being program to establish peace, prosperity and socio-economic development for mankind and at all times. In the same vein, an exploratory study conducted in Indonesia which aims to look at the impact of productive-based *zakat* effectiveness in improving the welfare of *zakat* recipient. This study is not only measured by the economic indicator, but also includes education and health which are summarized in the Human Development Index. The Result of the estimation of HDI in zakat recipients shows that the average value reached 69.43 which is below the current average HDI of Jakarta (77.36), as well as the regression method does not directly affect the value of HDI. However, interestingly, this *zakat* has an effect on revenue allocation changes from consumption expenditure for productive purposes (Mohamad Soleh Nurzaman, 2010). Meanwhile, the above reviewed studies do not consider other Islamic source of found such as *waqf* and *sadaqah* in relation to human development.

Similar but longitudinal study was conducted between 1980 2009 by (Suprayitno, Aslam, Harun, Pan, & Hotel, 2017) to examine the impact *zakat* on human development program in Malaysia using the Autoregressive Distributed Lag (ARDL) bound testing approach. The result indicated that *zakat* has a positive and significant influence on human development in five states in the short and long run. The empirical study of (Theodossiou, 2015) with similar focus that explore how *zakat*, if used effectively, can help alleviate poverty all over the world The study concludes that *zakat* can make an impact on poverty only if it is complemented by robust macroeconomic policies that increase growth and redistribute income and the *zakat* collected is used for productive purposes. More so, (Damilola & Nassir, 2015) also examine the role of *zakat* as an institution in tackling poverty and enhancing human development. The study explores the art knowledge and insights that are inspired by prophetic worldviews and concludes that the institutionalization of *zakat* as an alternative strategy would provide the foundations for sustainable development and good life. The above reviewed studies unanimously reported that, *zakat* institution play a significant and effective role in enhancing human development. However, it is unknown from these studies how effective the institution of *waqf* and *sadaqah* could influence human development and reduce poverty.

Apart from the above studies on *zakat*, an empirical study was conducted in Algeria to aims to clarify the developmental role of *zakat* foundations, and the active role of governance principles and mechanisms in increasing their efficient performance. This study is descriptive in nature, because it comprehensively describes the nature and the procedures of *zakat* operation in Algeria. The *zakat* foundation is under the ministry of religious affairs which is backed by the constitution of the country, meaning that it has a strong hold in the country. *zakat* foundation have played an important role in the economic, social, political and cultural life of the people, its resources cause positive balancing movement between aggregate supply and demand, it contributes to the positive influence on the general State budget, it serves as source of investment in order to grow capitals through improving businessmen's outlooks for the future of the market, it positively affect employment and recruitment levels, it provides free funding for mini-and small-projects, it helps in solving social problems by providing education opportunities, health care and access to services and essential commodities. The *zakat* foundation in Algeria incorporates all the Imams of the community mosques as *zakat* collector and the *zakat* outcome has witnessed considerable development (Amara & Atia, 2016). Therefore, the *zakat* operation in Algeria is very comprehensive and effective. Nevertheless, other aspects of Islamic sources of fund such as *sadaqah* and *waqf* were not reported in the study. Since it has been established through several literatures that *zakat* is one of the major financial instrument that could be applied on the persecuted Muslim minority for human development which is not strage to Islam. Applying

this on the concerned would enhance the Muslim minority, improve their standard of living as well as economic growth. However, there is need to explore other aspects of financial instrument in Islam such as *waqf* and *sadaqah*.

## 2.2. *Waqf* Institutions as Financial Instrument for Human development

*Waqf* institution is based on the belief that, all properties belong to Allah and human being is just a trustee over it. That is why it is stated that when a person dedicates property/money as *waqf*, that property ceases to be his/her property again. Such a property cannot be given out by anybody; it cannot be inherited or be sold to any person. The ownership of *waqf* is considered to belong to Allah (SWT) (Man & Abdulwaheed, 2011). That is why it is stated that whatever belongs to Allah is for the public consumption. Therefore, the intent of *waqf* is majorly for the welfare and development of Muslim community. According to (Man & Abdulwaheed, 2011), good examples of what could be donated as *waqf* are hospital and schools or land, and even money to build these infrastructures for the benefit of needy, orphans, wayfarers, and others in the society. That is why several studies have found *waqf* institution as one of the major financial institutions that promotes human welfares and development.

*Waqf* institutions in relation to human development have been studied extensively and the results most of the studies were found to be positive. Meaning that, *waqf* institutions positively influence the life of the beneficiaries. For example, (Mohamad Suhaimi, Ab Rahman, & Marican, 2014), conducted an empirical study to analyze the role of the *Waqf* Fund Scheme towards a comprehensive scheme of economic development, namely, in terms of the economic, spiritual and social welfare of the Muslim community in Penang. The result indicated that, *waqf* fund scheme plays an important role in the economic development of the Muslim community in Penang. Similarly, (Pramanik, Mohammed, & Muhammad, 2014), conducted a study with the aim of developing an integrated *waqf*-based Islamic microfinance for poverty reduction in Bangladesh. The finding from the study reveals that there are significant relationships between Islamic Micro Finance (IsMF), *takaful*, *waqf* resources, human resource development and project financing. The results also indicate that poverty alleviation is possible through the integration of these constructs. It should be noted that, despite the robustness of the results of the above review studies it fails to link *zakat* and *sadaqah* as means for poverty alleviation in the study.

Study by Bulut and Korkut (2016) focuses on cash *waqf* in Ottoma Empire which was applied significantly in area financing education for human development. Contrary to present study, that makes emphasizes on the two other institutions as financial instrument in relation to human development among persecuted Muslim minority. The institutions aforementioned are namely *zakat* and *sadaqah* which is pertinent to the present research.

Also, the study by Aziz, Johari and Yusof (2013) investigates cash *waqf* for the establishment of financial institutions for financing education in the Muslim dominated area. However, the study did not focus persecuted Muslim minority which is very important to the present study. Additionally, a study by Md. Mizanur (2013) stresses on the number of mosques that are *waqf* based in Asia country specifically, Bangladesh. He concludes that from 200,000 mosques in the country, only 123,006 are tagged *waqf* properties. The study is not in tandem with present study that shows interest in human development of persecuted Muslim minority, aside this, the study by the aforesaid author did not take cognizance of *sadaqah* and *zakat* as financial instrument for human development which is of interest to the present study.



Furthermore, a study by Amuda (2017) captioned utilizing endowed *waqf* land but for human capital development in East Coast Malaysia. The study focuses on *waqf* land for small and medium enterprises. Accordingly, the study is for generating income with its multiplier effect on economic development. Notwithstanding, the author did not examine *waqf*, *zakat* and *sadaqah* as financial instrument in enhancing human development among persecuted Muslim minority which is paramount to the present study.

More so, (Sadeq, 2002), investigated the role of *waqf* institution in poverty alleviation in developing worlds. The outcome of the study suggests that, effective poverty alleviation program should must include provision of education such as technical education, vocational and mass level education, provision of health and medical facilities and physical facilities as well as sponsor social project. Similarly, Nur Atikah Atan & Fuadah Johari, (2017), conducted their research to analyze the related literatures on *waqf* for poverty alleviation and social well-being between 2006 until 2016. The findings of the study present trending issues of interest on *waqf* are the issues of cash *waqf*, *waqf* property and corporate *waqf*. All of which contribute to the enhancement human development level. Even (Ahmad, Muhammad, & Kamaruzaman, 2012), proposed some models for the development of higher education institutions through a *waqf* institutions which is suggested to continue to enhance the education industry while simultaneously make higher education more accessible. These above cited articles present some strategies for uplifting *waqf* institution in order to enhance human development. However, they fail to provide justification how *waqf* could enhance human development particularly for persecuted Muslim minority.

Similarly to the subject of *waqf*, (Khan, 2014) explores the role of Islamic *waqf* in the reduction of poverty. The study discovered from several empirical researches that *awqaf* has covered several areas and conducted countless projects in the Muslim world, like humanitarian projects such as building houses for the needy people. It is also for springs development for providing water for public consumption, helping the handicapped and the poor, building bridges, financing orphanages and homes for the elderly persecuted Muslim. In addition, it is also use for financing the marriage of young people in need as well as funding education such as technical, vocation and mass literacy education. It was equally reported in Malaysia that, since the establishment of organized *waqf* institution the poverty alleviation programs have been successful in the country (Saifuddin, Kayadibi, Polat, Fidan, & Kayadibi, 2014). Even it was found in a study conducted in Bangladesh that *waqf* is one of the major instrument for poverty alleviation and human development (Khan, 2010). Related empirical study by (Oladapo, Norma, OmarMustafa, & Gapur, 2017) was also conducted in Nigeria to explore how cash *waqf* was used to alleviate education poverty in Nigeria among the orphans and under-privileged in Zamfara State. The findings from the study stated that, the *waqf* institution does not only sponsor less privileged students' in tertiary education but also monitor their academic progress through the schools the persecuted Muslim minority attended. The institution equally, built schools for the persecuted Muslim minority through *waqf* fund. In addition to the above, the *waqf* institution has several poverty alleviation programs such as health care services, financial assistance for marriages and meals for the deprived poor. It was made known from the articles reviewed that, *waqf* institution is a strong financial instrument for the persecuted Muslim minority's human development (Oladapo, Norma, Omar & Gapur, 2017). Nevertheless, the reported studies do not include *zakat* and *sadaqah* in their studies as major instrument for enhancing human development among the deprived, especially persecuted Muslim minority which is pertinent to the present study.

### 2.3. *Sadaqah* Institutions as Financial Instrument for Human development

*Sadaqah* in Islam is not fixed and arbitrary not like *zakat* and *waqf*. Many studies embed *zakat* as part of Islamic charity for human development. However, there some few studies conducted on *sadaqah* and its relationship with human development and poverty alleviation. For example (Lutfi & Ismail, 2016), conducted an empirical study in order to proposed a *sadaqah* based crowd-funding model. It argues that the model could play two main roles, which are to provide micro-financing for entrepreneurial projects and set up health care fund for the treatment costs of the needy. In addition to this, (Benaouda Bensaid & MohdYusoff, 2013), conducted a document research to light on the multifaceted nature of *sadaqah* and how it is perceived not only as a means of spiritual purification, but also as factor of building socio-economic sustainability. The studies reviewed in this section equally provides evidences that *sadaqah* is one of the financial instrument in Islam that can enhance human development and poverty alleviation. It should be noted however, that these studies only focus on *sadaqah* implementation in enhancing human development.

On the other hand, there is actually a study present a clinic model that integrates three traditional Islamic tools such as *waqf*, *zakat* and *sadaqah* among the minority Muslim in Myanmar. This study reported that the clinic is successfully because it is able to provide the needs of Muslim *zakat* recipients. It should be noted that the present study combined the three Islamic sources of funds (*zakat*, *waqf* and *sadaqah*) as a model for a clinic operation which is reported to be successful. However, this model is only in operation in a clinic setting which is just a fractional segment of human development among the persecuted Muslim minority hence, alleviate poverty in them. In essence, this study does cover all the areas of human development among the concerned. However, it provides the positive indicator that the three sources of fund mentioned above can be incorporated as a model for the purpose of enhancing human development coupled with poverty alleviation among the imaginalized Muslim minority.

## 3. SUGGESTIONS AND RECOMMENDATIONS

After the review of several literatures on *zakat*, *waqf* and *sadaqah* several findings were deduced which are as follows:

Firstly, it was discovered that, for any *zakat*, *waqf* and *sadaqah* institution to be effective as financial instrument for human development to cater for the persecuted minority Muslim there must be an organized body that could be backed by law as well as recognized by the government.

Secondly, adequate enlightenment on *zakat*, *waqf* and *sadaqah* is needed to be made across the Muslim world in order to gain the attention, concern and the trust of the Muslim most especially the philanthropic Muslim.

Thirdly, *zakat*, *waqf* and *sadaqah* are not only financial instrument for human development but also providing social welfare for the betterment of the Muslim community.

Fourthly, it was discovered that *zakat*, *waqf* and *sadaqah* can be integrated to serve as the major sources of finance for a Muslim micro-finance firm, which will cater for the need of the persecuted Muslim minority.

Fifthly, Islamic micro-finance bank can be established at the international level which will tap its financial sources from *zakat*, *waqf* and *sadaqah* in order to solve the problem of the persecuted Muslim minority at global level.

#### 4. CONCLUSION

This exploratory study has drawn several lessons from several literatures related to the *zakat*, *waqf* and *sadaqah* institutions. It opined that, if the highlighted findings of the study can be closely observed and implemented it could reduce the conditions of the persecuted Muslim minority through the institution of *zakat*, *waqf* and *sadaqah*. Meanwhile, it is suggested that, all the developed and rich Muslim countries could be encouraged to come to the aid of the persecuted Muslim minority through their *zakat*, *waqf* and *sadaqah* institutions. Equally, Muslim philanthropist across the world should be identified and contacted in order to assist the cause of the persecuted Muslim minority through payment of their *zakat*, *waqf* and *sadaqah*.

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