In Search of an Effective Zakat Distribution System in Kano State Nigeria

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Abstract
This paper is developed to compliment a previous article by the author “In Search for an Effective Zakat Management in Kano State Nigeria” to paper aims at checking the operations of the Kano state government established zakat institution called Kano State Zakah and Hubusi Commission. The institution, however, could not meet its desired goals of improving the socioeconomic wellbeing of Kano citizens. Poverty still remains a most visible feature in the state. Hence, the article examines the current practice of zakat distribution by Kano State Zakah and Hubusi Commission to identify challenges faced by the institution. Several challenges related to limited awareness regarding the roles of zakat and its objectives, unsystematic and inefficient zakat distribution leading to lack of trust by the zakat payers and direct zakat payments are identified. Then, through comparison of best practices of zakat institutions management in other Muslim countries, interview and discussion with local experts, the article suggests solutions to improve the situation. The findings of this study help in suggesting the distribution of zakat for social welfare programs aiming at establishing sustainable development among the community. This will help improve zakat institution and management in Kano state in particular and other parts of the world in general.

1.0- Introduction
Zakat is an obligation in Islam that plays an eminent role in shaping and enhancing the lifestyle of people regardless of their economic strength (Nur Hafizah and Sharifah 2012). According to Hairunnizam and Radiah (2010), in a society, Zakat acts as a distinctive measure taken by Islam in order to abolish poverty by enjoining Zakat on the rich. From an Islamic point of view, failure in collecting Zakat would result in poverty, hardship, enmity and loss of social welfare. Nik Mustapha (1987) stressed in his research that the fulfillment of one’s basic needs is the main reason for the distribution of zakat. Failure in satisfying the basic needs of the masses can lead to poverty and in wide disparity between the rich and poor. He used the theory of distribution and consumption in order to review present and the future status of zakat in Malaysia, and concluded that the community will enhance with equitable distribution of income and wealth among the members of the
community. Wealth generated from zakat has helped in reshaping the economic status of many people across the Muslim communities. In support of this assertion, Kurawa (2008) discovers that despite that Kano is blessed with fertile lands, work force and being the center of economic activities in Northern Nigeria, hardship and loss of social welfare is clearly witnessed. Therefore, he concluded that the failure of Zakat management system is among the chief reasons to these social vices. Studies conducted on zakat potentials in Kano, reveals the problems associated with zakat systems in Kano for instance: limited awareness about zakat, its principles, obligations and concepts among the Muslims Sheriff and Amir (2013). Disorganized application of zakat management causes difficulties in understanding and establishing relationships between the zakat payers and the zakat managers (Muhammad 2010). Kurawa (2008) also discovered that inefficient distribution of zakat is one of the focal reasons that contribute in prevalence of poverty among the people of Kano. Zakat management is one of the mechanisms established by the Kano State Government in 2003 under its program, Kano State Economic Empowerment and Development Strategy (K-SEEDS). This program aims to reduce the prevalence of poverty in the state. Thus, the state government established its first and only zakat institution named “Zakat and Hubusi Commission” (Kano Gazette 2003). The establishment of zakat Commission replaced the former zakat organization that used to serve the state as a non-governmental body. In short, the Zakat and Hubusi Commission now serves as the official body charged with zakat collection, management and distribution which was once a voluntary work of a Zakat Institution (Ostien 2008). Astonishingly, despite these efforts, poverty is clearly a witnessing fact in Kano. This situation has attracted the attention of many researchers and has raised many questions regarding the programs and the methods adopted in these implementations. Muhammad (2006) discovers that Kano State Zakat and Hubusi Commission needs to improve its services by ensuring adequate awareness and sensitization as this will heal the ties between the zakat givers and the zakat managers. In order to deal with the issues related to zakat management, the institution must consider a suitable approach to convince the society through proper administration; thus, a slower response by the institution will only have a negative impact on the development of zakat institutions. This study aims at checking the Zakat and Hubusi commission as the official body charged with zakat collection, management and distribution in Kano to suggest the best practice of zakat distribution. This study realizes the limited empirical researches done in order to examine factors leading to the inefficiency of zakat distribution in Kano, Nigeria. The study also acknowledges problems related to other aspects of zakat administration including collection and management of zakat, but due to the nature of the paper is limited to proposing the best practice of
zakat distribution suitable for adoption in Kano. This work if utilized may be significant in improving the zakat systems in many ways including; policy making, source of inspiration by the ulamas (clerics), help givers observe the obligation, help alleviate poverty and establish social welfare among the community.

2.0- Literature Review
The literature of this study focuses on previous studies carried out on zakat management and administration. This introduces the research to the best theories, practices and experiences related to zakat management. It also directs to suggestions and recommendations on possible ways to implement a systematic zakat distribution in the state of Kano.

2.1- Zakat Distribution in Kano

Zakat in Islam is a fund allocated to eight categories of people as mentioned earlier. These include: the poor, the needy, people working for Zakat, those hearts are inclined towards Islam, the one who frees slaves, the indebted, for the sake of Allah and the wayfarer. (Qur’an al-Tauba 9:60)

Even though Muslim scholars have argued about the consideration of needs and priorities in Zakat distribution, all these categories are legitimately entitled to zakat as mentioned by the Qur’anic injunction (Ibn Alqayym 1994). Scholars also discussed that each among the above mentioned categories may be presented in different forms, but must be in correspondence with the eight conditions mentioned. For instance, a person found in prison or in detention may be grouped to the category of slaves, and he can therefore be freed using the Zakat funds. Similarly, an Islamic community or state that is in peace and enjoys a diplomatic relation with a Muslim state, and gets affected by a natural disaster, may be considered as persons whose hearts are inclined towards Islam. For this reason, they may receive zakat (Qardawi 2006).

In order to check the modes of Zakat distribution in Kano, this study looks into documents showing the operations of Zakat collection in the state. It was found that there was no specific list of persons eligible for Zakat in the state. According the reports organized by the Commission, the following categories were found as people who have the right to enjoy zakat funds:

a- Sick persons not able to take care their medical bills
b- Imams and Qur’anic /Islamic schools leaders/ Muadhins
c- Disabled persons
d- General public for Ramadan breakfast
e- Widows and divorced women along with their wards
f- The aged
g- Prisoners
h- People whose hearts are inclined to Islam
i- Development of the Commission sites and properties (Zakat and Hubusi Commission 2004 – 2010)

The Zakat and Hubusi Commission carried out the exercises of Zakat distribution, as empowered by section (4) sub section (c) of the Zakat and Hubusi Commission Law (2003). The distribution of Zakat funds takes place publicly and periodically, with a view to encourage the public on the importance of giving out Zakat through the Commission. The Commission outlined...
three basic steps to be followed during the distribution exercises:

**a- Presentation of Requests**

The Commission employs methods through which those entitled for Zakat funds can present their requests. These include:

i) Reporting to local government Zakat Council or Village Committees
ii) Reporting to Emirate Council
iii) Reporting to renowned Islamic organizations
iv) Reporting to Ward Heads and/or Village or community leader
v) Through the Islamic Medical Association (ISMA) for medical assistance

**b- Screening:**

The needy are ascertained or screened when the request is presented to the Commission; via the following ways:

i) Interviews conducted by the committee on distribution of Zakat
ii) Personal visitation to the location of the applicant and making contacts with his/her neighborhood, to confirm the authenticity of his claims.
iii) In a situation where many eligible people apply for Zakat but the resources available are not enough. In that case, lots are casted and the lucky ones are given zakat.

**c- Disbursements**

Below are the details of how zakat disbursements are carried out

i) Payment by cash
ii) Payment by bank cheque
iii) Payment through hospital authorities; for those in need of medical assistance.
iv) In a situation where farm products are received, they are distributed according to the needs of the applicants.
v) Giving out animals, considering their gender differences (male and female) (Progress reports, Kano State Zakat and Hubusi Commission Board 2004).

2.2- Figures of Zakat Distribution in Kano

The study could not trace back the recent data on Zakat distribution due to political and administrative reasons. However, the research gathered from a discussion with internal personnel who pleaded anonymity stated that since the inception of the incumbent government in 2011, the operations of the Commission have slowed down. This was mainly due to reduced allocation, support and care from the government. The research also observed large number of people who are the usual Zakat receivers waiting for what is normally allocated to them especially during the Ramadan period. Therefore, this study presents only the distribution exercise by the Commission from 2004 to 2011.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Amount</th>
<th>Date</th>
<th>Category of recipients</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>5,178,000:00</td>
<td>2004</td>
<td>Economic Empowerment to poor and needy</td>
<td>Zakat</td>
</tr>
</tbody>
</table>

Table 2.1 Zakat distribution of Kano 2004
Table 2.1 above indicates the distributions of Zakat in Kano for the year 2004. We may recall that the collection reports indicated that in 2004, the Commission received the total sum of thirty million eight hundred and ninety thousand two hundred and fifteen naira only (N30,890,215.00). Here, the distribution stands at twenty five million nine hundred and sixty thousand two hundred and fifteen naira only (N25,960,215). This represents a difference of four million nine hundred and thirty thousand naira only (N4,930,000.00). The figures show that there are gaps in the recording and auditing of the distribution exercises as the amount distributed is less than the amount collected and no records of leftover are shown. It could also clear out that about 70% of the Zakat funds collected are allocated to Imams, Scholars, Muadhins, etc. Even though this group is considered under the category of fisabilillah, the amount allocated to them is higher than it should.

Table 2.2- Distribution of Zakat in 2005

<table>
<thead>
<tr>
<th>S/N</th>
<th>Amount Distributed</th>
<th>Category</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>N1,731,297.9</td>
<td>Medical Assistance</td>
<td>Zakat</td>
</tr>
<tr>
<td>2.</td>
<td>N43,900,000</td>
<td>3830 Poor and</td>
<td>Zakat</td>
</tr>
</tbody>
</table>
This table reports the distribution exercise of Zakat in Kano during 2005. It does not state the distribution of Zakat according to each categories as supposed to be; rather, it mentioned only the poor and the needy, along with the people receiving medical attention as beneficiaries of Zakat in the same year.

Table 2.3- Indicating the Zakat distribution of Kano 2006

<table>
<thead>
<tr>
<th>S/N</th>
<th>Amount Distributed</th>
<th>Category</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-</td>
<td>₦37,000,000:00</td>
<td>3,120 Poor and</td>
<td>Zakkah</td>
</tr>
<tr>
<td></td>
<td></td>
<td>needy</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>₦12,500,000:00</td>
<td>Poor and needy</td>
<td>Zakkah</td>
</tr>
<tr>
<td>3.</td>
<td>₦34,300,000</td>
<td>4,400 Poor and</td>
<td>Ramadan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>needy</td>
<td>Zakkah</td>
</tr>
<tr>
<td>4.</td>
<td>9,950,000</td>
<td>Sponsoring the</td>
<td>Zakkah</td>
</tr>
<tr>
<td></td>
<td></td>
<td>eye Camp free</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>medication</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>exercise</td>
<td></td>
</tr>
</tbody>
</table>

Amount in Nigerian Naira see attached for conversion to USD

Source: Zakat and Hubusi Commission progress report 2006
This report is also similar to the 2005 one as it shows that only two categories enjoy the Zakat funds. It is also obvious that in the free eye medication exercise, other people who might not be legitimate to receive zakat beneficiaries have actually benefitted from it. The reports should have clearly indicated whether the exercise was aimed at only serving the zakat beneficiaries or not.

Using zakat funds to finance social services is supported by scholars (Shubayr 2006), and is practiced by many zakat institutions; Sudan and Pakistan have used zakat funds to finance social services. In both countries, such services are offered free of charge, to the zakat beneficiaries. Others are charged to pay for the services as a source of revenue and reproduction of zakat funds (Clark 200), and (Abdallh 2009).

**Table 2.4- Indicating Zakat distribution in Kano 2007**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Amount</th>
<th>Date</th>
<th>Category</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>₦152,500,000</td>
<td>2007</td>
<td>30,500 P/N in 30 LGAS</td>
<td>Zakkah</td>
</tr>
<tr>
<td>2.</td>
<td>₦40,000,000</td>
<td>2007</td>
<td>8000 P/NLGAS</td>
<td>Zakkah</td>
</tr>
<tr>
<td>3.</td>
<td>3000 bags of grains</td>
<td>2007</td>
<td>Male house holders</td>
<td>Ramadan Zakkah</td>
</tr>
<tr>
<td>4.</td>
<td>₦600,000</td>
<td>2007</td>
<td>Transportation for beneficiary of grains.</td>
<td>Zakkah</td>
</tr>
<tr>
<td>5.</td>
<td>₦29,000,000</td>
<td>2007</td>
<td>1200 Imams Muddhins etc 600 Qur'anic Scholars 600 Disabled and sick 600 windows</td>
<td>Zakkah</td>
</tr>
<tr>
<td>6.</td>
<td>₦2,000,000:00</td>
<td>2007</td>
<td>1500 Medical assistance</td>
<td>Zakkah</td>
</tr>
<tr>
<td>7.</td>
<td>₦1,000,000:00</td>
<td>2007</td>
<td>Medical assistance</td>
<td>Zakat</td>
</tr>
<tr>
<td>8.</td>
<td>₦100,000</td>
<td>2007</td>
<td>Ibn Sebil</td>
<td>Zakat</td>
</tr>
<tr>
<td>9.</td>
<td>7,000,000:00</td>
<td>2007</td>
<td>i- 400 P/N ii- 400 weak and old aged iii- 600 widows</td>
<td>Zakkah</td>
</tr>
<tr>
<td>10.</td>
<td>10,000,000:00</td>
<td>2007</td>
<td>Economic empowerment</td>
<td>Zakkah</td>
</tr>
</tbody>
</table>

Amount in Nigerian Naira see attached for conversion to USD
Source: Zakat and Hubusi Commission progress report 2007

The table above represents the Zakat distribution in 2007, and portrays improvements and provides details for the Zakat beneficiaries listing poor and needy, the wayfarer, and Imams, Naibs and Muadhins, which may be brought in the category of fisabilillah. It is observed that the report relates weak people, aged, widows, and physically disabled as another category, different from the poor and needy. Similarly, another percentage is allocated for economic empowerment without mentioning the beneficiaries, indicating that the details of the report are incomplete.

Table 2.5- Indicating Zakat distribution in Kano 2008

<table>
<thead>
<tr>
<th>S/N</th>
<th>Amount</th>
<th>Date</th>
<th>Category</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>₦1,000:00</td>
<td>2008</td>
<td>300 medical assistance</td>
<td>Zakat</td>
</tr>
<tr>
<td>2.</td>
<td>Abandoned pilgrims luggage’s</td>
<td>2008</td>
<td>300 people whose heart is inclined</td>
<td>Zakat</td>
</tr>
<tr>
<td>3.</td>
<td>Abandoned pilgrims Luggage</td>
<td>2008</td>
<td>Prison inmates</td>
<td>Ramadhan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Zakat</td>
</tr>
<tr>
<td>4.</td>
<td>₦1,000,000</td>
<td>2008</td>
<td>Eye camp</td>
<td>Zakat</td>
</tr>
<tr>
<td>5.</td>
<td>30,000,000</td>
<td>2008</td>
<td>300 categories of 1000, Imams etc</td>
<td>Zakat</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>450, Qur’anic Scholars</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>900 widows</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>650 P/N</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>6000 grains</td>
<td>2008</td>
<td>6000 households</td>
<td>Zakat</td>
</tr>
<tr>
<td>7.</td>
<td>9,250,000</td>
<td>2008</td>
<td>1850 Qur’anic Scholars</td>
<td>Zakat</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>O P/N and widows</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>2008</td>
<td></td>
<td>Zakat</td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>2008</td>
<td></td>
<td>Zakat</td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>2008</td>
<td></td>
<td>Zakat</td>
</tr>
</tbody>
</table>

Amount in Nigerian Naira see attached for conversion to USD

Source: Zakat and Hubusi Commission progress report 2008
The report published in 2008 is also similar to the one in 2007, with an only addition of the inmates among the zakat beneficiaries. Contemporary scholars considered the freeing of inmates just like the freeing of slaves, and approved them among the zakat beneficiaries.

Table 2.6- Indicating Zakat distribution in Kano 2009

<table>
<thead>
<tr>
<th>S/N</th>
<th>Amount</th>
<th>Date</th>
<th>Category</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>900 Bags of grains</td>
<td>2009</td>
<td>900 male households</td>
<td>Zakat</td>
</tr>
<tr>
<td>2.</td>
<td>₦1,000,000</td>
<td>2009</td>
<td>350 medical assistance</td>
<td>Zakat</td>
</tr>
<tr>
<td>3.</td>
<td>₦800,000</td>
<td>2009</td>
<td>Medical Assistance</td>
<td>Ramadan Zakat</td>
</tr>
<tr>
<td>4.</td>
<td>1,000,000</td>
<td>2009</td>
<td>Daily assistance to P/N</td>
<td>Zakat</td>
</tr>
<tr>
<td>5.</td>
<td>45,000,000</td>
<td>2009</td>
<td>50,000 purpose daily</td>
<td>Zakat</td>
</tr>
<tr>
<td>6.</td>
<td>₦19,250,000</td>
<td>2009</td>
<td>600 Qur'anic Scholar etc. 600 P/N 600 widows</td>
<td>Zakkah</td>
</tr>
<tr>
<td>7.</td>
<td>₦220,000,000</td>
<td>2009</td>
<td>44 P/N LGA</td>
<td>Zakat</td>
</tr>
<tr>
<td>8.</td>
<td>₦5,000,000:00</td>
<td>2009</td>
<td>Medical assistance</td>
<td>Zakat</td>
</tr>
<tr>
<td>9.</td>
<td>1,000,000</td>
<td>2009</td>
<td>Medical assistance</td>
<td>Zakat</td>
</tr>
<tr>
<td>10.</td>
<td>₦40,000,000</td>
<td>2009</td>
<td>Ramadhan distribution to 1200 Imams, Naibs and Muadhins 800 Qur’anic Scholars and preachers 1500 Poor and needy 500 widows</td>
<td>Zakat</td>
</tr>
</tbody>
</table>
This table also presents the addition of Ramadan distribution to *Imams* and other religious personalities as well as the assistance to the poor and needy on daily basis.

**Table 2.7- Indicating Zakat distribution in Kano 2010**

<table>
<thead>
<tr>
<th>S/N</th>
<th>Amount</th>
<th>Date</th>
<th>Category</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>₦7,888,300:00</td>
<td>2010</td>
<td>14,915 medical assistance</td>
<td>Zakat</td>
</tr>
<tr>
<td>2.</td>
<td>₦40,000:00</td>
<td>2010</td>
<td>400 <em>Ramadan</em> distribution</td>
<td>Zakat</td>
</tr>
<tr>
<td>3.</td>
<td>17, 500,000:00</td>
<td>2010</td>
<td>800 Medical assistance</td>
<td>Ramadan/Zakat</td>
</tr>
<tr>
<td>4.</td>
<td>8,000,000</td>
<td>2010</td>
<td>16,000 P/N</td>
<td>Zakat</td>
</tr>
<tr>
<td>5.</td>
<td>........</td>
<td>2010</td>
<td>Development permanent Site</td>
<td>Zakat</td>
</tr>
<tr>
<td>6.</td>
<td>........</td>
<td>2010</td>
<td>Development of <em>Hubusi</em> properties</td>
<td>Zakat</td>
</tr>
<tr>
<td>7.</td>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Amount in Nigerian Naira see attached for conversion to USD
This table also added the category of the development of Zakat’s office permanent side and the development of Hubusi properties entrusted under the care of the Commission.

From the list of the Zakat beneficiaries in Kano, it is observed that most of the people who enjoyed the Zakat funds in Kano may fall among the eight categories of people entitled to zakat funds. However, the distribution exercises are not systematic, as there is no specific percentage of allocation assigned to each category and the distribution does not specify or categorize the groups explicitly. Similarly, the omission of some categories such as indebted, people working for the Zakat (amil) and freeing of slaves was evident. Another form of Zakat distribution in Kano comes in Ramadan breakfast (Iftar), which the documents could not differentiate if the Iftar is given out from the Zakat revenues or through other sources of income, since the Commission receives grants from the states treasury.

2.3- Contemporary Methods of Zakat Distribution

This section examines the classical views on zakat distribution practices by the Muslim communities; the views of contemporary scholars on zakat distribution; and the potentials of a sound zakat management.

2.3.1- Utilization of Zakat Funds for Investment

Zakat investment refers to an activity of utilizing the zakat funds with aims of increasing the fund for the benefit of the recipients. Al-Fawzan (2005) describes zakat investment as any dealing that involves zakat which the benefits are reaped by the recipients or any activity that enhances and make available amount of zakat to grow. Shubayr (2000), Farah (1997) supported the definitions above but added shariah compliance as condition to all activities of zakat investments.

From the above definitions, it is clear that investment of zakat funds means any activity that leads to relinquishing current consumption for possible feature returns is regarded as investment. Thus, the investment of zakat funds aims at ensuring feature benefits of the zakat recipients.

Shubayr (2000) studied various views of Islamic scholars regarding the investment of zakat funds and concluded that scholars maintained two different opinions between permissibility and prohibition. Those who maintained the zakat funds should not be utilized for investment justified their stand with many reasons including; the possibility of subjecting the zakat funds into risks and losses of business, spending zakat funds on managerial costs, depriving the zakat funds...
beneficiaries from rightful owning of zakat funds belonging to them, and that the authorities in charge of zakat funds are nothing but trustees who are not permitted by shariah to make use of the funds out of the methods prescribed by the Quran.

Other modern Muslim scholars supported the idea of zakat investment and consider it a way to fasten the pace of development in Muslim countries. Given the prevalent low per capita income and low productivity of many Muslim countries, zakat can become the new source of funds to finance economic development Anwar (1995).

A practical experience has shown that due to limited resources and opportunities of the poor, the poor and needy are most likely remain poor in the society. They have limited human, physical and financial capital needed to participate in an economic activity that will provide them with sufficient income. Ataul Haq (1990) maintained that zakat plays an important role as a source of financing needed to boost the limited resources of the poor and the needy. Zakat is also considered as a public source of funds that can empower them with opportunities that enable them to break away from poverty. Similarly, Ahmed (2004) argues that for those who have fewer capabilities to compete due to lack of capital as well as skills, the state must provide not only the basic needs but also adequate opportunities for them to participate in the economy. Such aims can be achieved through development projects financed with zakat.

For those poor that are capable of working, Muslim economists argue that zakat can provide them with the capital needed as well as opportunities for employment. Ahmed (2004) believe that specific programs should be designed to provide the poor with support for education and skill development that may assist their ability to earn their own income and become independent of zakat in the future. Sadeq (1992) suggests that zakat is spent to supply physical capital for the workers (like a taxi, sewing machine, etc.) and financial capital to potential entrepreneurs among the poor recipients that enable them to start a business.

An empirical example of zakat investment is undertaken by the Zakat Chamber, by establishing programs targeted for the poor. Zakat has been mobilized to finance social and production centers like textile factories, olive and soap manufacturing factories; inputs of production to individual, and group micro enterprises like provisions of rickshaws, tractors, and flouring mills; agricultural irrigation systems and services in food security, which includes the establishment of dairy farms, ownership of livestock and other animal husbandry services. Zakat is also utilized to finance the establishment of hospitals and pharmacies, and acquisition of treatment tools (See http://www.zakat-sudan.org)

Investment of zakat funds can benefit the poor in many ways, poor people who have the physical or intellectual ability to work. Such investment may provide them an opportunity to work for themselves or
work for others and earn salaries. In some instances the beneficiaries receive capital assistance to start local or domestic businesses, physical infrastructure and trainings that enable them to actively participate in labor markets (al-Fawzan 2005).

In places like Kano (Nigeria), where most of the consumable items are either imported from other countries or from different states, investing zakat funds may provide a lot of business opportunities to the recipients to meet the demand of the consumable goods at low prices (Sheriff 2015).

However, some scholars expressed concern over the process of zakat investment implementations especially in terms of transparency and accountability in the distribution Sherif (2015). They argued that the investment processes may be vulnerable to lack of shariah compliance if much caution is not observed. Discussions on the legal and practical implications of zakat investment are elaborated by scholars such as; (Shubayr 2000), (Shaqraq 1996), (al-fawzan 2005), (Farah 1997).

2.3.2- Utilization of Zakat Funds for Social Welfare, Manpower and Development

Scholars argued on the permissibility of utilization of zakat funds for social welfare projects. Social welfare projects includes; training of zakat beneficiaries, establishment of schools, hospitals and etc. Chowdhury (1980) argues that zakat proceeds may be utilized for social welfare and economic development projects, manpower training or education in various scientific and technical fields; he maintained that such projects help the poor by direct participation in the programs.

Abu Zahrah as cited in Shahatah (2002), maintained that zakat when government failed to provide basic infrastructures like education, zakat funds could be used to finance institutions that provide education to the poor and needy. He considers that is a duty of the state to establish schools and learning centers, therefore zakat funds are used for these activities only when the state fails to meet up with its duties.

But Shahatah disagree with this opinion, insisting that zakat funds are not meant to be used by general public and therefore the utilization of such funds in socio-economic structures indicates violation to the provisions of shariah, instead he supports the utilization of zakat funds in lawful Mudharabah projects.

2.3.3- Utilization of Zakat Funds for Long-term Financing and Rehabilitation

Another model for zakat distribution is fulfilling the gap of had kifayah (amount required to sustain the poor) of zakat receiver. For example if the zakat receiver earns N10,000 in a month, and the required amount to meet his basic needs is N15,000, then a zakat funds not exceeding N5,000 will be allocated to him to meet the target of poverty lines. Patmawati (2006), al-Shaukani (1993) argues that the amount of zakat given to a recipient should be able to
fulfill the gap of poverty lines.

In Singapore, this exercise is practiced by the Majlis Ugama Islam Singapore (MUIS), by introducing its program named Empowerment Partnership Scheme (EPS) in July 2004. In this program, 18,000 zakat recipients are allocated BND 300,000 monthly. The policy also works to ensure that the amount collected by the recipients is adequately managed and improved the standard of lives of the recipients. Similarly under this program, 400 families are selected to undergo an intensive three years training scheme, this training is managed by another organization as zakat agent’s partners. The reports of the program indicates a high success, the reports indicates that by 2008 231 out of 400 selected families, successfully graduated from the training scheme. Follow ups of improvement of their lives indicates that they have changed from the poor to average status (Rose 2010)

2.3.4- Utilization of Zakat Funds for Loans

Another argument on contemporary methods of zakat distribution is regarding the permissibility of providing zakat funds as loans to beneficiaries. Scholars like Abu Zahra as cited in Shahatah (2002) maintained that zakat funds could be granted to beneficiaries in forms of loan. Shahatah concurs this view provided the loans could help in boosting the ability of the recipients and encourage them in hardworking. When the loans are recovered, it may also help by giving it out to other outstanding beneficiaries.

Practically, the Pakistani zakat and Ushr organization order of 1979, allows the distribution of zakat in forms of loans for establishment of schools, hospitals and vocational institutions for the benefit of poor. The poor are normally served free of charge while others pay to the account of zakat for reproduction (Kahf 1997).

This researcher is of the opinion that idea of using zakat funds for loaning purposes still needs to be debated, because the indebted persons are among the eight categories of zakat recipients. The question here is what happens if the recipients fail to utilize the zakat funds given to him as loan and remain poor. The implication is that the zakat organization may not be willing to pay him zakat any more, even though he still remains poor or even poorer. And consequently he is derived from his share of zakat.

2.3.5- Utilization of Zakat Funds for Propagation of Islam

Some contemporary scholars consider the utilization of zakat funds in propagation of Islamic education and principles, and for showing the beauty of Islam to the people of other beliefs. These activities include; programs designed to promote the Islamic way of lives as against rivalry un-Islamic activities, or any other cause of righteousness (Mayer 1986).

3.0- Methodology

The study employs the qualitative research methods. This is because of the limited number of researches about zakat
and it’s practices in Kano. This indicates that the research problem is not much discussed and conversed in the researches. In support of choosing qualitative research approach in this kind of study, where the problem is not yet addressed by many other researches, Creswell (1994) agrees that this kind of research is appropriate when problems of the study is immature, and when there is a lack of theories or previous study on the related topic. Although a few works have been done by students and via some findings, the research was only able to find a very limited number of studies focused on checking the systematic zakat management in the study area.

Another reason for adopting qualitative research in this study is driven from its technical definition method by Strauss and Corbin (1998). They identified qualitative research as any type of research that produces findings not obtained after statistical procedures or other means of qualification. Through this method; people lives, lived experiences, behaviors, emotions and feelings are verified. Organizational functioning, social movement and cultural phenomena too are part of the verifications.

This research, by its nature, is relevant to all the above issues that are verified through the use of qualitative method. For instance, the research conducted a one year participation in the zakat collecting distribution and management under the Zakat and Hubusi Commission of Kano state to use personal experiences as relevant method of research. Explanation of the level and nature of the researcher’s participation will be elaborated in relevant places throughout this chapter.

This paper adopted four major sources of data collections for qualitative study, interview, observation through personal participation that lasted for one year, analytical deductions using classical Islamic rulings, and semi-structured interviews focusing on the staff of the zakat and hubusi Commission Kano, and the Ulamas (clerics). Ulamas used to collect and distribute zakat in mosques.

4.0- Discussion and Findings

The analysis of the data collected indicates that zakat givers in Kano are aware of the zakat concepts as a religious obligation and a few objectives of zakat and its role in the life of the Muslim community. They are able to calculate their properties and determine the percentage of zakat out of it.

The research observed that to some extent, zakat payers in Kano are aware of zakat as a religious duty and some of its objectives. Nonetheless, this awareness is limited to the definition similar to the one given by the zakat Commission. Thus, zakat payers in Kano are not aware of the roles of government as an intermediary between the zakat payers and recipients, making it difficult for the zakat payers to pay through government agencies.

Issues related to awareness have a great influence on the perception of people regarding zakat and its concepts. Thus,
perception has an immense role in handling any collective issue. Tania (2011) as cited in Hanna and Dodik (2012) defines perception as a process, in which man sorts, organize and interpret stimulus into a form that has meaning. Similarly, Kharina (2009) as cited in Hanna and Dodik (2012) conducted studies on the effects of motivation, perception, learning and personality on the decision in selecting a product. The study concludes that perception has five components which include: explanation, attention, understanding, acceptance and retention. These components if established will turn the perception positive.

Similarly, in the case of perception of the zakat payers in the state of Kano, the research believes that the institution’s role and a proper explanation regarding sustainable development may lead to proper understanding, acceptance and participation in collective zakat systems. In this regard, Abubakar Nur Bazirah & Rashid (2010) listed level of education among the major factors influencing behavior of zakat payments in Malaysia. This study in the following chapter provides suggestions on better ways to handle awareness regarding zakat payments in Kano.

Similarly, zakat payers in Kano have limited awareness regarding the concepts of priorities in zakat distribution and categorization of zakat recipients. The findings show that there are possibilities of multiple allocations of zakat to one person, and allocations of zakat to people who are not legitimate zakat beneficiaries, therefore in line with the objective of this study. This study provides suggestions on better ways to handle awareness regarding zakat payments in Kano. The study recommends the adoption of systematic methods of zakat information system, which includes the use of electronic media stations, journals/newspapers/magazines, sensitization and public lectures, and online social media as a means to propagate zakat related information.

The findings of this study also reveal that the zakat payers in Kano adopted the direct payment of Zakat instead of paying it through the zakat institution. It is therefore clear, that zakat is normally paid to three categories of people who are: their workers; neighbors; and relatives, who are poor and needy. Additionally, the people of Kano are not ready to pay their zakat to the zakat institution due to reasons related to inefficiency.

Direct payment and noncooperation with zakat institutions have been discussed by many scholars, most of whom believed, that reasons behind it are multidimensional. Reinsteen (2006) as cited in Muda et. al (2006) maintained, that religious beliefs and worship purposes are considered among the major reasons for compliance with the injunctions of zakat. Similarly, Aidit and Qardawi as cited in Muda et. al (2006) insists that non-compliance with zakat injunctions indicates the level of religious belief of the zakat payer.

Organizational factor is another important aspect influencing zakat payments through zakat organizations.
Sanep (2005) as cited in Muda et al (2006) believed that the ability of zakat organization in attracting the zakat payers can be through high level of transparency which would influence the participation of the zakat payers. Muda et al in their findings, they insisted that there are five reasons influencing the zakat payments including: altruism, faith, self-satisfaction, organization and reward. They concluded that in Malaysia, altruism is the major reasons for the zakat payments, followed by; religious belief; self-satisfaction; and organizational factors respectively, where reward received the least attention by zakat givers in Malaysia.

This study helped to observe that in Kano, the case was different than that of Malaysia. The interview results indicate that religious beliefs and self-satisfaction are the main factors influencing the payment of zakat in the state. A lack of confidence in the zakat organization and limited awareness regarding the Islamic provisions on the role of authorities in zakat management formed the basis for non-cooperation to pay through the zakat organization.

From the findings, two issues are observed: the zakat beneficiaries in Kano are limited to people who all come under two or three categories; poor, needy and fisabilillah category out of the eight groups of zakat recipients. The distribution is also limited to people close to the payer or people the payer personally knows. This undermines the objectives of Zakat, which is meant to the poor in the community. If the eligible one in whole community would enjoy Zakat, it would result in sustenance and social welfare.

Direct collection of Zakat fund is another important finding that emerged from the interview. Although it has been established that the zakat payers in Kano prefer to pay their zakat dues directly to the beneficiaries, some participants have also stated that whenever a transparent zakat system is ensured, the collection of zakat will be better handled through institution. It is observed that their reluctance in payment of zakat through the organization concerned, was mainly caused by two reasons: transparency issues and the religious belief that zakat is an individual duty and not collective.

Similar views are reported by Muda et. al (2005). He says that many Muslims, particularly in Gulf countries, are more comfortable to pay their zakat part to either non-governmental zakat organizations or directly to the recipients. Guemart et. al 2003) believes that this belief is connected with the traditional belief that zakat is an individual obligation on every rich Muslim and not a collective responsibility.

Earlier, we discussed zakat as a religious obligation on every individual even if collected and managed by the Muslim authorities. This way has been the practice of the Prophet as he used to send his companions for zakat collections and sometimes distribution like the case of Mu’adh bn Jabal. The direct payment of zakat was approved during the caliphate of Uthman bn Affan, when wealth became abundant and people aware of zakat rights.
Therefore, considering the need for it along with the spread of poverty among Muslim communities, this study suggests that eligible zakat payers should pay their respective amount to the individuals assigned to them by the instituted authority. This will be in accordance to how Allah commanded the prophet to collect zakat from Muslims.

Although the establishment of zakat institutions does not significantly improve Zakat collection in Kano, it is assumed that with proper public awareness, there could be an increase in the collection and distribution of Zakat funds.

The effectiveness of zakat collection and distribution mainly depends on the system of governance of the institution. Having a centralized body of zakat collection and distribution helps in determining the actual people entitled to zakat funds; avoid multiple collections and, helps in ensuring adequate utilization of the funds.

5.0- Recommendations

This section of the study mentioned a number of potential problems that is faced by the zakat management system in Kano, including: limited knowledge and awareness on zakat's principles, concepts, obligations and objectives among the community of Kano; inefficient zakat management system; reluctance of zakat payers to pay their zakat through the zakat institution; and improper zakat distribution. To handle this situation the following recommendations is developed:

5.1- Awareness creation

Awareness creation also emerged from the participants’ view point through the interview. The participants have argued that awareness creation among the Zakat payers will certainly improve collection and distribution. Educating the people about Zakat is the key to success and collection will be easy. Awareness about Zakat will facilitate Zakat collection from the rich people. The information conveyed will make the rich people understand that Zakat is not a tax, but it deals with cleanliness and purification. The awareness must include information about Zakat while emphasizing on its religious importance. Having someone appointed by the government, to collect Zakat, will help payers in trusting them.

5.2- Systematic Method of Zakat Distribution

Zakat distribution though is not the most difficult part of zakat management, but is as important as collection. We could recall that the interviewees had in several times complained about ineffective distribution as the major reason that discourages their payment through the zakat institution. And therefore to earn the payer’s confidence adequate measures of transparency in distribution must be ensured. Following figure illustrates the systematic method of zakat distribution;
Figure 5.1: Systematic Method of Zakat Distribution

This figure presents: methods of zakat distribution; process of its distribution; identification of the recipients; their authentication; and lastly, allocations and utilization of zakat funds by the recipients as the preferred processes of zakat distribution. Discussion on this figure will follow after the next figure.

5.2.1 - Systematic Methods of Zakat Distribution process

The findings of this study indicate that zakat institutions in Kano adopt cash methods of zakat distribution; this method does not help achieve the aims of Zakat, especially in poverty reduction and social welfare establishment. Therefore, in accordance with the literatures reviewed, other methods of zakat distribution are suggested. Following figure illustrates the systematic method of zakat distribution process.

Figure 5.2: Systematic Methods of Zakat Distribution Process
The above figure shows many ways in which zakat is distributed to meet up with various objectives of zakat, including the distribution of zakat as investment, economic empowerment, loaning, financing and rehabilitation and direct financial support. These are further explained thus;

5.2.2- Distribution of Zakat as Investment

Investment of zakat funds can benefit the poor in many ways. Those who have the physical or intellectual ability to work, may be provided with an opportunity to work for themselves or work for others and earn salaries. In some instances, the beneficiaries ay receive capital assistance to start local or domestic businesses. Physical infrastructure and trainings that would enable them to actively participate in labor markets could be made available too.

In places like Kano, where most of the consumable items are either imported from other countries or from different states, investing in zakat funds may provide a lot of business opportunities to the recipients to meet the demand of the consumable goods at low prices.

This idea is supported by Al-fawzan (2005), Shubayr (2000), and Farah (1997). The idea suggests that the proceeds of the investment shall be distributed among the zakat beneficiaries, while zakat institutions would manage the capital. In line with this view, this study suggests the utilization of zakat funds for investment and reproduction of funds.

5.2.3- Distribution of Zakat in Economic Empowerment Activities

Assistances in the form of capital are needed by the poor and needy to finance their economic activities. There are evidences found in the report on SME in Brunei Darussalam that SMEs face difficulties in terms of both availability and access to finance. This was due to
difficulties in meeting the requirement of the financial institutions in rendering the loan, such as collaterals and guarantors. The difficulties however concern more the poor and needy who do not have assets to use as collaterals in order to get the loan (Islam et al, 2002).

With regards to the possibility of using zakat fund for providing businesses with capital, Zayas (2003) discussed about the rules governing the administration of zakat. One of the rules was that zakat funds should not be invested in any kind of business enterprises due to risks faced by them. She stressed on the fact that the zakat funds are meant for helping the people who deserve it. However, she did not mention that zakat funds cannot be used to help the poor and needy in the form of capital for businesses run by them. This study also recommends the distribution of zakat for economic empowerment and manpower development. This idea is supported by Shahatah (1989). They recommend the utilization of zakat in legally approved transactions.

5.2.4- Distribution of Zakat as Loans

The shariah ruling regarding the use of zakat funds for benevolent loan can be referred to the discussion that took place in Egypt in 1950. It answered the question by the government of Pakistan on this matter. According to Abu Zahrah (as cited in Shahatah, 2000), the answer was as follows:

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

Loaning of zakat funds for social welfare projects is supported by this study. Loaning of zakat funds has successfully been practiced by the Pakistani zakat institutions and has yield positive results. The Pakistani zakat institutions loaned out zakat funds to finance social welfare projects like hospitals, schools and vocational education, on condition that the services of this institution are given free of charge to the zakat recipients while others pay. The proceeds go to the zakat accounts and subsequently distributed (Rose 2010).

5.2.5- Distribution of Zakat for Financing and Rehabilitation

In Singapore, the innovative way of managing zakat through Empowerment Partnership Scheme (EPS) was introduced in July 2004. Majlis Ugama Islam Singapura (MUIS) or Islamic Religious Council of Singapore disburses a average of BND300,000 each month to about 1,800 zakat recipients. The policy is to ensure that every zakat dollar is well-spent and can help to improve the quality of life of zakat recipients so that in the long run, they can be self-reliant. Hence, 400 families were selected for empowerment program. They are admitted to undergo the intensive three-year scheme, under close supervision of agency-partners. By the year 2008, 231 families out of the 400 families have graduated from the scheme. These families no longer receive zakat assistance from
MUIS. In January 2008, another 200 families from the zakat database were selected to participate in the new batch of EPS (Rose 2010).

This study suggests the distribution of zakat on individual financing and rehabilitation, especially when zakat recipients are physically or intellectually able to work and reproduce the zakat funds.

5.2.6- Distribution of Zakat for Direct Financial Support

Some practices from different countries found in some research papers. According to Kahf (2000), besides catering to the needs of the poor and destitute, the organization provides “training services, medical services in zakat sponsored clinics and hospitals, Qur’an memorization support, private classes to enhance the academic advancement of poor students, nursery schools for the small children of poor working women, the construction of mosques, foreign language teaching, burial services and camping and sports facilities for poor children and youth”, amongst other things. In addition, it also provides “dinner during the month of Ramadhan to the poor and to travelers, a mobile caravan for zakat awareness and disbursement, an annual exhibition for the products of the zakat-sponsored training centers, a hajj group trip as well as the sponsoring of a series of international and cultural lectures”.

In a situation when the zakat recipients need immediate solution to problems like: a traveler, who faced financial difficulties to reach his destination; or an indebted or sick person, zakat could be distributed in form of cash to help him out of the troubling condition. Although cash financing is the traditional way of zakat distribution, it is discouraged by this study unless in exceptional cases.
5.3- Systematic Methods of Zakat Funds Allocation (figure 5.13)

The study suggests specifying and recording the type of Zakat given, amount or items given and the scheduled date for utilization and follow up. Items to be recorded includes; amount or item given as zakat, the type of zakat given to the recipients, date in which zakat is distributed and the expected time slated for follow ups with the zakat recipients to ensure adequate utilization of the zakat funds. Following figure illustrates the systematic method of zakat funds allocation;

Figure 5. 1: Systematic Methods of Zakat Funds Allocation

This figure shows how zakat funds are allocated and recorded, when the item and type of zakat are stipulated, it also gives dates of distribution and times and utilization follow-ups.

5.4- Systematic Methods of Zakat Utilization Follow ups

For a successful conduct of the follow up, the model suggests that a notice shall be sent to the Zakat receiver on the expected dates of follow up. During the follow up, the Zakat staff is expected to observe and record changes made in the life of the Zakat receiver. On the other hand, the receiver is to brief the staff on the level of progress and impacts of zakat funds in his life. The zakat staff should also give suggestions to the recipients on how to improve their business if he is still struggling. Following figure illustrates the systematic method of zakat funds allocation; Following figure illustrates the systematic method of zakat funds
utilization follow-ups;

**Figure 5.4: Systematic Methods of Utilization follow-ups**

It is important to notify the zakat recipients on the expected dates of follow-ups; this will prompt them in working hard to progress their businesses, and ensure to show as improvement in their lives as a result of zakat funds. The zakat filed staff after recording the changes made in their lives or otherwise, may wish to recommend or advise them on how to improve or manage their businesses.

### 5.5 Further Study

In order to address the issue of cooperating with zakat institution, this study recommends a separate study on the establishment of zakat shariah committee; the committees are liable to ensure strict shariah compliance in the zakat institution as a means to gain public confidence. The study also suggests further studies on the systematic zakat receiver identification, and verification to help find ways to verify the nature of the claims made by the recipients.

### 6.0 Conclusion

This study recommends that adopting systematic zakat management system and consideration of current fatwa’s will help in the establishment of social welfare and avoid income inequality through redistribution of wealth. Various systematic methods of zakat distribution are recommended including; for investment, economic empowerment activities, as loans, for financing and rehabilitation and for direct Financial Support. Similarly other methods were suggested including systematic methods of zakat receiver identification, authentication and zakat fund allocations, and its utilization follow ups.

### References


Funds” Journal of Islamic Economics Vol. 4 No 1&2


Zakat Chamber Sudan: See http://www.zakat.sudan.org regarding the projects of the Zakat Chamber on national pharmacies.