

Trends and Developments in Contemporary Zakat Administration

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Abstract

Zakat is a third pillar of Islam and has been considered as the mainstay of Islamic economics. It comes at the center of the five pillars of Islam, which some scholars interpret as providing balance between *ibadat* (worship) and *muamalat* (day to day human transactions). Historically it provides solutions to economic problems of the Muslims society. However, its application is reduced to individual levels with limited impact in many parts of the world. In the recent times, there is revival of the institution of zakat. Thus, the paper examines the contemporary developments on zakat particularly its potential and applications in Muslim countries and communities. The methodology adopted is content analysis with critical review of the literature. Secondary data were sourced from reports covering 2014 to 2020. The data was specifically analyzed based on the trends and potentials of zakat in Asia, Sub-Saharan Africa, North Africa and the Russian Federation. The paper finds that, zakat in many Muslim jurisdictions has the potential of alleviating poverty and drastically reducing income inequality based on international standards. The implication of the study is that Muslim countries and communities should revive zakat and apply it in their mainstream economic system to solve their socio-economic problems.

Keywords: Administration; Contemporary Development; Trends; Zakat

INTRODUCTION

Zakat is the third pillar of Islam. It is mentioned together with the establishment of prayer (*ṣalah*) twenty-five times in the Al-Qur'an. Apart from its role as an act of worship, it is also a socio-economic tool that curtails poverty, inequality and societal disharmony. In the early practice of zakat, particularly during the period of the Prophet (pbuh) and his rightly guided caliphs, zakat had played an unprecedented role in the socioeconomic development of the Muslims, thus achieving its multifaceted objectives. Allah emphasizes in the Al-Qur'an the various aspects of zakat in terms of worship, administrative requirement and the inherent blessings associated with it. The practice of zakat reached its peak during the reign of Umar bin al-Khattab and Umar bin Abdul 'Aziz as was miraculously heralded by the Prophet (pbuh), where he stated that "Offer alms as there will soon come a time when a person carrying out his zakat on his hand will roam around in futility, in pursuit of

recipient as the intended recipient will refuse and say if you offered yesterday I would have accepted, but now I am in no need of it"(Cited in Senturuk, 2008). The Prophet (pbuh) also elaborated that the Day of Judgement would not come until such time of prosperity has come.

Despite the historical role of the institution of zakat, the institution has overtime been gradually relegated to the background. This is coupled with a myriad of challenges that bedeviling the revival and the application of the zakat. In the contemporary period, the issue of reviving zakat by the authorities emanated after the independence of many Muslim countries and the dissatisfaction with the colonial tax system by Muslim scholars in particular and Muslims at large. Thus, zakat revival followed the path of the historical development of Islamic Economics that started in the 1960s. The historic Makkah Conference of 1976 on Islamic economics which gathered a cream of scholars and Islamic economists provided the watershed for the birth of contemporary Islamic economics including the revival of the application of zakat by the Muslim countries. Since then, specialized conferences and workshops as well as cutting edge researches on zakat have been conducted as highlighted in this chapter. The seminal work of Yusuf al-Qaradawi in the 1960s paved the way for resolving some contemporary challenges on the application of zakat. These include the definitional issue of beneficiary categories (*aşnaf*); new bases of zakat; zakat and tax deduction; investment of zakat; jurisdictional issue of zakat; zakat and economic empowerment and zakat and sustainable growth among others. Despite the level of consensus that has been reached, some issues are yet to be agreed upon particularly based on the classical understanding of various schools of thought.

The paper examines the contemporary developments on zakat particularly its potential and applications Muslim countries and communities. Section reviews literature on the contemporary issues of zakat. Section three presents the two analyses the trends of zakat administration in Asia, Africa and the Russian Federation with emphasis on the available data and potentials of zakat. Section three highlights the contemporary academic researches and conferences on zakat. It brings to light contemporary issues on zakat administration both theoretically and empirically. In section four, the chapter focuses on governmental and non-governmental zakat organizations and ends with a conclusion.

LITERATURE REVIEW

Resource Gap and Estimate of Zakat Potentials

Obaidullah and Shirazi (2014 see ISF Report) estimated the zakat resource gap in Asia by using the poverty gap index, which is defined as the mean shortfall below the poverty line, expressed as a percentage of the poverty line. They also adopted the World Bank poverty lines of US \$1.25 a day in 2005 PPP terms for hard core poor and US \$2/ a day for the relatively poor, which represents the mean of poverty lines found in the poorest 10 to 20 countries ranked by per capita consumption (ISFR,

2015). In addition, the recent World Bank poverty lines of US \$1.90 a day and US \$3.10 for hard core poor and relative poor were used in some case.

On the other hand, Obaidullah and Shirazi (2015) used similar approach of Kahf (1989) to estimate zakat based on national income accounts adjusted to take care of per income and percentage of Muslims population since zakat is payable by Muslims only. The approach also is based on three different views on zakatable items which were denoted as Z1, Z2 and Z3. Z1 holds the majority traditional view which levied zakat on agriculture, livestock, stock in trade, gold, silver and money. Z2 was based on the opinions of some contemporary scholars that support paying zakat on net returns of manufacturing concerns, rentals of buildings and net savings out of salaries. Z3, derived from the Malakite views, advocate zakat on buildings and other fixed assets except those assigned for personal and family use (ISFR, 2015). Ishola (2023) posits that there are inadequate collection mechanisms and interpretation of zakat, thus, leading to low total collection.

Siswanto et al. (2023) observe that there huge unrealized and neglected zakat in energy sector in Muslim countries. This is even more evidential looking at the zakat rate in the mining sector ranging from 2.5 to 10 percent.

Zakah aims at wealth circulation and supporting the weaker segment of the society. It creates demand through the consumption needs of the recipients thereby creating investment and capital growth. This is important for sustainable wealth and income generation to meet with the rising demand of population (Noor, et. al, 2015, Muhammad, 2023). This is also the submission of Ismail, (2022).

Contemporary Academic Researches and Conferences on Zakat

There are a number of existing and newly emerging issues that have received the attention of scholars and these are debated with a view to finding solutions to them. In this section, the researcher highlights some of them and critically examined them for a better understanding of the matter. The development in research on zakat reaches a remarkable stage whereby a dedicated journal was initiated on the area. *The International Journal of Zakat* published by Puskas Baznas (Indonesian National Zakat Agency) was founded in 2015 the maiden edition of which has 9 articles discussing various aspects of zakat and waqf, from history to *fiqh* to contemporary application of the duo. This is in addition to several conferences on Islamic economics and finance in particular, the International Conference on Islamic Economics and Finance which was started in 1989 which, by 2016, was 12th in the series. Zakat receives a lot of attention among Islamic economists as attested by the emergence of some of the prominent publications that one cannot ignore.

The literature review represents the theoretical core of the research article. It includes review of related literature in essay style. The purpose of a literature review is to “look again” at what previous researchers have done regarding to the topics of the article. Thus, in the literature review, the researchers should critically evaluate,

re-organize and synthesize the work of previous researchers to show the state of the art, then followed by formulation of hypothesis (if any).

Table 1. Prominent Literature on Contemporary Zakat

S/N	Prominent Work	Author	Publisher
1	Some Aspects of the Economics of zakat: Proceedings of the Conference on the Economics of zakat	Association of Muslim Social Scientists (1980)	American Trust Publications, Indianapolis, Ind., 1980
2	Management of zakat in Modern Muslim Society	Imtiaz et.al 1985	IRTI
3	zakat, Moderation and Aggregate consumption in an Islamic Economy	Munawar Iqbal, 1985	Journal of Islamic Economics, vol.no1
4	Fiqh Al-zakat: A Comprehensive Study of zakat Regulations and Philosophy in the Light of the Qur'an and Sunnah	Qardawi 1999	Islamic Book Trust Kuala Lumpur
5	International Framework of zakat: Dimensions and Implications.	ElAsker, A and Sirajul Haq, M. (1995)	IRTI
6	The Performance of the Institution of zakat: Theory and Practice.	M. Kahf, 1999	International Conference on Islamic Economics: Towards the 21stCentury
7	Proceedings of First Seminar on zakat in Modern Muslim Society	2000	IRTI
8	A Survey of the Institution of zakat: Issues, Theories and Administration	Sadeq, A (2002)	IRTI Discussion Paper No. 11
9	zakat and Contemporary Management	2012	UiTM
10	Islamic Social Finance Report	2014, 2015, 2017, 2020	IRTI
11	Role of Zakah and Awqaf in poverty alleviation	Ahmed, H. (2004).	Islamic Development Bank, Islamic Cham: Springer International Publishing.
12	Revitalization of Waqf for Socio-Economic Development, Volume I,	edited by K. M. Ali, M. K. Hassan, and A. E. E. S. Ali.	Cham: Springer International Publishing.
13	"The national-level potential of zakat and its integration into the fiscal framework: sector-specific insights from the economy of Bangladesh	Hassan, M.K., Khan, M.Z.H., Miah, M.A. and Islam, M.K. (2024).	", <i>International Journal of Islamic and Middle Eastern Finance and Management</i> , Vol. 17 No. 1, pp. 146-169

Source: Author, 2024

Recent studies show the dissatisfaction of paying zakat to some organizations and negative perceptions on the management of zakat particularly with regard to distribution of the proceeds (Abdul Halim et al, 2008, Sharom, Alwi and Arifin, 2013, Paramole, 2020). Zakat collection and its onward distribution require efficient and

effective management for it to achieve the desired outcome of income redistribution and poverty alleviation. In fact, the issue of inefficiency dominates the researches and conference discussions. There is an increasing awareness to pay zakat among the rich. Furthermore, there is equally an increasing attention on the accounting of zakat, laws of zakat management, zakatable assets among others.

Definitional issue of zakatable assets is one of the major concerns that can affect the potential of zakat significantly. The economic transformation and progress being recorded in many countries and societies has created new forms of wealth, valued others and devalued some that are hitherto of much economic significance in the society. For instance, industrial goods have made agricultural produce of less economic value. In view of this, Kahf (1987) applies three views vis-a-vis liberal, moderate and conservative views to examine the potential of zakat in some selected countries including: Egypt, Indonesia, Pakistan, Qatar, Saudi Arabia, Sudan, Syria and Turkey. His findings show that, if conservative view is applied, zakat proceed hardly exceed 2 percent of GDP. However, when the liberal view is applied the proceeds drastically increases to between 2- 7 percent of GDP, depending on the country understudied. Interestingly, in 2014, a similar approach was used to study some selected countries in Asia, Africa and the Russian Federation, the findings reveal that zakat and waqf have huge potentials that are untapped. Similarly, applying liberal or moderate view in harnessing these potentials will advance the course of the duo and make it to achieve their objectives.

In addition, zakat on income is one of the most discussed topics among Islamic economists and zakat institutions. Currently, Malaysia, Sudan, Brunei and Pakistan apply zakat on income (Sharom, Alwi and Arifin, 2013). According to Qardawi (2006) the person paying zakat on salaries is liable to pay the zakat on excess only after fulfilling his basic needs. However, this principle might be confusing as a peasant farmer that produces 653kg a year, which is the *nisab* in agriculture and that itself is insufficient for him might misunderstood it. In fact, Mannan (1985) advocates for the monetization of *nisab* i.e. using gold and silver *nisab* as a bench mark for all other zakatable items. This way, it is possible/feared that there will be deadweight loss of zakat as many hitherto eligible zakat payers will be excluded and the potential beneficiaries would lose the opportunity thereby limiting the socio-economic and spiritual benefits of zakat in the society.

Meanwhile, Sheikh Uthaimin divided employees into those who can fulfil their basic needs and save and those whose income can only meet their needs or even fall short of their needs. For the first category, there shall be zakat on their savings if it reaches *nisab* otherwise they can even be zakat beneficiaries. He added that “it will be most rewarding if the employee can pay zakat at the end of the year considering his acquired wealth during the year. This will save him from hatred and attract blessing and love from the *Fuqara* and *Masakin* as well as the zakat collection authority” (Uthaimin, 2013).

Unarguably, the mode of zakat collection and distribution whether institutional or personal is one of the critical success factors for application of zakat in any society as documented in the literature on zakat. While in the Asian countries the zakat management is being institutionalized through the government, in the Gulf region however, rich Muslims prefer to pay their zakat to charitable organizations or to the *asnaf* directly. This therefore may undermine the impact of zakat in the region. Similarly, in many Muslim African countries, there is lack of awareness of the existence of institutional management of zakat. If zakat collection and distribution is been carried out professionally by the institutionalize body, its impact will be felt by the society as against individual distribution or through third party (Rafien, et al., 2013). The advantage of institutional collection under the government will subject the agency to public accountability and the reporting is also expected to be professionally made. The voluminous classical literature shows zakat management as a public duty (Abu Yusuf, 1397). Ghazali et. al. (2013) argued that proper and full disclosure of zakat institutions do not only enhance their transparency but also boost their public confidence and put them among the reliable organizations in Malaysia.

Sabahaddin (1985) argued that zakat is not a private matter between its payer and beneficiaries but it has a certain distinct and inalienable social dimension. While Islam commands Muslims to pay their zakat, state is enjoined to collect, disburse and ensure proper utilization of the proceeds. Previously, Sabahaddin (1985) examined ten Muslim countries out of which six zakat payments are voluntary while in the remaining four countries it is obligatory. The first category includes Jordan, Bahrain, Kuwait, Lebanon, Malaysia and Bangladesh. The second category includes Saudi Arabia, Libya, Sudan and Pakistan. Recently, Obaidullah and Shirazi (2014, 2015, and 2017) argued that compulsory payment that is not backed by enforcement is likely to be an inferior mode of zakat mobilization. However, voluntary payment that comes with initiatives and proper organization will produce the desirable outcome needed for effective zakat application in the society. They backed their argument with the recent findings in some Muslim countries where zakat is made voluntary yet the collection is excellent more than in other countries. For instance, in Malaysia, where the voluntary zakat management is more effective than in Sudan and some Nigerian states whereby the compulsory the zakat law is not enforced.

Privatization or corporatization of zakat is one of the vibrant topics in recent researches on zakat. There are different practices on the collection and distribution of zakat in Muslim countries. In Malaysia for instance, zakat collection has been privatized while its distribution still remains with the Baitul Mal. There are mixed findings on the impact of privatization of the zakat institution in the various researches conducted. According to Zameru, (2005), privatization of zakat significantly influences Muslim zakat payers to pay their zakat. This contradicts the findings of Ghani, (2001) on the collection of zakat. For instance, in some states in Malaysia, zakat is privatized both the collection and the distribution, unlike in Kuala Lumpur Federal Territory and Selangor State. In general, some states are successful

in privatizing both the collection and distribution others are still trying to improve in these areas. According to Jamaludin et al. (2023), zakat payers are willing to pay through institutions once they perceived trust and transparency in the management of the institution. This will go a long way in harnessing the potentials of zakat thus, impacting positively on low-income earners and poor segment of the society. He submits that, people's trust can be boosted through improving the capabilities, integrity and benevolence of the zakat administrators.

Governmental and Non-governmental and International zakat Organizations

There are a number of agencies on zakat across the world. Some of these are governmental agencies others are private or non-governmental organizations (NGOs). Yet, others take the nature of national while the rest are international. With regard to the Government-related agencies, some countries have gone far in establishing such while others follow. Malaysia for instance is one of the countries with vibrant zakat organizations at governmental level (Noor et al, 2013). A dedicated department was established under the Prime Minister's office to coordinate activities of zakat, waqf and hajj matters called Jabatan zakat, Waqf dan Hajj. In addition, Pungutan Pusat zakat (PPZ) the largest zakat organization was set up in 1991 to mobilize, collect and distribute zakat in Malaysia. This resulted in zakat transformation in the country. In the recent time, it was

Syukri (2024) stated that in each of the fourteen states, zakat is managed by the State Islamic Religious council. This may give diverse practice. However, in general there are three methods of zakat payment. First, through appointment of zakat collectors. Second, zakat payer may visit the nearest zakat office in his/her area and third, employees pay their zakat through direct deduction by their employers. This pragmatic payment system allows Malaysia to, year in year out increase the overall zakat collection in the country. Alsamarrai and Al Trabebisi (2013) conducted needs assessments of the zakat institutions across the globe. Though the online survey they employed might be biased, it provides additional idea on the activities of zakat institutions. A total of thirty-three respondents across countries participated in the survey. The respondents cut across all continents with more participants from Muslim majority countries. Their findings reveal that there is clear need of (i) training and capacity building (ii) coordination and cooperation (iii) consultancy and advisory services for zakat institutions to become more professional and more productive, thereby serving more beneficiaries efficiently and effectively.

Miah (2019) and Nurul Absar (2024) show that privately managed zakat institution in the case of Bangladesh has the potential of managing zakat more efficiently and effectively. This is supported by Hassan et. al (2024) who find that the total collection of zakat in the Fiscal year 2018-2019 is fourteen times than in the Fiscal year 2000-2001 in Bangladesh. This is attributed to the organized zakat management in Bangladesh, increased awareness and cooperation among stakeholders like Islamic financial institutions.

RESEARCH METHOD

The methodology used for this study is content analysis. According to Ngu (2009) content analysis “is a systematic examination of written documents including textbooks, journals, magazines, newspapers, annual reports, bulletins, maps, government publications and other numerous institutional publications.” It usually has scope or specific time covered. The method is by and large part of the qualitative method which Patton (2002) describes as having the capacity to reach to the inner contours of social nature. Thus, critical appraisal of the literature and content was used. This enables us to sift information and examine critical development and gaps. The study uses secondary data gathered from Islamic Social Finance Report (2014, 2015 and 2017 and 2020) Islamic Development Bank. Thus, specific countries where data is available in the Asia, Africa and Europe were included and the analysis focuses on the trends and the potentials of zakat in alleviating poverty in those countries.

RESULTS AND DISCUSSION

This section presents the obtained from the research based on the available data. It shows clearly zakat has potentials to reduce poverty and inequality in the study countries.

Table 2. Resource Gap in Selected Asian Countries

Country	Year	Resource Gap as % of GDP at \$ 1.25 per day	Resource Gap as % of GDP at \$ 2.0 per day
Bangladesh	2010	7.57	33.36
India	2010	2.39	12.59
Indonesia	2011	0.35	2.74
Malaysia	2009	0.00	0.02
Pakistan	2008	1.62	13.35

Source: Islamic Social Finance Report (2014)

Table 2 shows the resource gap for the countries to get rid of poverty of USD1.25 per day and USD2perday. Bangladesh requires 7.57 percent of GDP and 33.36 percent to push the poor above 125 and 2 per day. India however, requires 2.39 percent and 12.59 percent of its GDP to address the poverty of 1.25 per day and 2 dollar per day respectively. Indonesia, the largest Muslim country, needs barely 0.35 percent and 2.74 percent of its GDP to address the problem of ultra-poor and relatively poor based on 1.25 per day and 2 dollar per day respectively. The interesting case is that of Malaysia which eliminates poverty 1.25 per day and requires only 0.02 percent of its GDP to push the relative poor based on 2 dollar per day. Lastly, Pakistan which requires only 1.62 percent of its GDP and 13.35 percent of GDP to get rid of poverty USD1.25 per day and USD2 per day. Bangladesh requires more resources to fill the gap in poverty followed by India.

Table 3. Estimates of zakat Potential in Selected Asian Countries

Country	Year	Z1	Z2	Z3
Bangladesh	2010	1.63	3.48	3.92
Brunei Darussalam	2010	0.93	2.00	2.25
India	2010	0.26	0.55	0.63
Indonesia	2011	1.59	3.39	3.82
Malaysia	2009	1.11	2.36	2.66
Pakistan	2008	1.74	3.71	4.18
Singapore	-	0.27	0.57	0.65

Source: Islamic Social Finance Report (2014)

Table 3 shows that the zakat potential based on different views in the selected countries varies. In Bangladesh, it spans from 1.63 to 3.92. However, the resource shortfall in the country, as shown in table 1 is between 7.7 to 33.6 percent of GDP. This implies that zakat potential in Bangladesh may not be able to alleviate poverty 1.25 or 2 dollar per day. In the case of India, Indonesia, Malaysia, Pakistan zakat has the potential to easily push the ultra-poor out of poverty. This finding signifies the need for empirical studies on zakat in Muslim countries and communities. It also points the necessity for reviving the practice of zakat to meet up with the contemporary needs of Muslims in the society.

Table 4. Resource Gap in Selected African Countries

Country	Resource Gap as % of GDP at \$ 1.25 per day	Resource Gap as % of GDP at \$ 2 per day
Kenya	0.32	0.96
Nigeria	1.47	3.50
South Africa	0.001	0.01
Sudan	0.49	2.20
Tanzania	3.02	8.17

Source: Islamic Social Finance Report (2015)

Table 4 shows the resource gap in the five African countries that include Kenya, Nigeria, South Africa, Sudan and Tanzania. For Kenya, it requires 0.32 percent of GDP and 0.96 percent of GDP to eradicate poverty of USD 1.25 and USD 2 per day respectively. Nigeria however requires 1.47 percent and 3.50 percent of GDP to eradicate the poverty level in the country. South Africa requires a marginal percentage to achieve the same result. This is different in the case of Sudan which requires 0.49 percent of GDP and 2.20 percent of GDP. Finally, Tanzania requires the more, as high as 3.02 and 8.17 percent of GDP to eradicate poverty based on the international poverty line above.

Table 5. Estimate of zakat Potential in Sub-Saharan Africa and Tanzania

Country Name	Z1 (Million US\$, PPP)	Z1 (Million US\$, PPP)	Z1 (Million US\$, PPP)	Z1% Of GDP	Z1% Of GDP	Z1% Of GDP
Kenya	126.56	270.71	305.16	0.13	0.27	0.30
Mauritius	66.62	142.50	160.63	0.30	0.64	0.72
Nigeria	8776.45	18771.85	21160.99	0.86	1.84	2.08

South Africa	178.87	382.58	431.27	0.03	0.06	0.07
Sudan	1843.51	3943.06	4444.90	1.44	3.08	3.47
Tanzania	456.75	976.93	1101.26	0.54	1.15	1.30

Source: Islamic Social Finance Report (2015)

Table 5 presents the zakat potential in the selected Sub-Saharan African Countries. Except for Sudan and Nigeria, the countries are Muslim minorities. The zakat potential in Sudan and Nigeria are the highest. In Sudan, the potential is USD 1843.51 million, USD 3943.06 million, USD 4444.90 million or 1.44, 3.08 and 3.47 percents based on Z1, Z2 and Z3 respectively. In Nigeria, the amount is USD 8776.45, USD 18,771.85, USD 21,160.99 or 0.86, 1.84 and 2.08 percents respectively. The resource gaps in Sudan are 0.49 and 2.20 for Nigeria is 1.47 and 3.50 percent respectively. In Kenya, Mauritius and Tanzania, zakat potentials are insignificant. For instance, Tanzania with 3.02 and 8.17 percent of GDP resource gaps has the potential of realizing only between 0.54 to 1.30 percent of GDP of zakat. This finding is revealing as the majority countries generate sufficient zakat capable of alleviating poverty except in South Africa, which has the resource gap of 0.001 and 0.01 percent of GDP as compared to between 0.03 and 0.07. This means for these three countries they can easily get rid of poverty of 1.25 per day and USD 2 per day respectively. This also calls for more organized and institutionalised management of zakat in those countries.

Table 6. Resource Gap in Russian Federation and Bosnia Herzegovina

Country	Year	Resource Gap as % of GDP at \$ 1.90 per day	Resource Gap as % of GDP at \$ 3.10 per day
Bosnia and Herzegovina	2011	0.00	0.01
Kyrgyz Republic	2014	0.05	1.01
Kazakhstan	2013	0.00	0.00
Macedonia, FYR	2008	0.02	0.21
Russia	2012	0.00	0.00
Tajikistan	2014	1.04	7.30

Source: Islamic Social Finance Report (2017)

Table 6 clearly shows that for all the countries studied except Krygyz Republic, which requires only 0.05 percent and 1.01 percent of GDP to push ultra-poor based on USD1.9 per day and relatively poor based on USD3 per day, their resource gaps are marginal or even zero in some countries. Interestingly, the zakat potentials in each of these countries exceed their resource shortfalls by significant amount. For instance, zakat potential in Bosnia and Herzegovina spans from USD329.53 to USD794.54 million or 0.91 to 2.20 percent of GDP. Even in Krygyz where the resource gap is the highest, the potential ranges from USD312.12 million to USD752.76 million or 1.60 to 3.85 percent. The highest zakat potential is in Tajikistan where it reaches USD399.23 million to USD962.59 million or 1.78 to 4.30 percent of GDP. Though, Muslim minority in the Russian Federation, the quantum of zakat that ranges

between USD7635.06 million to 18,408.98 exceed any of these countries in the region.

Table 7. Estimate of zakat Potential in Russian Federation and Bosnia and Herzegovina

Country Name	Z1 (Million US\$, PPP)	Z1 (Million US\$, PPP)	Z1 (Million US\$, PPP)	Z1% Of GDP	Z1% Of GDP	Z1% Of GDP
Bosnia and Herzegovina	329.53	704.83	794.54	0.91	1.95	2.20
Kyrgyz Republic	312.21	667.77	752.76	1.60	3.42	3.85
Kazakhstan	5304.07	11344.82	12788.70	1.26	2.70	3.05
Macedonia, FYR	132.94	284.34	320.53	0.60	1.28	1.45
Russian Federation	7635.06	16330.55	18408.98	0.21	0.45	0.51
Tajikistan	399.23	853.91	962.59	1.78	3.81	4.30

Source: Islamic Social Finance Report (2017)

Table 7 shows the zakat potential in the Russian Federation and Bosnia and Herzegovina. In Bosnia and Herzegovina, the zakat potential is USD329.53 million, 704.83 million, 794.54 million or 0.91 percent of GDP, 1.95 percent of GDP, 2.20 percent of GDP respectively. In Krygyz Republic it amounts to USD312.21 million, USD667.77 million, USD752.76 million or 1.60 percent of GDP, 3.42 percent of GDP, 3.85 percent of GDP respectively. The potential of zakat in Kazakhstan reaches USD5304.07 million, USD11344.82 million, USD12788.70 million or 1.26 percent of GDP, 2.70 percent of GDP, 3.05 percent of GDP respectively. In Macedonia, FYR the amount reaches USD132.94 million, USD284.34 million, USD320.53 million or 0.60 percent of GDP, 1.28 percent of GDP, 1.45 percent of GDP respectively. In the Russian Federation, the zakat potential is 7635.06 million, USD16330.55 million, USD18408.98 million or 0.21 percent of GDP and 0.45 percent of GDP, 0.51 percent of GDP respectively. Finally, the zakat potential in Tajikistan is USD399.23 million, 853.91 million, 962.59 million or 1.78 percent of GDP, 3.81 percent of GDP and 4.30 percent of GDP respectively. From the figures above, it is clear that the Russian Federation could generate highest amount followed by Kazakhstan. However, Tajikistan has the highest potential in terms of the total percent of zakat to GDP which spans from 1.78 to 4.30.

Table 8. Resource gap for Poverty Alleviation in North African Countries

Countries	Year	Resource Gap as % of GDP at \$ 1.90 per Day	Resource Gap as % of GDP at \$ 3.20 per Day
Algeria	2011	0.01	0.07
Mauritania	2014	0.25	1.97
Morocco	2013	0.08	0.90
Tunisia	2015	0.03	0.26

Source: Islamic Social Finance Report (2020)

Table 8 shows the resource gap as a percentage of GDP at USD1.90 per day and at USD3.20 per day. For Algeria, it requires only 0.01 percent to get of poverty of

1.90 per day. It is 0.25, 0.08 and 0.03 for Mauritania, Morocco and Tunisia respectively. However, to alleviate poverty of USD3.20 per day, Algeria needed 0.07 while Mauritania, Morocco and Tunisia required 1.97, 0.90 and 0.26 percents of GDP respectively. In general, the resource gaps are relatively small compared to other countries as analysed in previous tables.

Table 9. Estimate of zakat Potential in Northern African Countries

Countries	Year	Z1% of GDP	Z2% of GDP	Z3% of GDP
Algeria	2011	1.78	3.81	4.30
Mauritania	2014	1.78	3.81	4.30
Morocco	2013	1.74	3.72	4.19
Tunisia	2015	1.78	3.82	4.30

Source: Islamic Social Finance Report (2020)

Table 9 reveals that, zakat potentials even using conservative approach, is sufficient to alleviate poverty of 1.9 per day and 3.2 per day in Algeria, Morocco and Tunisia except in Mauritania. It is also sufficient to solve the problem of poverty of USD3.2 per day in all the four countries. The potentials are the same in the countries using Z1 except in Morocco (1.74). The highest potential using Z2 is in Tunisia with 3.82 percent while the same with 4.30 in 3 countries except Morocco with 4.19 using Z3.

CONCLUSION

The paper examines zakat theory and practice in the contemporary. Using series of reports on zakat, it analyses its estimated potentials in the Asia, Africa and the Russian Federation. The paper finds that zakat has played pivotal roles in social and economic development of the society in various stages of Islamic History and that it has great potentials for overcoming socio-economic challenges of the society, including peace building, mutual co-existence, economic growth and general welfare of the society. In other words, if zakat is practiced effectively, it has the potentials of overcoming poverty and inequality in the countries studied. Furthermore, scholarly *ijtihad* helps in realizing a great deal of the potential of zakat that could otherwise fall outside the purview of the state if zakat coverage remains small or undefined. There seems to be a consensus to pay more attention to organizational and operational aspects of zakat so that within the vast non-controversial area there is an extension to cover the compulsory net of all zakatable assets such as gold, silver, agriculture and industrial goods and financial assets. Meanwhile, the success of zakat organization in any country depends on the stakeholders, i.e. the payers, payee, the zakat institutions, and the general public. However, realizing the potential is near impossible without postering campaign that could tremendously change the size of zakat collection in Muslim countries. The challenges of accountability and efficient management for the zakat fund must be improved to boost public confidence.

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