

Institutional Approach in Zakat Management: Perspective Bangladesh- Example from the Center for Zakat Management (CZM) and some Suggestions

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ABSTRACT

This article investigates the history of the institutionalization of Zakat management in Bangladesh and presents an example from the Centre for Zakat Management (CZM). The primary objective of this piece is to shed light on the significant measures that have been implemented by the Centre for Zakat Management (CZM) to enhance the way that Zakat is administered in Bangladesh. It investigates the creation of a comprehensive database to identify and assist those who are entitled to receive zakat, the development of innovative means for collecting zakat, and the execution of zakat-based livelihood, microfinance, and other one-of-a-kind programs to empower the disadvantaged. The efforts that the Central Zakat Commission (CZM) has undertaken to educate people and raise knowledge about zakat are also evaluated in this study. In addition, this study sheds light on the challenges that were faced in the process of institutionalizing the administration of Zakat in Bangladesh, such as guaranteeing equal distribution, decreasing administrative inefficiencies, and overcoming social misunderstandings regarding Zakat. In addition to this, it analyses the function that should be played by the government, religious academics, and organizations of civil society in the process of developing the Zakat management. In general, the example of Bangladesh is a rich source of information on Zakat's development, institutionalization, and administration. The Centre for Zakat Management example highlights the need for specialized institutions to guarantee proper collection, distribution, and utilization of Zakat money, which eventually contributes to reducing poverty and advancing socio-economic conditions of the country.

Keywords: Zakat, CZM, Poverty, Zakat Management, Initialization of Zakat Management, Bangladesh

INTRODUCTION

Bangladesh is a predominantly Muslim country, with 91.04% Muslims in its total population. With a vast population, Bangladesh is trying to develop its socioeconomic condition. In the way of development, poverty and extreme poverty are significant obstacles Bangladesh has been facing. According to the Bangladesh Bureau of Statistics, the poverty rate in 2010 was 31%. Now Bangladesh is trying to eradicate poverty through various development programs. Statistics show that in recent years, Bangladesh has improved its poverty level, but still, the rates of poverty and extreme poverty are 24.3% and 12.9% respectively (Anon n.d.-c; Hongmei and Yuchun 2022). This achievement is an integrated and

continuous process with a combined effort of the public and private sectors. With the belief that Zakat is an infallible tool for enhancing the standard of the lives of the poor and making full development of the country, the Center for Zakat Management (CZM), a private organization, started to operate Zakat management in 2008. In the few years of its journey, the Centre for Zakat Management has contributed to developing the status of the poor people through its various unique projects and continuous process. Proper management of Zakat can easily eradicate poverty and establish solid economic growth in this country along with social development. Estimated poverty eradication and proper development through Zakat is not seen in Bangladesh, due to paucity of proper management. CZM is a pioneer

organization that promotes the proper management of Zakat in Bangladesh. This work explores the history of the institutionalization of Zakat management in Bangladesh, followed by a look at CZM's programs and success as a pioneer and model for Zakat management of the country.

Allah has made Zakat mandatory for Muslims, and it is one of five pillars of Islam. Zakat is not a privilege, rather it is a right of needy, impoverished, and deprived individuals. Regarding this issue, Allah says- "And establish prayer and give Zakat and bow with those who bow [in worship and obedience] Al Quran 2:43, (Asad n.d.). In the other verse -"And from their properties was [given] the right of the [needy] petitioner and the deprived" Al Quran 51:19, (Asad n.d.). Zakat institutions are responsible for collecting and distributing to zakat recipients. Zakat is collected from ordinary people and as well as corporate entities. It is then sent out to the eight recipient groups (Asnaf) as directed by the Holy Quran Al Quran 9:60, (Asad n.d.). Islam's strong commitment to economic and social justice is reflected in the Zakat concept. It ensures fair wealth distribution, which is carried out by moral responsibility and financial mechanisms (KAPTEIN 1994). A term with two meanings in Arabic is the source of the word zakat. "Purity" is the first meaning. In this sense, zakat purifies the qualities of rice as well as the rights of the underprivileged. Zakat also signifies "development and increase" because it grants the poor and those in need a fundamental entitlement (Al-Qardawi 1969). When paying Zakat, the payer won't suffer from poverty as a result. Zakat helps the needy so that money can circulate more freely within the community and support the Muslim society's economy (Qaradawi 1969). Consequently, Zakat also takes into account social fairness and as well as wealth redistribution.

Many researchers have

demonstrated the positive impact of Zakat regarding the total development of Muslim society (Abdullah and Suhaib 2011). How Zakat related activities are executed, particularly with regard to collection and distribution, will decide its primary economic impact. Unfortunately, the Zakat management system in Bangladesh is not suitable and long overdue. In comparison, other financial sectors' tools for poverty alleviation have been under considerable limelight. Poverty is the main barrier to the development of the country. Economists, regulators, and politicians in Bangladesh have not yet paid much attention to Zakat as a measure for reducing poverty. For success, it needs a reliable and effective institution for managing zakat. In fact, the nation's Zakat administration structure is poor and institutional involvement in the procedure is negligible.

Zakat is a religious tax that has been practiced in Bangladesh, a nation with a large Muslim population, for a very long time; yet, the government did not begin to formally institutionalize the practice until the late 1970s. The Islamic Foundation was given the responsibility of being the national authority in charge of Zakat collecting and distributing after the government acknowledged the significance of efficient Zakat administration in the fight against poverty and acted accordingly by establishing it as the national authority. The institutional structure for the administration of Zakat in Bangladesh has changed over time, with the development of a variety of organizations and bodies at the local, regional, and national levels. A famous example of a specialized institution through private initiative that devoted to the collection, administration, and distribution of Zakat is known as the Centre for Zakat Management (CZM) and it is one of the most important institutions in the process of guaranteeing openness, accountability, and the effective utilization of Zakat monies in Bangladesh.

The rest of the paper is organized

as follows. In the second section, we have a review of related literature. Then, we have stated the methodology of the paper and the following section makes an assessment on the potential of Zakat to develop the economy as well as the society of the country. Fifth section deals with the discussion on the history of Zakat management through various approaches by government and private organizations. Sixth section of the paper analyzes the performance of the Center for Zakat Management as an example of this sector and in the final section, we conclude with some recommendations and concluding remarks.

LITERATURE REVIEW

Not only is making payment of Zakat required and necessary, but also as a system and organization, it contributes significantly to social stability. The Zakat system assures equitable wealth distribution and has a significant impact on the overall social structure. A common social security system for assistance and sympathy will be created if Zakat is formed as an institution, and the funds can then be used to foster social development (Abdullah and Suhaib 2011). Zakat is utilized to fight poverty as a preventative measure (Ibrahim 2015). The study (Wahid and Kader 2010) indicate that Islam adopted Zakat as a novel way to eradicate poverty by making it a social responsibility for wealthy people. The study was conducted on the basis of Malaysian society. The empirical study by Shaikh (2016), argues that OIC member countries could employ the distribution of zakat and Sadaqah to eradicate poverty despite the fact that different countries have varied policies and tactics to undertake it. Additionally, the findings demonstrate that very modest amounts of resources are needed to reduce poverty in Muslim countries.

After analyzing the role of government and private institutions in Zakat management of a Muslim country, the

study by Muhammad & Saad (2016) emphasized on the private trusts in efficient organization of Zakat. This empirical study also examines how trust affects the relationship between the effectiveness of public governance and the intention to pay Zakat. A framework for analyzing trust in the context of Zakat institutions is proposed in the paper (Ghazali, Saad, and Wahab 2016). This study offers a theoretical framework for comprehending trust dynamics and how they affect the efficiency of Zakat organizations that considers a number of aspects of trust, such as credibility, perceived competence, integrity, and communication. It highlights the significance of accountability, transparency, and moral conduct in promoting faith in Zakat institutions. The article emphasizes the importance of trust to maintain the public's confidence in the organization and guaranteeing the appropriate collection, management, and distribution of Zakat monies. The article (Saad, Sawandi, and Mohammad 2016) highlights the significance of managing Zakat surplus funds properly so they can achieve their best application for charitable causes. It covers a range of methods for managing surplus cash, such as investing tactics, social entrepreneurship projects, and working with other nonprofits. The challenges and tactics involved in handling excess Zakat funds are discussed in this article. The study analyzes how to maximize the effect of Zakat in resolving social and economic inequities; it emphasizes the significance of righteous and transparent management practices.

An empirical study on Zakat management in Bangladesh (Mohammad Osmani and Al Masud 2021) emphasized the importance of private institutions like CZM, a Zakat management organization, which has the potential to make a substantial contribution to Bangladesh's efforts to eradicate poverty. According to the study, CZM can aid in combating poverty and advancing social development

in the nation by guaranteeing efficient and transparent management of Zakat monies and raising public awareness. According to the research's findings (Miah 2019), Center for Zakat Management (CZM) has been working primarily with Zakat at greater amounts as well as Awaqf money toward enhancing the socioeconomic status of the poor and severely poor over the past fifteen years (Miah 2024). By this point, the group had amassed impressive expertise and created a successful Zakat-based method to reduce poverty. The accomplishments they made and the difficulties they overcame as a group working with Zakat and Awaqf funds can serve as a valuable lesson for those who support the integration of Zakat and Awaqf as a means of effectively contributing to the socioeconomic development of the poor and extremely poor in Bangladesh and around the world.

RESEARCH METHODOLOGY

In this study, we have applied a qualitative method using secondary sources. We have also used an inductive approach in this paper. We have rigorously examined relevant materials including books, journal articles, newspaper articles and internet sources. The materials examined cover Zakat and its role in the development of society, institutionalization of Zakat management and role of institutions like Center for Zakat Management (CZM) in zakat management in Bangladesh. We collect information from different reliable sources on the institutional process of zakat management. After analysis, we have recommended some suggestions regarding institutionalization of zakat management and its way for further development in the long run and with more success in this field.

RESULTS AND DISCUSSION

Potential of Zakat in Bangladesh

Bangladesh, like many other Muslim

countries, bears the impact of long colonial rules that destroyed its political, social and economic institutions. Like other institutions, Zakat institutions needed to be more organized during colonial rule. After the colonial era, no effective attempt had been made to restore the glory, or no success had been achieved in any effort. Since Zakat is a compulsory levy imposed by *Shariah*, it is to be managed by the government. In Bangladesh, a large number of pious Muslims regularly pay Zakat. In the absence of any central organization, it is so difficult to find out any statistics on Zakat payers. If we calculate only the taxpayers of Bangladesh, we can make an idea of the Zakat payers. According to the National Board of Revenue (NBR), the figure of Taxpayer's Identification Number (TIN) holders recently reached 9.72 million in the individual taxpayer category (Express n.d.). Tax collection was about 5.7 million (US\$ 280 million) during Fiscal Year (FY) 2018-2019, where about 50% of total taxpayers had submitted their returns (Anon n.d.-b). The number of taxpayers and the amount is increasing day by day. Zakat payers are more than taxpayers because the exempted amount for taxpayers is almost similar to the *nisab* (The prescribed amount of wealth for being a Zakat payer is designed by Islamic *Shariah* law and based on Quran and Hadith). Based on estimates, the amount of Zakat collection centrally will be less than BDT100000 million (US\$ 1400 million). Surprisingly, Zakat, an expressly designed poverty eradication tool prescribed in the Holy Quran and Sunnah, has been completely ignored in all poverty-removing plans and programs in pre dominant Muslim country, Bangladesh. In addition, there is confusion, lack of awareness and ignorance about the actual practice of Zakat in the mind of these people, so it has no benefit to the traditional Zakat receivers.

The assessment made by Kabir

Hassan and others (Hassan et al. 2024), provides insights on the comparison of zakat potential between FY2000-2001 and FY 2018-2019 in Bangladesh. It is evident that the service sector's total Zakat potential in FY 2018–2019 is eleven times more than its value in 2000–2001 and much higher than that of other sectors. In a similar vein, bank deposits made up \$2,264 million in the current fiscal year, fourteen times as much as they did in the fiscal year 2000–2001. The capacity for zakat will increase gradually, as more economic sectors contribute. For example, Zakat on bonds and shares was \$18.71 million in FY 2000–2001; in FY 2018–2019, same sum came to around \$1,000 million. PF sectors, however, have the lowest contribution. The Zakat value created by PF is \$3.54 million, which is a 13% increase over the value in 2000–2001. The present Zakat amount is twelve times more than that of FY2000–2001. It is important to consider that, the potential of zakat can be blessing for the country's economy and as well as society if it is managed properly. Study shows that, 21% of country's budget and 35% of the national revenue could be managed from potential of zakat in the fiscal year 2019-2020 (Hassan et al. 2024). Considering that economic progress may help alleviate disparities in wealth, the increase of zakat is definitely a good sign. Donor assistance accounts for a considerable component of Bangladesh's development budget. If Zakat funds can be correctly managed, they can replace foreign aid, reducing the economic burden significantly (Hossain 2017).

History of Zakat Management Through Institutional Approach in Bangladesh

According to Islamic law, the government's role in executing zakat in a Muslim society is natural. The government is in charge of collecting and distributing Zakat, and it also has the power to check on how much Zakat is being paid by particular Muslims. All of Islam's historic

schools of law share this viewpoint. They based their argument for this viewpoint on the conduct of the Prophet Muhammad (SAAS) and his righteous successors (They are known as *Khulafa –I-Rashedeen* and have ruled over Islamic world after Prophet (SAAS) from 632-661 A.D.). They gathered and dispersed Zakat during their reign. They nonetheless appointed Zakat collectors and distributors to carry out this method (Ahmed 2004).

In Bangladesh, since her liberation in 1971, zakat has been collected and distributed in traditional way. *Madrashas* (mainly non-government religion-based educational institutions, locally known as “*Qawmi Madrasha*”) and other religious institutions as well as individuals collected Zakat using traditional method. They used collected funds in their own management rather than having an institutional arrangement. In Bangladesh, most people usually pay Zakat individually not collectively, primarily as a charitable gesture. Cloth distribution (*Sarees* and *Lungis*) is a traditional method in this connection, which neither makes up the objectives of Zakat nor is lawful in the viewpoint of Islam (Miah 2021). Many incidents happened to managing such types of distribution; even people lost their lives due to mismanagement and huge gatherings to collect the Zakat goods (Anon n.d.-a). No institutional approach has been undertaken to manage zakat from Bangladesh government till 1982. For the first time, in 1982, the Government of Bangladesh has established a ‘Zakat fund’ for the voluntary collection of Zakat under the “Zakat Fund Ordinance of 1982.” (Ordinance no- 6, 1982, Ministry of Law, Justice and Parliament Affairs, People's Republic of Bangladesh) (Islam and Salma 2020). This Zakat Fund of the government is operating and monitored by a board under the “Islamic Foundation Bangladesh” under the Ministry of Religious Affairs. Even with the nation's enormous financial growth and the ability of its citizens to pay zakat, the

government's initiative to manage zakat is considered insufficient by many experts. It shows that the foundation needs to gain credibility and the trust of the citizens. Some other private institutions have also been working with Zakat management in Bangladesh by collecting and distributing Zakat. 'Sadaqah Fund' which renamed to 'Islami Bank Foundation' (IBF) on May 20 1991, is such an institution that has been established as a subsidiary of Islami Bank Bangladesh Ltd. (IBBL), a leading private bank of Bangladesh. 'Islami Bank Foundation' (IBF) has been working in utilizing the Zakat fund in an effective manner and poverty reduction programs like the establishment of hospitals to provide health services at low cost, maintaining women's destitute rehabilitation centers, technical training institutes, poverty reduction investment for self-employment and providing financial support to the poor students. This shows very clearly how Zakat can effectively be utilized for poverty alleviation when it is collected centrally and used in a planned way. "Dhaka *Ahsaniya* Masson" is another notable institution in collecting and distributing Zakat in Bangladesh. In recent years, some voluntary organizations like the Center for Zakat Management (CZM), *Anjuman-i-Mufidul Islam*, Quantum Foundation, and Dhaka *Ahsaniya Mission* have all had some success in mobilizing and distributing Zakat to eligible individuals. It has been observed that the Zakat distribution system of some private sector institutions in different countries like Malaysia, Egypt and other Muslim countries had made notable developments in recent years. Now in academia, scholars call for collective efforts for the institutional management of Zakat in Bangladesh like in other Muslim countries.

The testimony of Islamic history shows that the responsibility of Zakat management was an essential part of the state and the government as well. Even a government of Muslim state may delegate it to the financial system under its

supervision. In absence of such structure, private organizations ought to take the initiative for collective mobilization and effective Zakat management. A private entity must fulfill some essential conditions in order to efficiently administer Zakat on a private level. The most pivotal of these are:

1. A legal identity of the organization through local and international laws.
2. An excellent organizational structure led by a skilled workforce.
3. A transparent and accountable system for decision-making and fund management process.
4. Strong supervision and monitoring by Shariah.
5. Being conscious while focusing on the fundamental rights.
6. An inclusive character with all types of charity.
7. A strong network with other social organizations and communities.
8. Evaluation of activities.
9. Good scope for research and study on Zakat.
10. Macro and micro level operational strategy for collection and distribution of Zakat.
11. Coordination with government agencies.
12. Designing the programs with the national framework of the country.
13. A strong network with other social organizations and communities (Miah 2021).

We will examine the criteria mentioned above to evaluate the performance of CZM following promoting the initialization of Zakat management in Bangladesh to eradicate poverty in the country.

Center for Zakat Management (CZM): An Example: History of Formation of CZM

The Center for Zakat Management (CZM) is a pro-poor humanitarian organization

working to put into effect Zakat-based livelihoods and a human development program with a unique perspective. The main philosophy of this organization is to promote Zakat (one of the obligatory systems of Islam) as a system of society through an institutional approach. Moreover, its dream is to establish a poverty-free society by properly distributing wealth as per Islam's rules. It was formed with a firm hope that people's competence and capabilities are essential in settling their problems. Many scholars believe that the essential for sustainable development are people's unique abilities, dignity, and collective actions regulated by social tradition and religious beliefs. That is only possible if poor people are free to respond appropriately in their development processes, from planning to management and implementation, together with the authority and sense of responsibility to design program activities that fit their livelihood patterns and preferences (Islam and Salma 2020).

As an exclusive private institution for Zakat management, this nonprofit and non-government organization was established with a good institutional structure. At the beginning of its journey, this institution had fulfilled all its conditions for being registered with competent authorities (on September 14, 2008, this Center was founded and registered under the Society's Registration Act, 1860, Registration No. is-S- 8256 (27)/108). Initially, in 1993, with the active financial support of 'Rahim Afroz Bangladesh Limited' (one of the leading business groups of Bangladesh), Zakat Forum (ZF), a private initiative was launched. The principal activity of the Zakat Forum was to collect and disburse the Zakat funds in an organized manner guided by the principles of Islam. After one decade of operational experience, in 2005, Zakat Forum began to administer Zakat funds by focusing on 100 poverty-stricken families of Manikgonj District (near the capital city of Dhaka)

under a unique project. The project's main goal was to drastically alter the lives of those households by implementing Zakat in all spheres of their life, including education, health, means of subsistence and other efforts. That project exposed the success of institutional attachment of such organizations through Zakat in the country (Mohammad Osmani & Al Masud, 2021). In 2008, ZF arranged talks to discuss the prospects of mentioned primary step with scholars, consultants and practitioners on Zakat management from home and abroad. Finally, in 2008, Centre for Zakat Management (CZM) was established as a specialized institution on Zakat Management. As a pioneer institution in charge of zakat management, it is eager to ensure accountability and transparency at every level of its management. Since its historical journey with Zakat, the organization's other roles, including those of its Governing Board, Shariah Supervisory Council, Advisory Board, Management Committee, Zakat Mobilization Committee, Zakat Disbursement Committee, and Internal Audit Committee, have further demonstrated its abilities as one of the leading Zakat management organizations in Bangladesh (Khan & Servinc, 2021). This nonprofit organization played an important role and considerable success in intensifying mobilization, proper distribution, and effective utilization of the Zakat fund of the country. They had passed a decade with eventful activities for the sustainable socioeconomic development of the unprivileged communities of Bangladesh. During this historical journey of 15 years, it contributed by delivering welfare services through initiating different types of zakat-based livelihood human development programs with unique and innovative strategies. Within one decade of organizational activities, more than one million people under their seven different unique programs were served by this organization through the zakat fund

collected from the local people (Miah 2024). The essential matter is that these institutional and organized activities of zakat management encourage people's insights into their problems and search for available resources to meet them. This centre's livelihood and human development program, named the *Jeebika* program, guides its actual right holders to plan to utilize the resources to bring desired changes in their lives in an organized and participatory approach. About ninety-eight thousand people directly benefited from this program, and the performances of the beneficiaries are remarkable for the sustainable development of society. Eminent Bangladeshi economists and academics have examined and praised several projects funded by the program, as mentioned earlier (Khan and Servinc 2021; Miah 2024). This institution successfully initiated many development activities to ensure human development through an incremental development process through Zakat management. Besides this, they are working to enhance the whole scenario of the country's Zakat management system by creating awareness among Muslims about Zakat as a religious duty with ensuring appropriate use of Zakat funds by the prescription of Shariah for the poor and needy of the society. Institutionally, they are working to create a Zakat management system that is efficient and applicable for decreasing poverty and promoting societal development. They also hope to create a better Zakat collection, distribution, and utilization platform. To come out of poverty, targeted people need proper guidelines to build up their capacities of productivity and management. This institutional zakat management can give these afford quickly and perfectly to that group of the society in many ways, like proper training, empowered with a good share of assets, equip with essential skills and knowledge for income generation.

CZM'S Strategies of Zakat Management

and Evaluation

In the present world, most of the Muslim state have been managing Zakat collection and proper distribution in different forms. Mandatory state management by the government is one of the most practiced forms. Countries like - KSA, Pakistan, Sudan, and Yemen have been practicing this system. Another form is, managed by corporations that is being practiced in Malaysia in recent years. Nonprofit organizations (NPO) in many Muslim countries are another form in this regard and lastly, Private Initiatives. CZM, as a nonprofit organization with registration from the government of Bangladesh has opened a new dimension in institutional approach of zakat management in the country. This institution has eight programs that can make a difference between the country's traditional and institutional Zakat management systems.

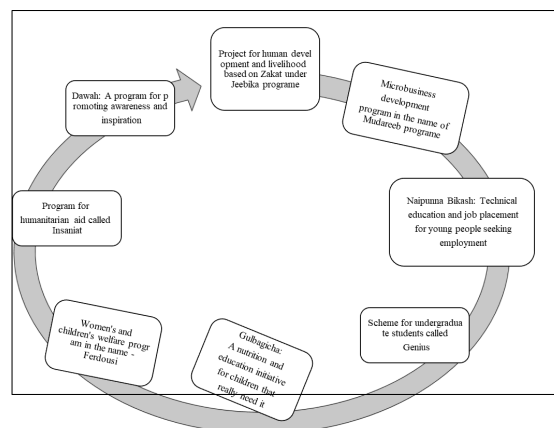


Figure 1 Domains of CZM that's makes this center different from other organizations which are working with Zakat management in Bangladesh.

Source: Author compilation.

Figure 1 shows the domains by which Center for Zakat Management (CZM) operates and collects zakat funds and makes a difference in the sector.

Activities of CZM Under These Unique Domains

CZM has a solid plan in place for

collecting and distributing Zakat. CZM generates a scientific and practical plan, mainly through its dynamic programs. We can understand how this nonprofit organization scientifically and nicely organizes Zakat management in preventing poverty in society if we look at their program-wise plan. The table below shows their domain-specific management strategy.

Table 1 the estimated unit cost of the Zakat-based programs of CZM.

Project	Unit	Cost	Time	Services
JEEBIK A	Per household	USD 500	5Y	Cash transfer for investment, skill development
MUDAR EB	Per household	USD 1000	5Y	Cash transfer for investment in micro-enterprise
NAIPUNNA BIKASH	Per head	USD 150	3-6 M	Technical training for poor, unemployed youth
GENIUS	Per head	USD 500	2Y	Monthly stipend and career-building courses
GULBAGICHA	Per head	USD 100	1Y	Free Pre-primary education
FERDOSI	Per household	USD 150	1Y	Healthcare program with all facilities.
INSANIAT	Per head(average)	USD 400	1	Financial support for emergency

A well-planned Zakat distribution system is required for successful Zakat management. Table 1 illustrates a

well-planned and calculated plan for managing Zakat distribution to eradicate poverty (Miah 2024). By paying their Zakat through this system, Zakat payers also can easily contribute in various sectors. This chart can also help Zakat payers calculate, plan for, and contribute to social development through Zakat.

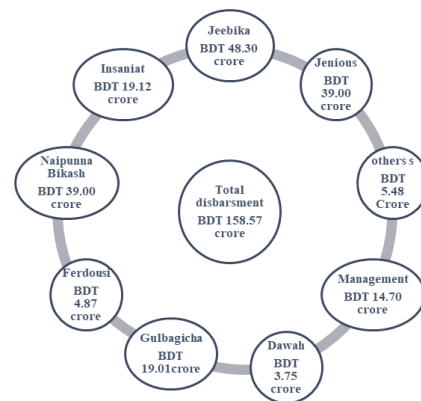


Figure 2. Program-wise disbursement of the last 15 years (2008-2023) of CZM shows sector wise development and success of a good management.

Source: Author compilation.

In Figure 2, Program-wise fund disbursement of the last 15 years of the Center shows, a well-planned Zakat distribution and a full development of the society of Bangladesh (Miah 2024). As mentioned above, eradicating poverty also gave top priority by the program. It shows how institutionalization makes an exemplary scenario in this sector in comparison with the traditional system of Zakat management. Now we will briefly discuss the various programs of CZM that make Zakat management in a highly potential mood and with a vision to achieve sustainable development of the country. That will prove the importance of the institutionalization of Zakat management in Bangladesh.

Zakat-Based Program for Livelihood and Human Development (Jeebika)

This organization introduced the Zeebika program as one of the most effective tools for eradicating poverty in Bangladeshi

society. According to CZM, it is only possible to affect meaningful change in the lives of poor communities, if addressing their day-to-day livelihood issues. In this regard, CZM has launched a livelihood and human development program called *Jeebika* in various parts of the country. A survey has been done to identify eligible households, which have been grouped under a grass-roots organization (GRO). Selected poor people are offered various services as part of a group package. Since 2023, the project has targeted approximately 29,000 households. The project's goal is to ensure long-term community development with the assistance of the Zakat fund and active community participation through an integrated and group-[i]based approach. With specific goals in mind, this successful program has been implemented in selected rural areas throughout Bangladesh. This is an approach to long-term poverty alleviation based on the formation of self-managed people's groups, mutual trust and relationships, and economic opportunities. This program aims to improve the availability and access to basic needs for targeted vulnerable households by strengthening livelihood activities, marketing access, and skill development, to improve participants' capability and moral standards by ensuring education for life skill development, pre-primary education, and nutrition for children. Simultaneously, the '*Jeebika*' project has been working to improve the overall condition of the targeted people through activities such as life skill development, education for children and adults, supply of hygienic and safe water, sanitation facilities, and similar facilities. Since its inception, CZM has undertaken 64 projects in various areas of Bangladesh, of which 34 have been completed and more than 30 are ongoing as part of this integrated program.

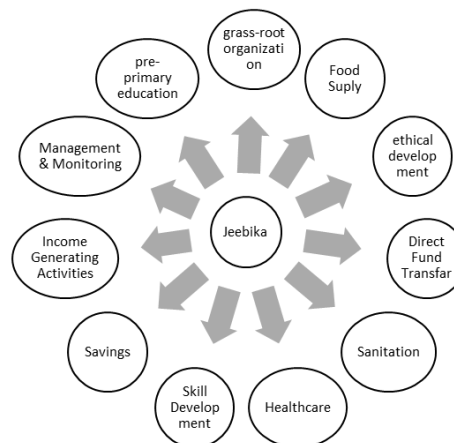


Figure 3. How the *Jeebika* Program contributes to the process of total and inclusive development using the Zakat fund.

Under the *Jeebika* project, training is another vital feature of livelihood development that has improved people's knowledge, Attitude and Skills (KAS), bringing changes in their attitudes and values. Unlike traditional training, the program develops need-based skill training packages suited to the beneficiaries (Miah 2024). The *Jeebika* program is an initiative of the Centre for Zakat Management that aims to empower Zakat recipients through entrepreneurship and business development. The program provides zakat recipients training, mentoring, and financial assistance to help them start or expand their businesses. Through the program, Zakat recipients receive guidance on business planning, marketing, financial management, and other essential skills to help them become successful entrepreneurs. They may also receive financial assistance through interest-free loans or grants to help them start businesses or expand existing ones.

The *Jeebika* program has been praised for its effectiveness in helping zakat recipients become self-sufficient and break the cycle of poverty. It has also been credited with creating jobs and stimulating economic growth in communities where it operates. Overall, the *Jeebika* program is a positive initiative that is making a real difference in the lives of Zakat recipients. However, as with any program, its

effectiveness may vary depending on various factors, such as the level of support provided, the needs of the recipients, and the local economic context. According to the latest annual report, under this program, the center had implemented 64 projects in the different regions of the country and 128,491 beneficiaries had served in the last 15 years (Miah 2024).

Micro-Entrepreneurs Development Program of The Center (Mudareeb)

The *Mudareeb* program of the Center for Zakat Management (CZM) is a unique initiative that aims to provide financial assistance to individuals and businesses in need through an ethical and Shariah-compliant investment model. This program provides financial support to those in need, promotes entrepreneurship and helps create job opportunities. The CZM's *Mudareeb* program is an excellent example of how Islamic finance can create a positive social impact while generating financial returns. The main objective of the *Mudareeb* initiative is to fight poverty by fostering micro-business growth. Every individual in human society, the best creation of Allah, is endowed with a particular talent. Like the others, poor people also have some potential. With the proper support, required education and practical training, many poor can achieve targeted goals and become entrepreneurs. According to this program, a few chosen individuals from the underprivileged group are recognized as micro-entrepreneurs, and CZM supports their efforts by providing training, counseling, and skill development. The group receives a little investment fund to help them expand their current business. They primarily work in industries like cow breeding, renting farming inputs, small retail, and similar projects. Until 2020, around 22 thousand entrepreneurs are provided funds and training for business (Miah 2024). These families have been engaged in

cow-rearing, agriculture, farming, grocery shops, and other development activities. With the equity fund, they have been taking loans and repaying them regularly to their accounts and at the same time, they have also deposited some savings. A revolving fund has been developed with the Zakat money for this program. In five years, the families have successfully developed themselves as micro entrepreneurs. The group members have been trained in skill development, accounting, banking, marketing, and different aspects of doing business. With the support of CZM field staff, the families have been moving forward regarding income generation and human development.

Technical Training and Employment Program for the Youth (Naipunno Bikash)

Another essential program of CZM for poverty eradication through employment is known as *Naipunno Bikash*. Having a vast population, Bangladesh suffers from a considerable amount of unemployment. The unemployed are mostly uneducated or less educated who have lack of skills. They can find a means to earn their livelihood if they are made skilled. CZM intends to engage young people who are unemployed around the nation and train them so they can fight poverty on their own. Under the *Naipunno Bikash* program, Poor, jobless adolescents and students who have dropped out of school are given vocational training by CZM to secure employment. The said program has been launched to facilitate opportunities for skill development and vocational training for the poor youths to build skilled resources for proper employment. The program is being implemented through nine vocational training centres located in the different cities of the country, including Dhaka, Faridpur and Thakurgaon. All facilities are available in these centres for the trainees, including tuition fees, other academic expenses, monthly stipends and

orientation for moral development with practising religious values. The figures in the table below indicate a scenario of the activities under this unique and dynamic program. Around 5,000 unemployed youths have been provided training in various technical fields where 75% of them could manage their jobs or become self-employed. Moreover, the centre operates six vocational training centers (Miah 2024).

Under this unique program, training centers and trainees are increasing yearly. The trainees' employment and self-employment are also in a satisfactory state. These achievements indeed are considerable and which an institution can afford to continue. As for the individuals, it is tough to manage such activities through the zakat fund.

Scholarship Programs for Undergraduate Students (Genius)

Under this program, poor but meritorious undergraduate students are offered financial support through monthly scholarships and capacity. It builds training to prepare them for entering into professional life after graduation. Financial support and other services have been provided to deserving students selected for two years of their graduation course. The objectives of this program are to provide educational opportunities for academically meritorious and financially needy young students to enable them to pursue their higher studies at home and abroad under a university or institute and to train them in different fields in order to improve their knowledge base, to strengthen their cultural and religious identities and make a meaningful contribution to the development of the nation. Under this program, selected students are offered monthly scholarship training and building capacity on life-oriented issues like mind control and self-development, time management, development management and leadership, documentation, moral

development, and national and international affairs. In their 15 years' journey, the centre distributed around BDT 1000 million where around 16 thousand unprivileged undergraduate students got financial support to complete their education journey successfully from various universities. This scholarship program is now covering 37 public universities and 38 government medical colleges of the country. Around 4 thousand poor students and their families have been financially supported even during COVID-19. In this program, CZM gave 220 laptops to deserving but underprivileged undergraduates enrolled in public universities and medical schools (Miah 2024).

Annual reports of the centre show that the facilities are increasing in a very satisfactory label. Every year, scope and the number of scholarships are increasing and also contribute to the very effective development of the nation. In this process, Zakat funds can use adequately to improve the status of the recipients. Also, they can contribute to sustainable development by removing all barriers to achieving proper education for poor societies of the country.

Education and Nutrition Program for Children from Underprivileged Families (Gulbagicha)

Under the mentioned program, underprivileged children from extremely low-income families in urban slums and rural areas have been supported with education facilities and nutritious food through running pre-primary education centres at the grass root level. In each centre, 30 children are enrolled, provided with all necessary educational and teaching materials and teachers, and taught Bengali, English, and numerical as well as moral values of Islam. To establish pre-primary education centers for each 25-30 disadvantaged children from rural and slum areas of the capital city of Dhaka. One teacher teaches children at

each centre. Students receive all required books, clothes, and educational supplies complimentary. Food is offered in the classes to mask nutritional deficiencies. In addition, parents are offered counseling sessions to educate them on moral and religious matters. Under Gulbagicha, two types of services have been provided by CZM. These are (1) Center-based service; and (2) Institution-based service.

Centre-Based Service: A group of poor and orphan children aged 25 to 30 has been organized under a centre. They offered education as well as nutrition support. Lessons are given six days a week. Local implementing organizations conduct these centers as partners of CZM.

Institution-Based Service: Poor children, particularly orphan and distressed children of orphanages and other institutions are offered monthly stipends to support their educational and nutritional needs partially. Most importantly, parents of these underprivileged children do not think education is necessary. So, these children have an absolute chance to enroll in primary schools. Now, by the successful motivation of the parents of the children, 99.99% of the beneficiary orphans enroll in primary schools having completed pre-primary education at *Gulbagicha* centres.

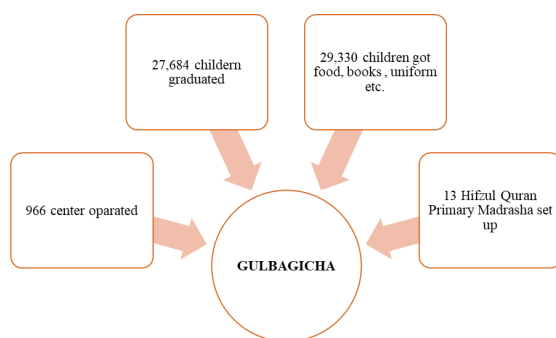


Figure 4. Performance of 15 years of the CZM (2008-2023), shows a picture of a planned development using zakat fund under a unique program.

From the information mentioned in the Figure 4, it is clear that under Gulbaghicha program, CZM is contributing to eradicate

poverty from the society as well as to the development of underprivileged children. Recently, the center is operating 12 chain school of different location of the country where around 2,500 underprivileged students of different labels are getting proper education. At the same time, orphans can enjoy a better life with educational and other facilities through the program. As an organization, it is possible to arrange and operate such a program using the Zakat funds. It can be a better and more traditional management of Zakat in the country.

Healthcare Program for Women and Children (Ferdousi)

This program aims to improve maternal and child health situations among the targeted population, reduce child and maternal mortality rates in the targeted locations, and improve general and reproductive health awareness among mothers and adolescent girls. This program generally functions like a full-time health centre equipment and medicines. A qualified para-medical staff keeps the centre open daily, while an MBBS Doctor provides specialist services weekly. Services are provided in exchange for a very cheap health card. For poor patients, medicines are distributed free of cost, while for little well-off patients, services are offered at a very nominal cost. Pregnant and lactating mothers have a preference under the program. Occasionally, services are offered to them through home visits. Fifteen years (2008-2023) of activities under this program shows significant development and continuing to serve a considerable number of people in society.

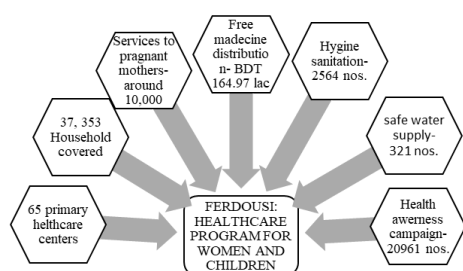


Figure 5. Some activities under the healthcare program that makes a difference with the performance of others.

Figure 5 shows that through healthcare program, the center is providing a package of different services for needy from zakat fund. In last 15 years, under this program, around 250 thousand poor women and children benefited that covered safe water supply by setting up around 500 sources of water, distribution of free medicine that cost BDT 193 lakh and around 17 thousand pregnant women got medical treatment. In the true sense of the objectives of Zakat, this program can provide valuable and essential services to the poor people of society. So considering all the related issues, such as the vast population and the number of zakat-paying Muslims in the country, institutions like CZM can contribute more to eradicate poverty from the society and make a hassle-free and well-organized Zakat distribution system in the country.

Emergency Humanitarian Assistance Program (Insaniat)

Geographical position of Bangladesh caused many natural disasters and makes the country one of the most vulnerable area in face of climate change. The country's predominantly coastal areas has experienced significant poverty and threats in recent years and are eminently vulnerable to climate and environmental changes in the coming decades (Lázár et al. 2015). Natural disasters like cyclones, floods and similar natural disasters are common in Bangladesh. Last few years,

the country has faced many disastrous cyclones like Cyclone Sidr, Cyclone Aila, and Cyclone Amphan that caused massive destruction of many people and properties (Haque and Jahan 2016). CZM is dedicated to providing emergency support to these disaster victims in order to lessen their suffering and return them to their pre-disaster situation, taking into account the sufferings of the victims of natural and accidental calamities like a sudden illness, natural disasters, sudden death of the earning member of the family, accidents, income shortfall, and similar other problems. Usually, financial assistance is granted in favor of the victims and institutions serving such people based on duly recommended applications. Since its inauguration, this centre under the said program has dealt with many activities from humanitarian grounds like relief for flood victims, financial support to the underprivileged people during the COVID pandemic, Qurbani meat distribution to people experiencing poverty, Ramadan food support, relief for Rohingyas, financial assistance for rehabilitation, help to pay the loan for loan defaulters, and similar affords. According to annual report, in the last 15 years, around 1 million people have benefited under this program (Miah 2024).

Awareness Building and Motivational Program (Dawah)

By *Dawah* program, CZM aims to propagate Zakat payment as a religious duty of Muslims like other obligatory *Ibadah* of Islam. In order to create awareness among the people, all modern mediums and tools of communication are being explored and used in a very scientific and practical way. In this regard, the *Dawah* program is undertaking several activities, including individual and corporate meetings, seminars, symposiums, workshops, arranging Zakat fairs, connect through email, issuing letters, and distributing books, pamphlets,

brochures, calendars, and posters, among others.

This centre has organized Zakat fair for 12 times since 2013, which played a significant role in making awareness among the Zakat payers about the potential of the Zakat funds and their institutional necessity for the betterment of society. Moreover, under the Dawah program, the center sponsored TV programs like Hifzul Quran and month-long TV programs during Ramadan on at least 3 channels in last 8 years. To promote Zakat and making awareness among payers, the center designed their website with up to date information and through Facebook, it reached to a huge number of people. Under this Dawah program, CZM is trying to create a full initiation with another corporate business group in Bangladesh. Successfully many reputed business groups involved themselves in various activities of CZM. Their web site also designed to create awareness among the people. CZM's publications and seminars also have a significant role in this regard. Every three months, a bulletin is published from this centre.

CONCLUSION

This study shows that the credibility of private sector of the country in zakat management is more successful in terms of operation and activities as well acceptance to the people. So we suggest taking proper initiative to enhance the number of such kind of institutions which will make a revolutionary change in the total development of the country through zakat fund.

After evaluation of the activities of Center for Zakat Management, the point that need to be addressed is that, where most of the Government and NGO'S activities are limited regarding poverty eradication, CZM's approach to Zakat management is so integrated and comprehensive, covering the basic needs of both the poor and ultra-poor households. It has scientific and practical

programs and plans for managing Zakat. It covers livelihood, skill development, healthcare, education, water and sanitation, risk and disaster management, and such activities under one package.

Regarding the institutionalization of Zakat management, CZM can be considered as one of the leading organizations of Bangladesh. It has a solid and capable body of governance, a group of dedicated personnel, accountability and transparency in its operation, professional management capacity, social interaction, targeted beneficiaries, and similar things. Management expertise, modern methodology and transparency make it a core organization in this field. So, experiences from this center can make way easy for the new comers in this sector.

CZM does not depend on the donor fund or Government aid. It generates its fund by collecting Zakat from the local community. This fund-generating idea is unique and also has potential. Because when CZM mobilizes local resources, the flow of local funds never ends. This crowd funding idea will successfully contribute to the total development of the country.

The proper programs and original framework of Zakat management that has already practiced by CZM, can be an excellent example in this field. As such, the Zakat funds have to be distributed among the specific categories of people prescribed in the Holy Qur'an. CZM is also guided and supervised by a Shariah Council. So, proper utilization of Zakat can be highly achieved by these types of institutions.

By this institutional Zakat collection and distribution by CZM, social harmony and unity also can increase. It can also motivate Muslims to promote the goodwill spirit in society. Capacity building, skill development, and awareness building contribute to the Islamic development concept. CZM incorporates this component in its *Jeebika* program. It suggests taking much more such program to make a comprehensive development.

However, this study has some limitations e.g. in person interview with subject experts were not conducted and views of the policymakers also could not be incorporated which would strengthen the study from different view point. Here are the opportunities for further research in this field.

We recommend some suggestions to enhance and strengthen zakat institutionalization in Bangladesh:

- A government wing should be formed to coordinate, monitor and regulate with the institutions like CZM and such others which will establish links with private initiatives. The wing will be diverse including experts from Shariah and economy respectively.
- Institutional initiative will make a revolutionary change in zakat management scenario of the country. If a good number of pious Muslims of the country have involved in collective initiative of zakat management, Bangladesh will overcome poverty within its desired time in a very easy way.
- From the optimistic view, the current potential of zakat will increase in a multiplier way which will help to reduce poverty from the country with investment in target-based poverty reduction strategies within the stipulated time. To initiate such plan, institutional management of zakat should be a priority of the government.
- A separate law and policy should be formulated to strengthen the process of institutional management of zakat in the country.
- Tax rebate should be introduced for the zakat payers that will help and motivate them to deposit zakat regularly.
- Sector-wise zakat imposition along with taxes will make more opportunity to gain more revenue as well as more economic stimulation.
- Under Public-Private Partnership (PPP) program, proper initiative may be taken by the respective authority to engage private sector investors with their zakat fund to the development of the country.
- In collaboration with CZM, the government of Bangladesh can take prompt steps to initiate effective mechanism regarding institutionalization of zakat management in the country.
- Centrally, the government should set a target of zakat collection and the media can play a vital role by publishing the related news and the national zakat report annually.
- A digital zakat calculation and collection system should be introduced to make it easy and popular to the zakat payers. CZM can be a suitable example and also can help the government.
- Documentation should be given top priority to keep record of the collection and distribution of zakat from where the related persons should access their data and can use it when necessary.
- This study suggests setting up more institutions like CZM to mobilize zakat fund of the country.

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