
Long-Term Zakah Disbursement Strategy in Singapore: Lesson for Sharia Compliant States of Nigeria

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Abstract: *This paper reports the findings of the long-term Zakah disbursement strategy by Islamic Religious Council of Singapore. Based on data source triangulation method, semi-structured interview was used for the data collection. The study suggests that the long-term Zakah disbursement strategy in Singapore addresses human capital development from emotional, spiritual and cognitive dimensions. Findings from the study constitute significant contribution to Zakah management literature and practice. Apart from serving as a guide to policy makers, the result should help Zakah managers in countries where Zakah management is developing.*

Keywords: *Emotional and Cognitive Dimensions, Human Capital Development Zakah Disbursement*

1. Introduction

There is an increasing interest in how charitable institutions spend their money. Zakah institutions are no exemption (Charity Commission, 2013). Indeed, with publicized financial scandals in charitable institutions, Zakah disbursement practice is regarded as an important trust building strategy which helps to convince Zakah payers on the effective and judicious utilization of Zakah fund. Institution of Zakah is an inviolable part of Islamic belief system and it is a clear and unambiguous signal of the divine desire to ensure that everyone enjoys regardless of inability to acquire the essential needs of life. According to Chapra (1992), if poverty still exists in a society along with affluence, despite this grandiose arrangement, such a society is not qualified to be referred to as truly Muslim.

Ten states in the Northern part of Nigeria, whose population is predominantly Muslim, revived institutionalized Zakah management system to, among others, address the issue of poverty in these states. Every year budgetary allocations are made to these institutions yet poverty situation in these states defy solution despite the number of stupendously wealthy Muslims in this region. For instance, the National Bureau of Statistics (NBS) report suggests that the incidence of poverty in Nigeria worsened between 2004 and 2010. The report indicates that the number of Nigerians living below poverty line rose to 63.7% during the period and that these Muslim dominated states are badly affected by poverty. There are possible explanations for this situation. Two of such may be either these institutions are not patronized by the rich or the funds collected are not channeled to poverty alleviation.

The motivation for this paper is the call made, in 1995, by Dr. Hafiz of Islamic Research and Training Institute (IRTI) for sharing of information on institutionalized Zakah practices among countries within Organization of Islamic Cooperation (formerly Organization of Islamic Conference [OIC]). Experience sharing among countries regarding Zakah management has been viewed by scholars as panacea to the difficulties faced by government of a number of Muslim countries who faced difficulties in introducing Zakah institution into their financial system as a result of relative complexity of modern life (Imtiazi, Mannan, Niaz & Deria, 2000).

Besides, there is also a general feeling that diverse experiences from various countries will not only provide rich insight into application of Zakah but will also offer a useful guide for Muslims living under non-Islamic government in the management of Zakah collection and distribution in line with Shariah (El-Ashker & Haq, 1995). Response of Zakah Management researchers to this call is case studies of Muslim countries whose governments provide Zakah organisation with required support and Muslim minority countries whose government do not give financial support. (Muhammad, 1995; Kahf, 2000; Islahi, 2005). Despite the ravaging influence of poverty in a number of OIC member states and the potency of long-term Zakah disbursement strategy against poverty, detailed research on this disbursement strategy is scarce. The aim of this study is, therefore, to describe the Zakah disbursement practices in Singapore.

1.1 Brief on Islamic Religious Council of Singapore (Majlis Ugama Islam Singapore)

Majlis Ugama Islam Singapore (MUIS), also known as the Islamic Religious Council of Singapore, was established as a statutory body in 1968 when the administration of Muslim law Act, hereafter referred to as (AMLA). MUIS is a statutory body under the Ministry of community development and sports. Section 3(2)(a) of AMLA stipulates that it shall be the duty of MUIS to advise the president of Singapore on all matters relating to the Muslim religion in Singapore.

The major functions of MUIS include administration of zakat, waqaf, pilgrimage affairs, halal certification and missionary activities. MUIS also constructs and administers mosques development as well as managing madrasah activities such as Islamic education. Issuance of fatwas, that is, religious legal rulings; provision of financial relief to poor and needy Muslims and provision of developmental grants to organisations are within the purview of MUIS.

Composition of Council of MUIS is spelt out in the Act. Section 7 of the Act states that the Majlis shall consist of the appointees of the President of Singapore such as the president of MUIS, the vice president and the Mufti. The Act allows a maximum of 7 members to be appointed by the president of Singapore on the recommendation of the Minister; and a Minimum of 7 members nominated by Muslim societies to the president of the Majlis for submission to the President of Singapore through the Minister. Currently, the council is made up of fifteen members inclusive of the secretary who is a civil servant.

2. Literature Review

2.1 Prior Studies on Long -Term Zakah Disbursement Strategy

The appointment of members of the council appears to be fully under the control of the government. Besides the secretary to the council is a civil servant. Obviously, it is impossible to effect any decision which has not been sanctioned by the government of Singapore. There is appreciable number of country specific studies on Zakah management (Al-Omar, 2000; Imtiaz, 2000; Hasan, 2007; Abdullah, 2010; Mustafa and Obid, 2012; Mustafa and Muslim, 2014). However, only very few of them give elaborate discussion on the processes involved in long-term strategic distribution of Zakah (Mustafa, Shahul and Muslim, 2008). This review is, therefore, limited to studies on Pakistan, Kuwait, Jordan, Yemen, Egypt, Brunei Darussalam, Malaysia and Nigeria.

In Pakistan long-term zakah disbursement is through institutions such as vocational institutions, hospitals, religion educational institutions, and general or special charity society. These various institutions help in identification of the deserving beneficiaries. In compliance with the sharia, Zakah is given in the manner that fulfils the condition that zakah should be received by the beneficiaries. Thus, zakah money is given to the poor students in the form of regular cash instalment. Similarly, the trainees in vocational centers receive stipends, cloth and tools at the end of the training. Patients in hospitals receive Zakah in form of food, medicine and cloth. Distribution through religious educational institutions is by giving money to school administration to take care of food, cloth, books and other school necessities of the poor students.

In Yemen, the mode of disbursement often takes two forms, including, monthly stipends and lump sum payment to the needy individuals and families. In general, the focus of disbursement under this model is the poor and the needy. Payment to zakah workers is made to the tribal chiefs and others who participate in actual zakah collection as part of zakah that is due to the zakah workers (Hasan, 2007). The situation in Jordan is similar to that of Yemen. Apart from the regular monetary assistance, Jordan supports educational and income generating projects for the poor. In addition, rehabilitation projects for the handicapped are also met from Zakah fund (Hasan, 2007).

Kuwait Zakah House operates a form of long term Zakah disbursement labelled “rehabilitation of Entitled Families program”. The focus of the program is to transform poor families to productive entities from mere consuming families. The program entails organising training, conducting rehabilitation courses and setting up of productive centers (Al-Omar, 2000; Hasan, 2007). In 1971, Nasir Social Bank started collection and distribution of Zakah in Egypt through local committees and its branches. Zakah distribution in Egypt also takes the form of cash aids and human capital development organised at Zakah –sponsored training centers (Kahf, 2000). In Brunei Darussalam, disbursement of Zakah takes the form

of cash aid, education assistance, health assistance, emergency relief and capital for business (Abdullahi, 2010).

The long-term strategic disbursement in Malaysia appears to be as comprehensive as that of Singapore. Applications are submitted by prospective beneficiaries and claims are verified and decision as to approval or rejection is made. Approved applicants automatically become beneficiaries. They will commence weekend lessons on Islamic values. Upon completion of the lessons, applicants are interviewed to ascertain their suitability for the skill acquisition program. Successful interviewees are enrolled with relevant consultants who coordinate the skill acquisition processes. At the end of the program, graduates have the option of seeking paid employment or self-employment. Those who opt for self-employment are encouraged to undertake relevant management courses after which they are given take-off grant to start their own businesses.

Zakah disbursement in Nigeria is similar to those described above with minimal modification. Zakah institutions in Nigeria distribute Zakah in the form of cash assistance, health relief and tools for business. Distribution of tools is a form of long term disbursement strategy. Among the tool normally distributed to beneficiaries under long term-strategy is motorcycle, block molding machines, Sewing machine, grinding machine, photocopier machine.

2.2 Zakat Disbursement Model in Singapore

In MUIS, a specific unit, disbursement and empowerment unit, is responsible for portion of zakat fund that goes to the poor and the needy. The balance is shared on operational needs of other units that are responsible for promotion of Islam under the category Fisebilillah and payment for the amil. The disbursement of zakat fall within the overall budget processes of MUIS. The disbursement and empowerment unit submits budget proposals based on needs and the vision of MUIS. Similarly, other strategic units that have something to do with zakat prepare and submit budget proposals for their operational needs which may have to be met from zakat fund. The forecast for the needs of disbursement and empowerment unit is based on trend analysis of the past disbursement, the actual figure of registered beneficiaries in the data base and government policies.

During each year, zakat beneficiaries are registered in MUIS office. These beneficiaries are either referred to MUIS by other organisations such as Mosques, hospital or even members of Parliament. The prospective beneficiary submits application which is supported by documents such as payslip, marriage certificate, divorced certificate, medical bill utilities bill etc, to back the claims in the application. Applicants fall into two basic categories, disabled (e.g. elderly, mentally disabled, severely sick) and capable (those with potentials that can be developed).

For the disabled applicants, the applications are processed to determine their eligibility. The processing period takes less than one month. While the application awaits approval, emergency assistance is given in special circumstances where financial assistance should to be given without delay. At the end of verification of the claim, the application is approved for payment by the head of disbursement and empowerment units

Financial assistance is given through several means in line with financial checks built into the programme. First, payment is made directly into the bank accounts of the beneficiaries. Cash payment over the MUIS counter is, however, made in situation where the beneficiary's account is frozen, is not IT savvy, or too old to be given additional stress. Second, annual zakat grants are given to Muslim voluntary welfare organisations and mosques as support under Fisabilillah. Through Muslim organisations social and religious programmes are funded.

Third, for the capable applicants, there are disbursement plans, including education and training support scheme (ETSS) and empowerment partnership scheme (EPS). Under the ETSS, the poor and needy families can obtain finance to upgrade their skills and knowledge in addition to funding of educational programmes, enrichment classes and skills acquisition courses. The EPS is holistic package for the poor and needy families with multiple challenges to empower them religiously, economically and socially. It

provides customised programmes for each family member, managed by an assigned family counsellor – case manager. Apart from the payment for the cost of skill acquisition, participants under EPS are given monthly upkeep allowance.

Both the EPS and ETSS applications will be similarly processed and approved. However, eligible beneficiaries for EPS will be made to take an undertaking to be of good behaviour throughout the empowerment period. Good conduct during the scheme guarantees continuity whereas untoward conduct may lead to expulsion from the scheme as well as stoppage of financial assistance. The stoppage of financial assistance is a control mechanism to ensure good behaviour.

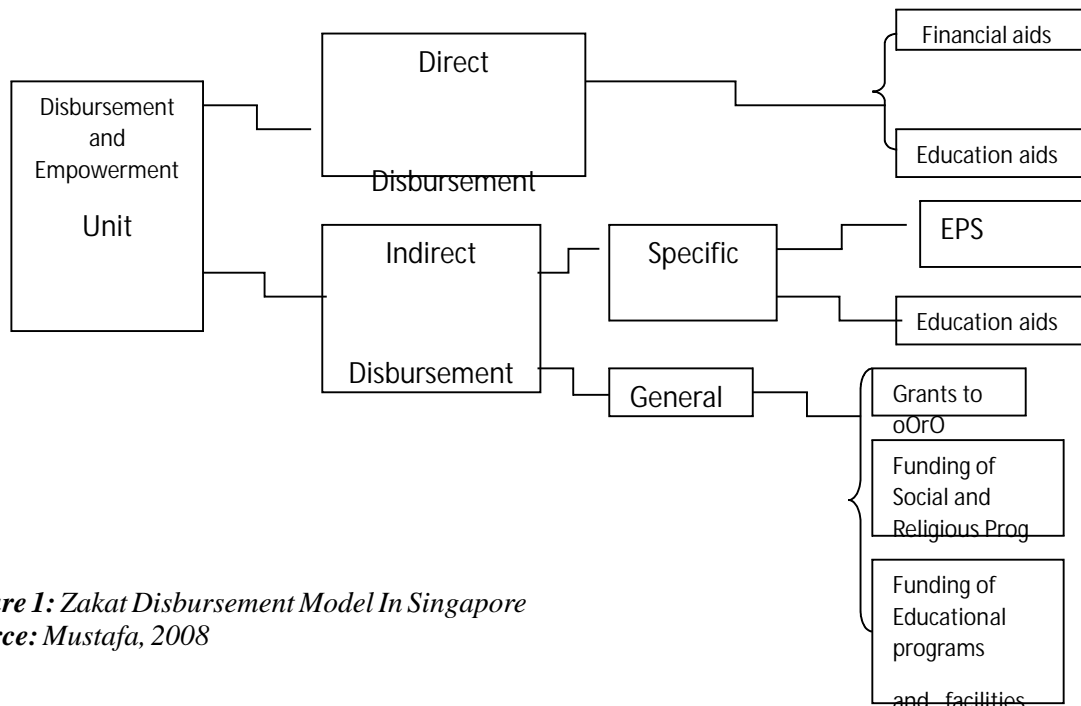


Figure 1: Zakat Disbursement Model In Singapore
 Source: Mustafa, 2008

2.3 Empowerment Partnership Scheme in Singapore

MUIS has a comprehensive empowerment plan for the poor in Singapore. The plan is divided into two, general and specific. The general programmes include MUIS provision of annual grants to voluntary welfare organisations and mosques. Through this relationship MUIS is able to influence these organisations and mosques to organise social and religious programmes that help to restore self-reliance in Muslim families with special needs.

Besides the grants, the other part of the general empowerment programme involves provision of opportunity for poor and needy families to upgrade their skills and knowledge. The objective is pursued through funding of educational programmes, enrichment classes and skills acquisition courses. Specific empowerment scheme called, empowerment partnership scheme(EPS), is a partnership program between MUIS , voluntary welfare organisations that serve as case managers and the eligible poor and needy with multiple challenges. This scheme started in 2004. The third batch of families into the program began in December 2007. The scheme covers economic, social and religious needs of the participants. Programmes are tailored to the needs of individual families. A maximum period of three years is allowed for each participant but there may be situation where very good participants finish within one year.

To participate in the scheme, applicant should either be a Singapore citizen or residence with permanent resident status, not above forty five years of age, possessing educational qualification below GCE 'O' or National level passes, and heading a family with combined monthly income of less than \$1500. EPS process starts with the submission of application forms by the potential beneficiaries.

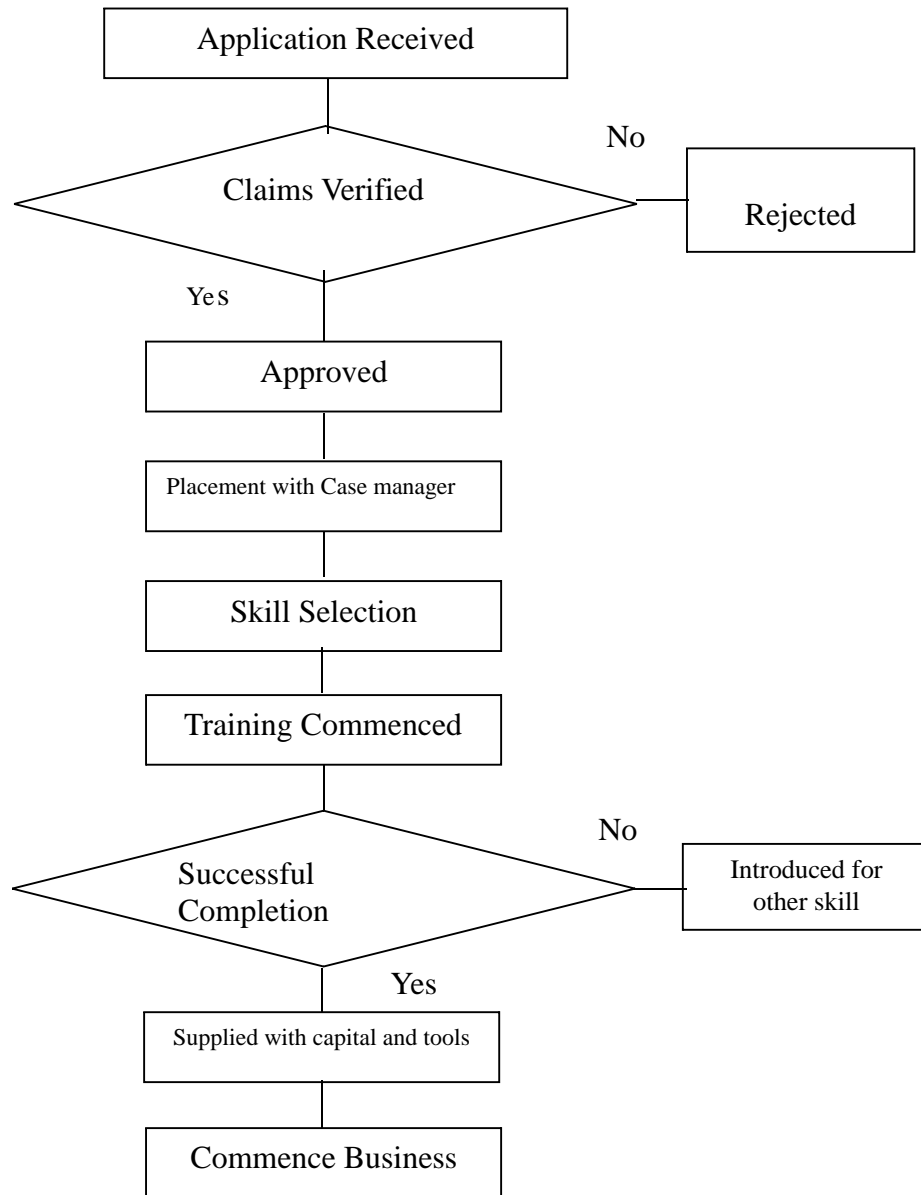


Figure 2: Empowerment Process in Singapore

Source: Mustafa, 2008

After the verification of applications of families, successful applicants under EPS are assigned to voluntary welfare organisations (Case managers) based on the nearness to their houses. Case managers conduct interviews for families assigned to them to determine their economic, social and religious needs. Indeed individual case manager will coordinate the skill acquisition and purchase of equipment at the end of the scheme. At the end of the interview, each family member is given an individual client plan (ICP) which incorporates all programmes to be attended. In most cases parents attend life-skill workshops and children attend religious educational programmes.

The voluntary welfare organisation attached to individual family, which doubles as the counsellor and case manager monitors the progress of each participant and turn in six-monthly report to MUIS. The report on each participant is used by MUIS to assess the commitment or otherwise of each participant to the scheme. Participants who exhibit commendable conduct are encouraged to continue while those with

unfavourable reports are advised to change or, where the situation is beyond remedial action, asked to withdraw from the scheme. In most cases it is possible that those with unfavourable report dropped out even before the report gets to MUIS.

Apart from the determination of continuity or otherwise in the program, the reports are also used for identification of those who are due for graduation and payments to the case managers. EPS is fully financed from the zakat fund. This payment covers all expenses of the scheme. Participating families are also given monthly allowance to assist them meet immediate family expenses during the period of the scheme.

Table 1: List of Sharia States that Implement Zakah Management Institutions

S/No	States	Level of Long Term Disbursement
1	Zamfara State	Low
2	Kano State	Low
3	Kaduna State	Not practised
4	Katsina State	Not practised
5	Sokoto State	Not practised
6	Kebbi State	Not practised
7	Jigawa State	low
8	Bauchi State	Not practised
9	Niger State	Not practised
10	Yobe State	Not practised

Source: Mustafa, 2012

3. Research Methodology

Exploratory approach is recognized in the literature as the best approach to gain insight into small religious institutions because of paucity of existing literature and lack of defined theories (Nitterhouse, 1997; Wooten *et al.*2003). The study, therefore, started with a literature review in order to gain preliminary insight into the case study institution. Initial visit to the institution later followed for purpose of identifying potential interviewees as well as understanding the operation of the case study institution. For data gathering, three forms of triangulation (data source, data method, and data type) were originally conceived (Carter, 1999). Triangulation by data source seeks data from different individuals at different locations and at different times. Data method triangulation involves the use of questionnaire, interviews and document analysis as data collection instruments. Triangulation by data type combines quantitative and qualitative approaches. The current study, essentially, was limited to data source triangulation. This was achieved by interviewing three heads of departments within Islamic Religion Council Singapore a director of one of the skills acquisition centers.

Data was collected through the use of semi- structured interviews. Respondents were, where necessary, also asked open-ended and probing questions. Probing questions were used to unveil the motive or reasons behind certain responses. Permission was sought for approval to record the interview. Tapes were listened to repeatedly after which interview tapes and notes were transcribed. The transcripts, along with post interview questions, were sent to interviewees for confirmation and clarification purposes. Reply and observations were received from the skill acquisition centers. Respondents from zakat institutions agreed with the transcribed interview.

4. Major Findings

As part of the major findings, the study observes that there is the use of broad based approach in Zakat disbursement which can be applied in sharia compliant states of Nigeria. The study found that there is Respect of Beneficiaries right to determine their future; Respect is given to influence of Islamic values; Active involvement of third party entities; Effective monitoring of relevant stakeholders and Effective release of funds to beneficiaries. Other findings include:

A manager of Zakat and Waqaf unit asserted:

We have a parent ministry that we have to comply with its directive as given by the government of Singapore. We do have situation, when is beyond our control, where we may not totally comply. For example, there is a minimum wage but we may not pay that to zakat recipient if fund is inadequate. Again we have to respect the opinion of Fatwa committee on issues relating to Islam. The Fatwa given by the committee is abided with in zakat disbursement.

An officer stated:

We have dedicated staffs in the unit who carry out spot checks on the case managers. These visits are often during scheduled classes which give them opportunity to appraise the situation on first hand basis. Their reports are taken very seriously because they form the benchmark with which we compare reports by the case managers. Their sincerity and dedication is important to the success of the scheme.

A manager of distribution and empowerment unit commented:

You see we give Zakah both in cash and in Kind. Cash is for the disabled but non cash assistance is for the abled who need skills to make life more meaningful. After verification of claims, we ascertain if it is a case of cash assistance or not. For the non-cash cases, we invite counsellor to interview head of the family to know their areas of interest. Progress is monitored by our staff that pays unscheduled visits to skill acquisition centers. The monitoring is for both the poor and case manager. We stop monthly allowance where a beneficiary is not responsible and delist a case manager that performs below expectation. Children of beneficiaries are also sent to schools depending on their ages.

In his response, a member of Zakat and Waqaf unit explained:

Beneficiaries in the EPS are introduced by other organisations like mosques, hospitals and voluntary youth organisations. Efforts are made to improve the scheme on regular basis. The skills cover Islamic knowledge as well as forms of vocation. The beauty of the EPS is the take-off grant that is given to graduates from the scheme and the post disbursement monitoring. We often invite successful graduates of the scheme to come give motivational talks.

A case manager commented:

Our training is between one to three years depends on individual circumstance and complexity of the skill to be acquired. By and large, we take it as our contribution to development of human capital among Muslims. Apart from the technical skills, we run program on Islamic values and ethics to make our graduate a good ambassador of Islam. At the end of skill acquisition, we make recommendation to the council on the amount needed for individual graduate to start off his or her own business.

4.1 Discussions of Findings

Interview findings indicate that Zakah disbursement in Singapore make use of broad based approach in implementing its activities. Rather than taking the head of a family as an individual that is affected by poverty, all members of such family are considered in the determination of the monthly upkeep for the family. This should reduce distractions. Vocation is not imposed on beneficiaries. Their right to determine their vocation of interest is respected. Counselors interview potential beneficiaries and guide them to vocation of interest after due consideration has been given to their ability. It is easier to pursue what a person has natural interest in than what is imposed. This is similar to the empowerment scheme of state of Selangor in Malaysia (Mustafa and Muslim, 2014).

The program covers both skill and teachings on Islamic values and ethics. This will reduce the influence of environmental factors on the graduates of the program. This is a good attempt to match both secular and spiritual needs of the beneficiaries. . It is reported that lessons on Islamic values and ethics last for over the training period of between two and three years. This should help shape the behavior of graduates of the scheme. This appears better than that of Malaysia which is conducted for a shorter period before the commencement of the program. The longer the value reorientation lesson, the better it is for the program.

There is active involvement of third party entities like mosques, hospitals and youth development organisations. They help in the identification of poor people who have genuine claims and also assist in the verification of claims made by them. Mosque committees play significant roles in Zakah management in Pakistan, Kuwait and Egypt.

Monitoring of relevant stakeholders appears effective. Spot checks on the consultants put a check on both the participants and the consultants. Reports prepared after each visit forms basis for payment to consultants. Similarly, the report is used to ascertain the seriousness of the participant and also used as basis for payment of monthly stipends to them. This is also similar to the practice in Malaysia. The control put in place to check the congruence between the expectations from the case managers and the actual performance will also help the scheme. Release of funds is regulated. Monthly allowance is paid only to serious participants while consultants who are found questionable are reprimanded. When graduates are given tools and cash to start business, they are not left alone but they are paid visits to evaluate their progress.

Unlike cases where graduates of empowerment schemes will only be given training alone, the provision of takeoff grant and post disbursement monitoring should help the scheme. Takeoff grant provides an easy soft-landing for beneficiaries and is similar to the practice in Malaysia. Post disbursement monitoring is a check on abuses by the beneficiaries and rescue strategy in case of genuine cases of problems experienced by the beneficiaries. Long-term Zakah disbursement strategy is a good template for Zakah institutions in order to effectively fight the war against poverty. The current practice by all the institutions, private and public, appears ad-hoc that is capable of yielding limited result. The era of giving generator or grinding machine without monitoring what happens thereafter should stop. If Singapore approach is adopted, it is likely going to motivate potential Zakah payers to build trust in Zakah institutions.

5. Conclusion and Recommendations

The objective of the present study was to report the findings of long-term Zakah disbursement strategy of Islamic Council of Singapore. Six main findings emerged from the study. The institution uses a broad based approach in its activities. The poor are given opportunity to have a say in the vocation they eventually enroll. Respect is given Islamic values and ethics in the curriculum. Third party entities are actively involved in the program. Relevant stakeholders are effectively monitored and release of funds to beneficiaries is effectively controlled. Comparing the results of previous research with present findings, it is noticeable that long-term Zakah disbursement strategy in Singapore, with the possible exception of the practice in Malaysia, appears more comprehensive and result-oriented than reported practices in other countries. It is therefore, recommended that the ten states in the northern part of Nigeria where Islamic legal system is practiced should borrow leap from the Singapore and Malaysia Zakah disbursement strategy as the states have a lot to learn in the long-term Zakah disbursement strategy as exemplified in both countries. It is also recommended that broad based approach in Zakah disbursement in sharia compliant states of Nigeria should be enhanced to ensure effective disbursement in line with the Islamic injunction.

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