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## How to Overcome Poverty with Zakat

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### **Abstract**

*This research paper explores the multifaceted role of Zakat in alleviating poverty within the Islamic economic framework. Emphasizing its significance in preserving wealth and promoting economic stability, the paper delves into various dimensions of Zakat, ranging from its impact on economic cycles to its flexible provisions that safeguard against inflation and recession. The study underscores Zakat's contribution to poverty eradication through the development of human capital, morally and materially, and its role in fostering goodwill and compassion in society. Additionally, the paper discusses Zakat as a tool for preserving wealth, demonstrating its ability to prevent economic crises and redirect money towards investments and economic revitalization. The research concludes by proposing strategies for enhancing Zakat institutions and establishing a global framework for more effective poverty alleviation.*

**Keywords:** Zakat, Poverty Alleviation, Economic Stability, Human Capital Development, Wealth Preservation, Economic Cycles, Islamic Economy

### **INTRODUCTION**

Poverty is a chronic problem and at the forefront of the Sustainable Development Goals (SDGs) as it represents the greatest challenge facing the world. In the 2014 Human Development Report, about 1.2 billion of the world's population live on less than USD1.25 per day, 2.7 billion live on less than USD2.50 per day, and 1.5 billion people live multidimensional poverty, 0.8 billion people live on the brink of poverty, and 2.2 billion people suffer from two or three aspects of deprivation.

It's estimated that the poorest two-thirds of the world's population receive less than 13% of the global income... and the richest 1% of the population owns about half of the world's wealth; hence the wealth of a group of 85 people - who are the wealthiest - is equivalent to what half of the poorest of the world's population owns. (UNDP, 2014)

Pope Francis I said: "An unjust economy that differentiates between people is not less lethal to human rights than terrorism, oppression, and murder."

Meanwhile Gandhi said: "The Earth has enough resources to meet the needs of all but not enough to satisfy the greed of even one person."

The main cause behind the problem of poverty lies in human actions and the environment from which their culture has emerged and shaped their mindset. Starting with ego maximization which is the reason behind the great inequality in income distribution; envy and hatred is the stimulus of wars and armed conflicts; poor human management and failure to plan effectively resulted in the economic crisis; the increase in unemployment rates resulted from monopolizing technology and manufacturing tools and techniques. Furthermore, the desire for enslavement and exploitation is the cause of military occupation and the interference of some governments in the internal affairs of other nations.

Poverty itself has its own environment with a negative, defeatist culture; hence survival is for the fittest, and the objective validates the action, in addition to depending on others and taking advantage of their achievements. Amidst this environment rise crimes such as theft, forgery, murder and bribery, as well as illicit trade, including prostitution, human trafficking, drug trafficking, smuggling, rape, violence, and terrorism.

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The elimination of poverty can only be achieved in a social environment which values the right of humans to a decent life, influenced by norms rooted in a culture of tolerance, and ethics of giving, in addition to morals of sustainable coexistence.

It is believed that the Zakat approach and the culture based on this methodology are more worthy and capable of eliminating poverty from its roots. This strategy works to develop the poor, the rich, and society alike. It's an entitlement which guarantees sufficiency to all members of society which also aims to preserve human dignity and acts as a long-term solution for poverty that surpasses the limits of time and place. It also aims primarily to develop human capital in a comprehensive and balanced manner on both material and moral levels, as well as cultural, social and economic fields. Moreover, the zakat culture is capable of liberating human potential and unleashing positive intentions in society, in addition to the set of zakat values that elevate the soul, elevate society, and increase wealth.

The 2014 Human Development Report indicates that the most successful initiatives in combating poverty and achieving human development are the initiatives that took a multi-dimensional approach, combining income support, job creation, improving health care, expanding educational opportunities, in addition to other measures to develop local communities.

This research will shed light on the concepts of zakat, poverty, the significance of sufficiency, the amounts allocated to the impoverished, the effectiveness of zakat in addressing poverty (recalling history), the underlying mechanisms upon which zakat is based in combating and eliminating poverty.

## **OVERVIEW OF POVERTY**

Poverty is the inability to secure minimum essential needs, encompassing food, housing, clothing, communication means, education, health, freedom, security, and social justice.

### **Types of Poverty**

- 1. Absolute poverty:** Defined by a UN threshold income that fails to cover essential food under normal conditions, disregarding other basic needs (Aduladheem, 1995).
- 2. Relative poverty:** Comparable poverty levels within or between countries, acknowledging variations from poor to underdeveloped and developed nations (Aduladheem, 1995).

### **Poverty in the Arab and Islamic World**

The problem of poverty in Arab and Islamic countries is worsening. The latest economic and social statistics reports confirm that more than 60% of the population of Islamic countries - that is, more than 700 million Muslims – are classified as poor, and 52% of the population of the Arab countries which equals 300 million people suffer from poverty, including 30% who live below the poverty line.

As warned by Dr. Hatem Al-Qarnashawi who is concerned with the problem of desertification that threatens the Arab world; which would increase poverty, as 20% of the total cultivated area in the Arab world is vulnerable to desertification. As statistics confirm that 68% of the lands of Somalia, 55% of the lands of Iraq, 59% of the lands of Syria, and 27% of the lands of Morocco, 26% of the territory of Sudan, and 37% of the territory of Tunisia are vulnerable to desertification. This confirms that there is a real problem that must be confronted by all available means.

### **The Problem of Poverty is a Global Problem**

Noting that poverty is a global problem, the latest report by the International Labor Organization of the United Nations indicates that about 3 billion people - equivalent to half of the world's population - live in poverty, with an income of less than two dollars, and that 1.2 billion people have an income of less than one dollar per day. Moreover, it was mentioned in the report on Human Development made in 2014 about 1.2 billion of the world's population live on less than USD1.25 per day, 2.7 billion live on less than USD2.50 per day, 1.5 billion people live in multidimensional poverty, 0.8 billion people live on the brink of poverty, and 2.2 billion people suffer from two or three aspects of deprivation. It is estimated that the two-thirds of the poorest in the world

receive less than 13% of global income thus the richest 1% population owns about half of the world's wealth, hence, the wealth of a group of 85 people is equivalent to what the poorest half of the world's population own. (UNDP, 2014)

Unemployment rates are also constantly increasing, and the number of unemployed workers is approximately 200 million, including 18 million unemployed Arabs, according to statistics from the Arab Labor Organization, meaning that the unemployment rate in the Arab world has reached more than 17% of the population.

Today, 200 million people suffer from unemployment, and a large portion of the population of rich countries still face a state of insecurity. In 2014, the unemployment rate is expected to exceed 11% in France, and to approach 12.5% in Italy, and 28% in Spain and Greece. The number of unemployed youth will rise to approximately 60%. (UNDP, 2014)

### **Islam Practices in Fighting Poverty**

First: Islam mandates work as an act of worship, emphasizing self-sufficiency. Prophet Muhammad (pbuh) encouraged labor and self-reliance (Bukhari S. , 870).

Second: Begging is forbidden as it leads to unemployment; the Prophet warned against excessive begging (Muslim, 815–875).

Moreover, Muslim narrated that Abu Hurairah said the Messenger of Allah (pbuh) said: “Whoever asks people for their wealth in abundance is only asking for burning coals, so let him be little or let him be abundant” (Muslim, 815–875).

Third: Zakat, mandatory on the wealth of the affluent, is a lasting solution to poverty, promoting solidarity and socioeconomic balance. Allah and the Prophet endorsed the fair distribution of zakat to eradicate poverty.

## **THE EFFECTIVENESS OF ZAKAT IN ADDRESSING POVERTY**

### **The Meccan era**

Zakat was not imposed in the Meccan era - before the Hijra – and the legislation merely urged Muslims to give charity and donate money, as mentioned in the Quran: “Give to close relatives their due, as well as the poor and ‘needy’ travellers. And do not spend wastefully” [17:26]; the wisdom of the divine legislation behind delaying zakat is to adopt the principle of incrimination in burdening souls with the hardships of legislative costs.

Moreover, Mecca was not considered a Muslim state, and zakat is an organized law based on a distinct approach of collection, preservation, and distribution that can only be achieved through a stable state. Therefore, the Meccan stage is considered the introductory step for imposing zakat.

### **The Civil Covenant**

Zakat was first imposed in Medina in the second year after Zakat al-Fitr (al-Shafi'i, 2001), after the Muslims had established a state in Medina. This was despite the large burdens the state was facing represented in maintaining its internal security and repelling external aggression, in addition to the main objective of spreading Islam and expanding Islamic state, etc. which required invasions, expeditions, and treaties. Regardless of these heavy burdens on a state in the process of formation, we are certain there was no wretched or deprived among the Muslims. This is because the Quran was being gradually revealed, addressing contemporary events and dealing with real-life situations as they unfolded, as mentioned in the Quran: “The example of those who spend their wealth in the cause of Allah is that of a grain that sprouts into seven ears, each bearing one hundred grains. And Allah multiplies ‘the reward even more’ to whoever He wills. For Allah is All-Bountiful, All-Knowing”[2:261]

Additionally, Allah's messenger would preach to the Muslims and deal with urgent problems in a quick, practical manner, hence, he did not permit the presence of the poor or the deprived among the Muslims. He built the Islamic society upon a solid foundation of binding solidarity, not allowing poverty to penetrate the Muslim society, but was determined to combat it and resist it by all means and methods.

Narrated by Bukhari that Amr ibn Al Aas said: “Allah’s messenger called for me, then he lowered his head and said: O Amr, I want to send you to command an army in the sake of Allah and He will protect you, and I will find for you a righteous sum of money. So I said: O Messenger of Allah, I did not convert to Islam out of desire for money, but rather I converted to Islam out of desire for Islam and to be with the Messenger of Allah! So he said: “O Amr, what a blessing good money is for a good man” (Bukhari S. , 870).

This hadith indicates persuasion to adopt reasons for earning money as long as it is permissible (Halal). The phrase “how good money is” is a praise for money, and it describes “the righteous,” meaning permissible. However, the righteous person is he who spends his money with devotion to Allah and pays the zakat from it to increase the obligatory unanimity thus strengthening society and increasing its cohesion and sturdiness.

### **The Rightly Guided Caliphs**

The Rightly Guided Caliphs followed the approach of the Prophet in combating poverty, and despite the expansion of the Islamic state and the many downfalls during their era, evidence and documentation indicate that the people were resourceful. Ibn Saad reported that Huni the servant of Omar bin Al-Khattab said: “Abu Bakr al-Siddiq did not protect anything from the land except naqi’, and he said: I saw the Messenger of Allah protect it to protect the horses that were being attacked. Furthermore, whenever lean charity camels were taken in, they would be sent to Al-Rabdha, and it would nourish there along with its offspring. He does not protect anything from it, and orders the people of the waters not to prevent those that come to drink in addition to grazing them. So when Omar Ibn Al-Khattab came, the people gathered and he sent the missionaries to Damascus, to Egypt, and to Iraq, he kept al-Rabdah protected, and appointed me to handle the protection of al-Rabdah” (Bukhari S. , 870).

The protection of charity camels is an indication that Muslims are plentiful due to the presence of a surplus of charity camels, which are grazing in protection until they are needed (Salam., 1981).

Among the evidence that proved that zakat treated poverty during the reign of Uthman is what Al-Kasani mentioned that the Messenger of Allah (pbuh) used to take hidden money; so did Abu Bakr, until the time of Uthman when money increased. Uthman knew that it would lead to increased harm on its owners, therefore he concluded, with agreement of the Companions that the benefit is in delegating the act to its owners; so the owners of the funds became like agents on behalf of the Imam.

This collection of evidence demonstrates that the fundamental principle of zakat-based solidarity was an effective solution in eliminating poverty, resulting in the comfort and bliss of Muslims who were financially secure. Ali bin Abi Talib said: “Allah the Almighty imposed on the wealth of the rich an amount of zakat which is enough for their poor so if they are hungry or uncovered and struggling, it is prevented by the zakat of the rich. However, Allah has the right to hold them accountable on the Day of Resurrection and punish them for it.” The words of Ali are prove that the principle of binding zakat solidarity is based on the fact that the right of the poor to the wealth of the rich is not limited to the right to food, drink and clothing, but everything that relieves them of effort and hardship and guarantees them a dignified human life; such as providing means of transportation, health care, the right to education and marriage for those who are willing, and all other necessities which suit their condition without extravagance or frugality.

### **The era of Omar bin Abdul Aziz**

Omar bin Abdul Aziz, who was following the approach of the Messenger in politics, governance, and all other affairs of economic and social life, had an impact on the stability of the nation and the abundance of funds. Al-Bayhaqi narrated that Omar bin Usayd said: Omar bin Abdul Aziz only ruled for two and a half years - that is, thirty months. But, by God, Omar bin Abdul Aziz did not die until he brought us a great deal of money.”

Yahya bin Saeed said: “I was sent by Umar ibn Abdul Aziz to collect zakat from Africa. After collecting it, I intended to give it to the poor people. However, I did not find one. Umar ibn Abdul Aziz made all the people rich during his time. Finally, I decided to use the zakat fund to buy and emancipate slaves” (Nor, 2015).

### **A Model from the Present**

It is worth referring to the experience of one of the villages in the Dakahlia Governorate, which is the village of Tafhana Al-Ashraf. The experiment began in the year 1976, but the flow of resources did not begin until the early eighties, when the first amount of one hundred and fifteen thousand pounds (115,000) was achieved in the year 1984, and the zakat funds grew until they reached Two million pounds and a quarter in the year 1992.

The project manager in charge began the implementation of some projects that suit the village and the surrounding areas taking into consideration the fields in which they work and have gathered experience. They established a hatchery factory as a starting point for the poultry industry, then a factory for poultry and livestock feed, then a factory for manufacturing concentrates to raise the level of feed, followed by several farms for raising poultry and producing eggs for hatching, as well as for producing table eggs.

These projects contributed to employing many workers who were previously unemployed, until employment rates increased to 98%. Job opportunities were not limited to construction, workshops, and factories only, but also included the remote employment of women from their homes. They were provided with sewing machines, knitting, and birds and animals to raise; such as ewes that were distributed to widows, and buffaloes that were distributed to poor women to transform them from needy people into producers and participants in the development process (Yusuf, 2002).

Furthermore, Numerous religious schools and institutes, along with Islamic libraries, were established across all age groups in the village, with a significant allocation of thirteen million and eight hundred and forty-five thousand pounds for education. This investment eradicated illiteracy among the younger population, ensuring free education from nursery to university for everyone. The developmental impact of activating zakat in this village is multifaceted:

1. **Universal Free Education:** Every individual, male or female, has the guaranteed right to free education from nursery to university, eliminating illiteracy.
2. **Healthcare Access:** Zakat committees assist those in need, ensuring universal access to healthcare.
3. **Poverty Transformation:** All poor individuals transitioned into producers, ensuring no one in the village lacks food or clothing. Surplus zakat funds are distributed to neighboring villages.
4. **Employment Elimination:** Unemployment is eradicated, with individuals engaged in various sectors, including factories, workshops, and service centers. Some offer free services such as trade and transportation.
5. **Improved Standard of Living:** The village's standard of living has elevated for all residents, driven by hard work, cooperation, and commitment to Islamic values (Yusuf, 2002).

These outcomes, along with similar effects, underscore the contemporary efficacy of zakat in addressing developmental challenges like poverty, ignorance, disease, unemployment, social disorders, and economic issues. Activating zakat transforms wasted human potential into active, productive contributors, positively impacting the economy.

## SUCCESS FACTORS IN TAFHANA AL-ASHRAF

1. **Holistic View of Zakat:** Recognizing zakat's developmental, moral, social, economic, educational, and health roles, aligning with evolving situations while adhering to Sharia law objectives.
2. **Investment in Human Resources:** A significant portion of zakat funds was invested in rehabilitating unemployed youth, providing suitable job opportunities.
3. **Focus on Education and Healthcare:** Establishing educational schools, public libraries, colleges, and health facilities while providing necessary treatment for patients.
4. **Community Engagement:** Villagers actively believed in and contributed to the experiment, volunteering and donating to ensure its success.
5. **Gradual Poverty Reduction:** Over twenty years, a gradual reduction in poverty was observed.

6. **Local Zakat Principle:** Adherence to the local zakat principle, redistributing wealth from the rich to the poor (Yusuf, 2002).

This exemplifies the value of self-reliance in developing both material and human resources in alignment with the Islamic model.

## **MECHANISMS THROUGH WHICH ZAKAT COMBATS POVERTY**

### **Imposing Zakat on Growing Money**

Zakat is imposed on money that actually grows through investment and trade. If the person is not able to develop it, then there is no zakat due on him because it has lost its condition.

He specified the wealth that grows so it compensates for the loss incurred by it through payment (Sarakhsi, 1324). Accordingly, taking into account the benefit of the rich person and giving him compensation for his action in a manner that does not lead to poverty; this is one of the objectives of zakat, as demonstrated by the condition of annual pay and the requirement of a quorum.

Ibn Qudamah says: “paying zakat is based on one-year time frame because it represents a period of growth, making it more achievable and controllable to calculate and pay on accumulated profit since it is obligatory in order to provide relief and assistance to those in need” (Qudamah, 620 AH).

Al-Nawawi says: “The obligation of zakat in the quorum indicates that it is not obligatory on amounts that are less than the specified limit, because what is less than the quorum cannot be tolerated” (Al-Shirazi, 676 AH).

We find the wise Law commanding us to trade using the money of orphans by way of assigning the responsibility of protecting and growing the orphan’s property by the guardian from causes of damage, so they use it as needed for expenses and other necessities, within reasonable bounds.

Additionally, the Muslim is also commanded to grow his money because growth is a type of earning, and its ruling varies according to its purpose. This requirement is obligated in order to collect enough money for himself and his dependents and to pay off his debts. It is desirable to exceed what is needed if the purpose is to comfort the poor and benefit the relatives, and in that case, it is better than devoting oneself to voluntary acts of worship. It’s permissible to spend the excess in means of beautification and enjoyment.

Ibn Hazm, Al-Zahiri jurist, says: It is obligatory on the rich people of each country to provide for their poor, and the ruler will reward them for that. If zakat is not paid on their behalf or on behalf of the rest of the Muslims' wealth, the poor should be provided with essential food, clothing for both winter and summer, as well as shelter. They should be protected from the elements, such as rain and the scorching sun, and their privacy should be respected from the gaze of passers-by. The proof is mentioned in the Quran: “Give to close relatives their due, as well as the poor and ‘needy’ travellers. And do not spend wastefully.” [17:26] and: “Worship Allah ‘alone’ and associate none with Him. And be kind to parents, relatives, orphans, the poor, near and distant neighbours, close friends, ‘needy’ travellers, and those ‘bondspeople’ in your possession. Surely Allah does not like whoever is arrogant, boastful” [4:36].

So, Allah the Almighty justified the rights of the poor, the travelers, and the slaves, along with the rights of the family, and imposed compassion to the parents, the relatives, the poor, the neighbors, and the slaves. Kindness is entailed on what we mentioned earlier, and prohibiting it is undoubtedly an abuse.

### **The right to sufficiency is guaranteed to all members of society, and it is a right aimed at preserving human dignity**

Islam has ensured that a certain level of sufficiency is provided for individuals, which is ensuring an adequate standard of living according to the conditions of time and place for all members of society. (Al-Fanjari, 1987) The adequate standard of living includes everything a person needs. As mentioned in the Quran: “Have you seen the one who denies the ‘final’ Judgment? That is the one who repulses the orphan, and does not encourage the feeding of the poor.” [107:1-3]

The Prophet (pbuh) said: “He is not a believer who spends the night satiated while the neighbor to his side is hungry” (al-Nishapuri, 393 AH). Therefore, the establishment of this right indicates that preserving human dignity is one of the major goals of Islam.

### **Zakat is a Permanent Solution for Poverty that Transcends the Limits of Time and Place**

Zakat was imposed on growing wealth in order to benefit both the rich and the poor. This provides support to the rich by enhancing their wealth with more profit and development. Simultaneously providing relief to the poor by them giving access to valuable growing wealth that is most beneficial to their circumstances.

After the spread of Islam, its territorial expansion, and its interaction with different nations and diverse civilizations, including Persian, Roman, Coptic, Indian, Chinese, and Buddhism; there was a diversification of investment tools, economic practices, and development mechanisms. The jurists found themselves encountered by new crafts, new types of contracts and transactions, and innovative forms of investment, which motivated them to work diligently to absorb these evolving realities within the framework of Islamic jurisprudence, guided by the principles of Islamic law and the objectives of the true religion.

Imam Al-Shirazi says: The poor person is someone who has the strength and skills to engage in productive work or trade but lacks the necessary tools. Hence, zakat should be given in order to provide him with a significant amount of capital because the key principle of zakat is to provide self-sufficiency through productive means (Al-Shirazi, 676 AH).

Note that jurists did not abide by the traditional forms of paying zakat, but rather took into consideration the differences in conditions, capabilities, professions, circumstances of time and place, and the nature of people. A person capable of performing a job is not paid with sheep or dates but rather is paid with tools for long-term benefit. They permitted providing Zakat funds in the form of investments that suit the poor person’s abilities, potential, qualifications, the circumstances of their time, the place in which they live, and the customs of the countries in which they live.

It is also permissible that zakat is paid to an investment were the number of shares is divided on a group of people from the poor. Accordingly, the Zakat Institution has the right to manage, and supervise zakat funds in a way that benefits the poor based on the jurisprudential rule. However, later jurists issued fatwas to achieve the objectives of Sharia law to suit the circumstances and needs of the era. For example, zakat can be paid to educational institutions, orphanages, or hospitals where the zakat funds will be used to educate the poor, provide their necessities or medication (al-Haytami, 1503-1566).

It is worth noting that the third symposium of the Kuwaiti Zakat House decided that it is permissible to invest zakat funds according to predetermined guidelines. In the same symposium they decided that ownership is in the first four categories mentioned in the verse on zakat disbursements; “Alms-tax is only for the poor and the needy, for those employed to administer it, for those whose hearts are attracted ‘to the faith’, for ‘freeing’ slaves, for those in debt, for Allah’s cause, and for ‘needy’ travellers. ‘This is’ an obligation from Allah. And Allah is All-Knowing, All-Wise.” [9:60] under the condition of providing the zakat to an eligible person capable of working hence paying in cash money or by purchasing a means of production, such as crafts machines and tools.

Regarding the geographical boundaries of zakat, jurists have permitted the transfer of zakat from one place to another under two conditions:

1. When the amount of zakat in a particular region surpasses the needs of its residents, it can be transferred with their consent, and in some cases, it may even be obligatory to do so. This helps distribute zakat where it's needed more effectively (Al-Shaibani, 2002).
2. It can also be transferred with the consent of those responsible for its collection and distribution, as long as it serves the purpose of decreasing poverty. This allows for flexibility in administering zakat to address specific circumstances and needs.

Sahnoun said: If the imam was informed that there was a severe need in a specific country, he would allow the transfer of part of the charity funds. If the need arises, zakat funds must be used for their intended purpose to benefit those in need because Muslims are brothers who must stand by and support each other (Al-Qurtubi, 2003).

### **Developing Human Capital Materially and Morally**

Development of zakat capital is characterized by inclusivity, as it is not limited to the development of one side or the other, but rather it is a balanced development. This is because zakat works to satisfy the basic material needs that are indispensable for a person; and morally, by treating ego disorders and money captivity, in addition to spreading the values of compassion, love, and social solidarity. The moral aspect is not limited to psychological treatment, but rather extends to considering education by preserving the right of the poor to seek help and knowledge, as well as providing the necessary tools and books he needs, agreed upon collectively by the jurists of Islam, regardless of their different schools of thought; the Hanafi, Maliki, Shafi'i, Hanbali, Zaidi, and Imami schools.

The Encyclopedia of Jurisprudence highlight the conditions under which it may be permissible to give zakat to someone seeking Islamic knowledge. According to these jurists:

1. Al-Nawawi suggests that if an individual is capable of earning an income based on their circumstances but chose to prioritize acquiring Islamic knowledge to the extent that taking a job would hinder their pursuit of knowledge, then they may be eligible to receive zakat to meet their financial needs.
2. Al-Bahuti adds that if a person dedicates themselves to seeking Islamic knowledge and is unable to simultaneously earn a living due to the nature of their studies (not because of worship), then they may qualify for zakat assistance to fulfill their financial needs (Kuwait Ministry of Awqaf and Islamic Affairs, 1965).

On the other hand, some jurists stipulate that books on natural science are necessities and considered as tools used for the knowledge on various subjects such as medicine, hence it's considered a need.

Therefore, any person pursuing knowledge in Sharia or natural sciences is eligible of receiving zakat money. This is due to the fact that the knowledge of different sciences it necessary for the security as well as the development of the human and his society.

It is not surprising that in the legislation of zakat is what helps to repel ignorance and develop the minds, especially of the weaker classes in society in their fight against poverty. This is because the problem of poverty is essentially an educational problem. The ability to innovate and the desire to harness a scientific outcome to achieve progress through reconstruction is the key to achieving real growth. However, the acquisition of skills and knowledge by individuals is a form of capital therefore, human capital represents an essential part of economic growth strategies.

As a conclusion, the objective of zakat is to increase the productivity of the poor and raise their efficiency by increasing their academic and cognitive accomplishment. This is achieved through training them in new artistic skills and providing them with contemporary expertise that suits the arts and techniques of the era to provide opportunities for meaningful and fruitful work. Furthermore, it raises employment rates by providing job opportunities and investments to the poor in order to support small businesses as well as establishing developmental projects.

### **Unleashing Goodwill in Society**

Malek Bin Nabi emphasizes in his book *The Muslim in the World of Economics* that the human will is the force that reveals the social and cultural potential, and the civilizational will is what creates the cultural potential. Economics, whatever its sectarian type, is an embodiment of civilization in its two aspects: the aspect that includes its moral conditions; in the form of a will to move society towards defining and carrying out its social tasks, and the aspect that includes its material conditions in the form of possibility; that is, it places at the disposal of society the necessary means to carry out its tasks. Also described as the cultural function (Bennabi, 1987).



Hence, civilization is potential and ability, thus economy is the physical reflection of this potential and ability. Human and civilizational potential are the factors which work on multiplying ability. Therefore, if ability is not present in the movement of a society, this society as a result becomes unable to perform regardless of their quantity. The relative relationship between cultural ability and cultural potential is a causal relationship that places potential in the rank of cause in relation to ability.

A balanced economy aims to achieve a balance between the processes of production and consumption. These are mediated by a practical third link between them, which is distribution and the interaction between producers and consumers, or what is called economic dynamism, which expresses the need that production meets, and is divided into a need covered by money, and a need covered by a civilized potential. Such as the desire for zakat to meet the needs of the poor, the needy, and the travelers. To achieve economic dynamism, two principles must be achieved:

1. Everyone has the right to earn a living.
2. Work is obligatory on every person.

The first principle is an obligation which belongs to our true religion, and the second principle is a necessity imposed by the first principle as a condition for the continuation of interaction between production and consumption, where there is no consumption without production. The first principle is implicitly acknowledged in Islam through Zakat and imposed by exceptional economic considerations aimed at creating a social atmosphere where potential grows through team work.

Zakat acts as a catalyst for good will in society by promoting charitable giving, compassion, and a sense of responsibility toward those less fortunate by spreading its benefit and ensuring its continuity. As mentioned in the Quran: "The example of those who spend their wealth in the cause of Allah is that of a grain that sprouts into seven ears, each bearing one hundred grains. And Allah multiplies 'the reward even more' to whoever He wills. For Allah is All-Bountiful, All-Knowing" [2:261].

In the previous verses Allah is likening the one who gives zakat with the farmer who works on enhancing his land. Hence, the zakat giver's reward will be doubled so will it impact; the same way the farmer will reap the best harvest from his fertile land.

The reasons for doubling the reward of the zakat giver, as Ibn al-Qayyim pointed out, are sincerity and continuity. This in return aids in the movement of goodwill towards enriching the poor by providing them with growing wealth such as a steady income and helping them to develop it through providing them with necessary tools to perform a certain job.

From an economic point of view; the strong effect of zakat on the multiplier in the Islamic economy is directly related to the percentage of the zakat proceeds transferred to the poor. Therefore, investing the proceeds of Zakat in a productive manner for the benefit of the poor in financing various developmental projects; in education, health care, and other social recovery services leads to raising the productivity of the poor, and thus their incomes, which in as a result leads to an increase in the size of the multiplier, especially since the incomes of these segments are not subject to taxes in most countries, which limits leakages.

The strength of the zakat multiplier is also supported by directing a portion of the zakat expenditures to various aspects of investment. This supports the work of the accelerator in producing goods for which demand has increased, and allows for the expansion of the community's productive capacity, and limiting the effect of the induced investment from the increase in prices after the existing production units reach the maximum limits of production, and this also contributes to directing part of the zakat resources to public investments directly (Suprayitno, 2018).

The aim of developing the poor in Islam through zakat is not limited to the material aspect, but rather includes the psychological aspect, as mentioned in the Quran: "Kind words and forgiveness are better than charity followed by injury. And Allah is Self-Sufficient, Most Forbearing." [2:263]; and the moral aspect as the prophet (pbuh) said: "'Every Muslim has to give in charity.'" The people asked, "O Allah's Prophet! If someone has nothing to give, what will he do?" He said, "He should work with his hands and benefit himself and also give

in charity (from what he earns)." The people further asked, "If he cannot find even that?" He replied, "He should help the needy who appeal for help." Then the people asked, "If he cannot do that?" He replied, "Then he should perform good deeds and keep away from evil deeds and this will be regarded as charitable deeds" (Bukhari, 846).

### **The Impact of Zakat Values on The Growth and Increase of Money**

Zakat develops in the believer the character of sincerity, according to the Quran: "Whatever you 'believers' spend in charity, it is for your own good—as long as you do so seeking the pleasure of Allah." [2:272]; "But whatever charity you give, 'only' seeking the pleasure of Allah—it is they whose reward will be multiplied." [30:39]

"Who will lend to Allah a good loan which Allah will multiply many times over? It is Allah 'alone' who decreases and increases 'wealth'. And to Him you will 'all' be returned" [2:245].

God Almighty issued the verse with the kindest type of speech, which is an interrogative that includes the meaning of a request, and the meaning is: Will someone give this good loan and be rewarded for it many times over? Here, spending is called a good loan hence, urging souls to sacrifice (their money); because when the lender knows that the essence of his money will return to him, he will be willing to give it himself and it will be easy for him to pay it out. It will multiply his wealth, blessings, and happiness in this world, and will multiply in bliss, enjoyment, and closeness to Allah in the afterlife.

One of the values that zakat develops is purifying the soul from desires, as mentioned in the Quran: "The enjoyment of 'worldly' desires—women, children,1 treasures of gold and silver, fine horses, cattle, and fertile land—has been made appealing to people. These are the pleasures of this worldly life, but with Allah is the finest destination." [3:14]. If a person does not regulate his instinct of the love of money, it will force him to increase his accumulation and hoarding of money which can be mentally and physically exhausting. Hence, zakat purifies these desires and directs them in the right direction (Kayed, 2021).

The spread of love for desires in societies, indulging in pleasures, and glorifying the ego is the cause of modern-day economic crises, resulting from usurious credit transactions, mortgages and the spread of slavery, sex, drugs and weapons.

Zakat fills the soul with values of mercy and purifies it from cruelty and distress. It was narrated by Abu Hurairah that a man complained to the Prophet (pbuh) about the firmness of his heart, so he said: "Clear the head of the orphan, and feed the poor." Zakat also protects the believer from being firm at heart Islam protects the believer from the hardness of the heart, and leads to compassion, tenderness, and mercy, which are among the reasons for closeness to Allah. Furthermore, zakat encourages the love of giving and purifies the heart of lack of generosity and scarcity (Hafandi, 2021). The Prophet (pbuh) said: "There are three things whoever does them has tasted the flavor of faith: Whoever worships Allah alone, that there is no god but Allah, and gives the zakat of his wealth as a reward for his soul every year..."

By paying zakat, the believer builds a habit of giving (donating) what is worthy and what is permissible from his expenses every year. It also fosters a sense of self-pride as one successfully overcomes the temptations of evil influences to free himself from the slavery of money, and to free the poor from the humiliation of poverty and need. Additionally, zakat encourages the morals of gratefulness in one's soul (Topbaş, 2022).

It's best if an individual shows the disbursement of zakat so others can see him and follow his act as well as preventing any misconception. As mentioned in the Quran: "To give charity publicly is good, but to give to the poor privately is better for you, and will absolve you of your sins. And Allah is All-Aware of what you do." [2:271]

Zakat develops the character of humility in the soul of the giver so he does not boast over anyone or be arrogant. He shouldn't consider this charity money he's giving as a favor and blessing for the poor, but rather it's a due obligation according to Islamic law. As mentioned in the Quran: "And in their wealth there was a rightful share 'fulfilled' for the beggar and the poor." [51:19]

Zakat develops the character of love in the soul; however, there is an apparent relationship between good character and material, and moral development, it purifies them of sins and bad morals and increases their good morals and good deeds, and purifies the soul of the poor from hatred, envy, and malice. Quran says in this matter: “Take from their wealth ‘O Prophet’ charity to purify and bless them, and pray for them.” [9:103]

## **ZAKAT AS A TOOL FOR PRESERVATION OF WEALTH**

The Messenger of Allah (pbuh) said: “Charity does not decrease wealth” (Muslim, 815–875). In explaining this hadith Al-Baji said: Charity does not decrease money; because what is spent in charity is compensated for by a reward, and it is a reason for developing and preserving money.

From an economic perspective, the application of zakat reduces the chances of economic crises caused by the excess of saving over investment (Al-Awadi, 1980). The Islamic economy avoids the economic cycles that result from this situation that harm the level of economic activity. This is because the application of the obligation of zakat makes wealth unable to pass except through two single channels: the channel of spending on the prosperity and well-being of society, and the channel of investment in economic activity (Hafandi, 2021). There is no room in the Islamic economy for hoarding, and this is supported by the elimination of the interest rate, which makes saving equal to investment, thus transforming every saving turns into an investment, and the preference for liquidity decreases to its lowest possible level, which results in an increase in investment demand. The total demand in society also increases constantly, through an increase in consumer demand for zakat banks, which through the accelerator’s action provides favorable opportunities for profitable investment and increased production, and is supported by population growth and the trend towards better technical levels in the production field.

Zakat has a role in protecting society from economic stagnation and directing money towards trading, investment, and revitalizing the economy, “which is reflected in the expectations of businessmen, and does not expose them to sudden and violent changes.” This is supported by the stability of Zakat categories and their lack of change with time or economic conditions (Khasandy, 2019).

The flexibility of zakat provisions, as we mentioned in a previous section, protects the economy from inflation and economic recession, and works to stabilize the purchasing power of the currency. This is because the principle of zakat on livestock and crops is paid in installments, with the permissibility of paying it in cash for the benefit of some cases of inflation, and some cases of contraction and stagnation require that some of the zakat proceeds be collected in installments and also distributed in the form of capital goods at the expense of consumer goods.

On the other hand, we find that it is permissible to delay or advance zakat, according to most schools of thought. In response to the general economic conditions that the Islamic economy is going through, it has the effect of not deepening economic fluctuations in the direction of complete recovery or recession, and avoiding its occurrence by taking preventive measures. The economic conditions of society must also be taken into consideration which may be due to external causes; natural or military, for example, to the occurrence of economic cycles that harm the economic stability of society.

It is also possible to pay zakat on one of the eight categories in cases of a catastrophe which may occur for an industrial city, or for a group of merchants, or for a group of farmers, or cases of extreme poverty may arise. Hence, jurists have permitted the disbursement of zakat in one category out of eight or more according to need. Imam Ibn Qudamah says: It is permissible to limit it to one type of food from the eight types, and it is permissible for one person to give them.

## **CONCLUSION**

Zakat is a divine law and a social financial worship, prescribed in reasonable terms, aiming to benefit humanity. Diligence in it is dependent on the legitimate benefit and purposes of zakat; the most important of which is servitude to Allah, mercy, justice, security, freedom, and development in order to preserve the rights of the ones eligible. Achieving it leads to the mobilization of human potential and directing it towards production.

Ibn al-Qayyim al-Jawziyyah says: The purpose of zakat includes satisfying the needs of the poor, establishing servitude to Allah by doing what He commanded, expressing gratitude for His blessings, acquiring and preserving the money by removing from it an amount for zakat, consoling with this amount aligns with what Allah knows about the welfare of both the owner of the money and the recipient, worship by standing within the limits of Allah and not diminishing from them or changing them.

Zakat is a permanent solution for poverty that exceeds the boundaries of time and place. It is permanent because it is repeated every year, and because sufficiency is always achieved through it. Zakat is a balanced and comprehensive human development that works to satisfy basic needs.

It is the greatest catalyst for unleashing good will towards the development of society and liberating latent geniuses from the restraints of poverty and need. Money in the hands of these buried geniuses has always been a reason for releasing their potential from despair and fatigue to the horizons of development and production.

In order to achieve the role of zakat in the development of nations and societies and combating and eliminating poverty, it is necessary to develop zakat institutions, develop the curriculum, develop those working on it (the administrative team), develop tools and means, and innovate and develop new financing methods in addition to the old methods.

It is necessary to establish centers for strategic studies and research, qualified to study the reality of the nation and the potential of the Islamic world, and to break down the obstacles that prevent us from benefiting from these potentials in order to avoid or address them. Then develop a gradual plan in which priorities are presented, each according to its importance. It must be noted that it is necessary to benefit from everything that is modern, whether it was contemporary scientific methods, means, or approaches as long as it does not conflict with legislation.

To face the uninterrupted challenges facing the Muslim nation, it is necessary to establish a global zakat union in which scientific, jurisprudential, and global expertise will gather and work on unifying visions and opinions. Hence, issue a single opinion that brings together the dispersed zakat work in one developmental crucible.

Moreover, working to establish a global zakat bank into which investment zakat funds are driven; investment tools and mechanisms are selected in accordance with the principles of Sharia; the problems of poverty and development dilemmas are addressed in accordance with the methodology of zakat thought; and integrate and gather opinions based on unified collective efforts and united capital. Thus, the circle of benefit expands for those eligible, as well as filling areas of need with the least effort, least cost, and shorter duration, in addition to major development projects that represent social capital that is added to the balance of the nation's wealth; rather, it is directed towards a balanced, sustainable economy.

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