

SEP 2024 / BIL. 12 / 2024

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SIFAR KEMISKINAN DAN KELAPARAN



MAJALAH PP BIOLOGI
UITMCNS

ISSN 2773-5869



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COMBATING POVERTY AND HUNGER: FAITH-DRIVEN SOLUTIONS

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Poverty and hunger are deeply intertwined global issues, with 828 million people affected by hunger in 2021. Poverty often limits access to nutritious food, impacting children's ability to learn and perpetuating an intergenerational cycle of poverty. In Malaysia, the Global Hunger Index ranks it 56th, highlighting moderate hunger levels influenced by high food prices and low incomes. This article highlights the potential of several tools in Islamic economics, namely zakat, waqf, and Islamic microfinance as a solution to solve the problem of poverty and hunger.

Understanding the Problem

Poverty and hunger go in hand. As of 2021, 828 million people worldwide were affected by hunger. This represents an increase of about 46 million since 2020 and 150 million since the outbreak of the COVID-19 pandemic. Furthermore, malnutrition that increases a child's risk of mortality by up to 12 times was thought to affect 45 million children under the age of five (World Health Organization, 2022).

People who live in poverty typically do not have the money to eat adequate food for their families and themselves, and even if they have, it's usually not enough to eat meals with high nutrients. Children who are hungry and undernourished will find it difficult to concentrate in school, which reduces their prospects of breaking the cycle of poverty that runs frequently through generations.

According to a report, 12% of Malaysian children eat fewer than three meals a day, and 97% of households said that the high cost of food made it difficult for them to feed their kids healthful meals. Some of parents and guardians struggle to earn enough money to keep food on the table. In 2023, Malaysia ranks 56th out of the 125 countries with a score of 12.5 indicating moderate level of hunger in the 2023 Global Hunger Index (GHI). The GHI scores are based on the values of four component indicators namely undernourishment, child stunting, child wasting, and child mortality.

UNICEF in its 2019 State of the World's Children report

highlighted the daily struggles of families living in low-cost flats in Kuala Lumpur. Despite the city's bright lights, these families face harsh realities especially when it comes to putting nutritious food on the table with incomes below Malaysia's poverty lines. In an interview with Nur Haslina, one of the respondents, shares that her children eagerly anticipate payday to avoid eating eggs, their usual protein source. She earns RM800 (RM400 from cleaning job and RM400 from welfare). Typically, breakfast consists of nasi lemak or fried rice, while lunches and dinners include eggs in gravy or fried tauheh. Fish is a rare treat for the family. The above is one of many stories which evidenced that poverty and hunger are deeply intertwined and impacting millions of people worldwide. Those living in poverty often struggle to afford enough food, let alone nutrient-rich options.

Principles of Islamic Economics

Islamic economics provides solutions to the problem related to poverty and hunger.

The core principles of Islamic economics which are rooted in the principles of Shariah emphasizes in ethics, social justice, and equitable wealth distribution. At its heart, this paradigm seeks to harmonize economic pursuits with moral values, forging a path towards a more inclusive and responsible global economy (Melisa, 2023).

Islamic economics offers a range of tools that not only align with principles of Islam but also effectively combat poverty and hunger. Zakat, waqf, and Islamic micro-finance are the primary tools used in this respect. Throughout history, these tools have been an integral part of Islamic societies, playing crucial role in reducing poverty and promoting community well-being.

Zakat

Zakat is a compulsory act to those who fulfills the requirement and is considered one of the five pillars of Islam. It is defined as a fixed percentage of 2.5% of a Muslim's wealth above a certain threshold (nisab) and distributed to eight asnaf mentioned in the Al-Quran. Muslim's wealth can include cash, savings, investments, gold, silver, and business merchandise. While the eight categories of beneficiaries are the fakir, miskin, amil, muallaf, al-riqab, al-gharimin, fisabilillah, ibnu sabil.

In Islamic perspective, zakat has been proven and tested to be the most effective tool to fight poverty and all its negative consequences

Zakat is the practice of giving away a specific type of property at a specific rate under specified conditions to specific groups of people. It reduces the concentration of wealth in few hands, ensures wealth redistribution while addressing poverty in society and achieve social security and economic development.

Statistics show that zakat institutions in Malaysia collected more than RM3.5 billion in 2020 and distributed more than RM3.0 billion in the same year (SPMJ JAWHAR, 2019). Selangor, which is among the highest state that collected zakat have distributed majority of the funds to asnaf from the category of fisabilillah and miskin (both asnaf received approximately 50% of the collected zakat). The distribution is focusing on social development which aims to improve the quality of life of the zakat recipients focusing on basic needs such as shelter, food, financial, assistance and medical assistance. For education development, aims are given on school fees, school uniforms, scholarship and other educational needs. For economic development, the focus is to overcome poverty. Among those development, social development and education development are the most benefited from the distribution.

The zakat authority may offer innovative programs to improve the socio-economic conditions of the poor and needy.

Through these programs, zakat recipients have the potential to become business owners, with the ultimate goals of becoming zakat payers themselves. Several studies have shown that, with efficient zakat management, zakat can have a positive impact on economic growth.

Waqf

Waqf refers to any property in which the right of the waqf is retained over the property from any sale and purchase, inheritance, grant and bequest in addition to maintaining its physical resources. The benefit of waqf is for general or specific (specified) welfare with the intention of bringing the waqif (contributor of waqf asset) closer to Allah SWT. The income and benefits generated from the waqf property must be spent for good and welfare.

Waqf's significance in the history of Muslim society growth is widely acknowledged. The notion began as a modest endowment during the reign of Caliph Umar al-Khattab (RA), but throughout the Ottoman Empire, waqf was developed and flourished as a social and economic tool, supporting a wide range of economic and social initiatives. Waqf not only met society's fundamental needs, but it was also able to supply vital and sustainable parts of life, such as knowledge and skill acquisition, through the establishment of numerous institutions such as public universities.

In Malaysia, waqf property has benefited various fields including education. Many learning centres have been developed on the basis of waqf such as Maktab Mahmud in Alor Setar, Sultan Alam Shah Islamic College in Klang, Selangor, and Madrasah Al-Attas in Pekan, Pahang (Syed, 2010). With education, the standard of living can be improved, and the poor families can be released from the cycle of poverty. More importantly, these study centres have produced many generations who have made great contributions to the country.

Islamic micro-finance

Islamic micro-finance refers to financial services which provides small amount of financing that comply with Islamic law. Unlike conventional microfinance, it prohibits interest (riba) and emphasizes profit-sharing and risk-sharing arrangements. The Islamic microfinance aims to alleviate poverty while promoting financial inclusion and ethical business practices (Tamanni and Liu, 2017).

Terms and conditions of Islamic micro-finance are more favourable and accessible for the most vulnerable and disadvantaged populations. These terms and conditions are focusing on risk-sharing, profit-sharing, fixed repayment rate, transparency, and social welfare and justice.

Implementation of Islamic microfinance has been tested in several countries. For example, in Sudan, the Islamic microfinance initiative has

mobilized US\$700,000 by supporting small agricultural activities, livestock fattening and rearing, and a range of microenterprises such as petty trading, tea stalls and brick-making. In the case of Malaysia, Islamic microfinance has been provided by banks in Malaysia through iTEKAD initiative.

The program's goal is to help low income microentrepreneurs improve their financial management and business skills in order to generate long-term revenue. It comes not only with financial assistance but also with structured training. As of December 2023, RM35.5 million of financing and investment are disbursed to the participants (Bank Negara Malaysia, 2023).

Going forward

Despite the benefits of the above-mentioned tools, strategies are needed to ensure sustainable implementation of zakat, waqf and Islamic micro-finance in combating poverty and hunger. First, the zakat authorities could leverage on digital platforms to enhance zakat collection and distribution. This can increase transparency, efficiency, and reach, and ensure that funds can be collected from a broader base and distributed more effectively.

Furthermore, collaboration between government and NGO can be organized through integration of social programs, hence filling the gaps and provide comprehensive

support to those in need.

Secondly, innovative waqf project are needed to encourage the establishment of waqf projects on critical areas such as education, healthcare, and housing. Waqf focusing on these critical areas could lessen the burden of poor people to obtain good education, healthcare and house. In addition to that, waqf management should employ professional management practices to ensure they generate maximum benefit to the intended beneficiaries.

Lastly, partnerships in Islamic micro-finance are needed between Islamic banks and other Islamic financial institutions and social institutions. This could expand the reach of Islamic microfinance. In addition, this will make the Islamic microfinance products to be more accessible to the poorest segments of society.

In conclusion, the integration of zakat, waqf, and Islamic microfinance into comprehensive strategies offers a promising path to combat poverty and hunger. The principles of Islamic economics which grounded in social justice and ethical wealth distribution could create sustainable and inclusive economic growth. With coordinated efforts and a shared commitment to these values, we can make significant progress toward a world where poverty and hunger are no longer prevalent challenges.

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