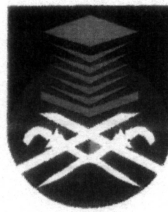


**POVERTY MEASUREMENT IN MALAYSIAN ZAKAT INSTITUTIONS: A
MULTIDIMENSIONAL PERSPECTIVE**



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Dengan hormatnya perkara di atas adalah dirujuk.

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3. Bagi pihak Universiti kami mengucapkan tahniah kepada Y. Bhg. Prof./tuan/puan kerana kejayaan ini dan seterusnya diharapkan berjaya menyalapkan projek ini dengan cemerlang.

4. Peruntukan kewangan akan disalurkan melalui tiga (3) peringkat berdasarkan kepada laporan kemajuan serta kewangan yang mencapai perbelanjaan lebih kurang 50% dari peruntukan yang diterima.

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5. Untuk tujuan mengemaskini, pihak Y. Bhg. Prof./tuan/puan adalah diminta untuk melengkapkan semula kertas cadangan penyelidikan sekiranya perlu, mengisi borang setuju terima projek penyelidikan dan menyusun perancangan semula bajet yang baru seperti yang diluluskan. Sila lihat lampiran bagi tatacara tambahan untuk pengurusan projek.

Sekian, harap maklum.

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5.Report

5.1 Proposed Executive Summary

Commonly, zakat institutions use the monetary approach in measuring poverty through the Poverty Line Income (PLI) and *had al kifayah* (necessities of a household) methods. PLI is set by the Economic Planning Unit (EPU) of the Prime Minister Department whereas each zakat institution determined their *had al kifayah* respectively. Economists have argued that the current poverty measures using monetary approach described is not able to reflect the multidimensional nature of poverty which has developed due to the rapid economic development process and changes in the economic structure (Nair, 2000). Unfortunately, there is no such effort taken by zakat institutions to use this approach. Thus, there is a need to look at poverty from the multi-dimensional outlook, taking into account non monetary and Islamic indicators. Hence, poverty could be analyzed in a more comprehensive dimension by the policy makers.

The objective of the research is to formulate an an Islamic Poverty Index (IPI) as an alternative poverty measurement. The IPI which incorporated monetary and non-monetary indicators comprising of maqasid al-shariah (objective of he religion) principles, namely religion, knowledge, physical –self, off-spring and welth that is envisaged to reflect the multidimensional phenomenon of poverty in a holistic way. The exploratory research would employ primary data through expert opinion and survey using questionnaire to respondents among poverty group. The method of expert opinion as thre is no previous validated used to formulate an IPI. The conceptual framework of the research would be adopted from the works of Mohd Fauzi Harun (2006), Islamic Relief (2008) and Rosbi and Sanep (2010). The proposed IPI is expected to give an alternative of measuring poverty to zakat institutions to identify a more holistic poverty group.

5.3 Introduction

Poverty is a situation exemplified by insufficient material resources. For many years this situation is explained through the perspective of material shortcomings especially from the perspective of income. However, poverty is no longer defined objectively but it exists in a multidimensional nature (Narayanan et al. 2000 ; Laderchi, 2000). It is not solely looked from the perspective of material resources but depends on how it is perceived and how it is measured, meaning it depends on who defines it (Mohd Fauzi Harun, 2007). The most common approach used by economists to explain poverty is the monetary approach (Laderchi, 2000; Asselin and Dauphin 2001). Specifically, poverty means a person unable to obtain a certain level of income to attain economic wellbeing or in an aggregate term explained as lacking of economic welfare (Ravallion, 1998). This approach is based on the utility theory which explains an individual would attain satisfaction from consumption of goods and services (Asselin and Dauphin, 2001). Individually, the concept of wellbeing is widely used to explain the level of satisfaction, while in the aggregate context, the concept of economic welfare is used to explain the wellbeing of the society.

From the Islamic point of view, poverty is perceived almost similarly to the conventional definitions. However, Islam includes human need from the *sharia* perspective in explaining poverty. In explaining the concept of poverty from Islamic perspective, Yusuf Qardawi (1980) cites that Imam Nawawi points out that Islam outlines the self- sufficiency for an individual as the availability of basic food and drinks, shelter and other basic needs as defined by the society in which he or she belongs to. This broad definition gives room to scholars to examine and deliberate various components of basic needs of an individual or household in defining the poor in today's socio-economic settings.