

# THE ROLE OF ZAKAT (ALMS) AND SADAQAT (CHARITY) ON FINANCING SOCIAL PROTECTION IN ZANZIB

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## **ABSTRACT**

This study aimed at understanding whether the recently established formal Zakat fund run by Wakf and Trust Commission (WTC) can be a significant mechanism for financing social protection system in Zanzibar. The study looked at the four main areas of concern, namely; current programmes and their coverage, targeting of beneficiaries, adequacy of the funds and financial sustainability and administrative set up and institutional capacity to deliver social protection programmes. Data was collected through questionnaires distributed to 20 respondents and document review and then analyzed using thematic approach. Findings show that there are three programmes implemented but with very limited coverage, ranging from 15 to 3000 beneficiaries. Regarding targeting of beneficiaries, two ways are currently used by WTC to identify beneficiaries: taking the list from partner organizations through which money is transferred to beneficiaries or using the list of applicants. There

is no standardized guideline within WTC for these several partner organizations to identify and target the poor and programmes beneficiaries. Regarding financial resources and their adequacy, findings show that the benefits provided in all programmes are not adequate to cater the needs of beneficiaries and that the fund is not sustainable at all. Finally, administrative set up and institutional capacity is seen to be inadequate to implement social protection programmes due to small number of workers and their knowledge, poor monitoring but adequate transparency and coordination with FBOs. Among key actions recommended would therefore include improving the programs, collection of Zakat contributions, adapting targeting mechanism set by the Ministry responsible for social protection, and increase number of staff and strengthen their capacities on social protection.

**Keywords:** Social Protection, Zakat, Poverty, Zanzibar

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## **ZEKAT VE SADAKANIN ZANZIBAR'DAKİ SOSYAL KORUMA SİSTEMİNİ FİNANSE ETMEDEKİ ROLÜ**

### **ÖZ**

Bu çalışma, yakın zamanda kurulan Vakıf ve Güven Komisyonu (WTC) tarafından yürütülen resmi zekat fonunun Zanzibar'daki sosyal koruma sistemini finanse etmek için önemli bir mekanizma olup olmayacağına anlamayı amaçlamaktadır. Bu çalışma; "mevcut programlar ve kapsamı", "yararlanıcıların hedeflenmesi", "fonların yeterliliği ve finansal sürdürülebilirlik" ile "idari koruma ve sosyal koruma programları sağlama konusunda kurumsal kapasite" olmak üzere dört ana ilgi alanına odaklanmaktadır. Veriler, 20 katılımcıya dağıtılan anketler ve doküman incelemesi yoluyla toplanmış ve daha sonra tematik yaklaşım kullanılarak analiz edilmiştir. Bulgular, uygulanan üç program olduğunu ancak 15 ila 3.000 yararlanıcı arasında değişen çok düşük bir kapsama sahip olduğunu göstermektedir. Yararlanıcıların hedeflenmesi ile ilgili olarak, WTC tarafından yararlanıcıları tanımlamak için şu an iki yol kullanılmaktadır: biri listeyi, paranın yararlanıcılara aktarıldığı ortak kuruluşlardan almak diğeri ise başvuru listesini kullanmak. WTC içerisindeki ortak kuruluşların, yoksul ve program yararlanıcılarını tanımlaması ve hedeflemesi için standartlaştırılmış

bir kılavuzu yoktur. Finansal kaynaklar ve bunların yeterlilikleri ile ilgili bulgular, tüm programlarda sağlanan faydaların yararlanıcıların ihtiyaçlarını karşılamak için yeterli olmadığını ve fonun hiç de sürdürülebilir olmadığını göstermektedir. Son olarak, İnanç Temelli Kuruluşlarla yeterli şeffaflık ve koordinasyon sağlanmasına rağmen idari yapılanma ve kurumsal kapasite; az sayıda çalışan olması ve bunların yeterli bilgiye sahip olmaması nedeniyle sosyal koruma programları uygulamasında yetersiz kaldığı görülmektedir. Bu nedenle önerilen kilit eylemler arasında; programların iyileştirilmesi, zekatların toplanması, sosyal korunmadan sorumlu bakanlık tarafından belirlenen hedefleme mekanizmasının uyarlanması, personel sayısının artırılması ve sosyal koruma konusundaki kapasitelerinin güçlendirilmesi sayılabilir.

**Anahtar Kelimeler:** Sosyal Koruma, Zekat, Yoksulluk, Zanzibar

### **BACKGROUND**

Poverty has been one of the major challenges facing people in Zanzibar. About 44 percent of the population still living below the basic need poverty line and 13 percent below the food poverty line. This trend has been changing over time and differs from urban to rural areas. By both measures, poverty is higher in rural than in urban areas. Basic needs poverty currently stands at just over half in rural areas (51 per-

cent) and just over one-third in urban areas (36 percent). The food poverty headcount is double in rural areas (17 percent) than in urban areas (8 percent). Poverty is also geographically concentrated, being higher in Pemba than Unguja. Across Zanzibar's 10 Districts, the basic needs poverty headcount in 2010 ranged from a low of 28 percent (Mjini) to a high of 75 percent (Micheweni). The range of food poverty rates across Districts is also extremely wide, from 4 percent in Kusini to 28 percent in Micheweni (OCGS, 2011).

Government, NGOs, FBOs and other civil society organizations are all striving to combat this chronic enemy. With increased understanding of the role of the faith based contribution in the provision of social protection services and poverty eradication efforts in Zanzibar, a special organ was established by the government to manage Zakat and Sadaqat fund and overseeing its redistribution to the poor and the needy. This is particularly important given that Zanzibar is known to have dual system of laws giving importance of both universal and religious (Sheria) laws. This means that the influence of religion in Zanzibar is significantly high (ILO, 2010) and so social protection and poverty reduction strategies should acknowledge the contribution of religious organizations in the provision of social protection and welfare services to the poor and vulnerable populations

in Zanzibar (Mohamed et al, 2012).

Zakat (alms) forms one of the main pillars of Muslim faith. As such it represents a socio-economic act of worship that is expected from each and every Muslim. It thus represents both a personal commitment but also an obligatory social institution which has a big potential for governing the social welfare of the society (Aimatul Yumna and Prof. Clarke, 2015).

In May 2012 the Revolutionary Government of Zanzibar undertook an official inauguration of the Zakat and Sadaqat (charity) fund (commonly known as Zakat Fund) and announced the Diwan (office of) Zakat as the institution within the Wakf and Trust Commission (WTC) responsible for collection, redistribution and overseeing the fund. Since then, no studies have been carried out to identify how much this fund can contribute to financing social protection and the conditions under which should be operated (WTC, 2012).

This study intended to assess the role of Zakat fund on financing Social protection and eradicating poverty in Zanzibar. It precisely aimed at understanding whether the recently established formal Zakat fund run by the WTC can be a significant mechanism for financing social protection system in Zanzibar. The study has the following specific objectives:-

1. Assessing whether the social protection interventions financed by the fund are of good quality in terms

of the way they are designed and implemented and the coverage, so as to be considered for the national social protection system;

**2.** Assessing the targeting of beneficiaries and how rigorous it is with respect to the national and social protection standards;

**3.** Assessing whether the financial resources are adequate to finance and sustain social protection programmes;

**4.** Assessing the administrative arrangements and capacity of the WTC to manage the fund and deliver social protection programmes with respect to both religious and social protection point of views.

It all started in May 2012, when the Revolutionary Government of Zanzibar inaugurated the Zakat fund and announced the Diwan Zakat as the institution within WTC responsible for collection, redistribution and overseeing the fund (RGoZ, 2013). Despite the fact that the institution has been engaged in collecting and redistributing Zakat long time before this official institutionalization, no assessment has been conducted to identify whether the institution has enough capacity to run the fund and deliver social protection interventions in particular.

On the other hand, all national frameworks and strategies, namely; the Zanzibar Strategy for Growth and Poverty Reduction (ZSGPR), the Zanzibar Vision 2020 and the Zanzibar Social Protection Policy

(ZSPP) (2014) recognize Zakat and Sadaqat as among potential sources of financing noncontributory social protection and possible areas having significant impact on poverty eradication in Zanzibar. However, no studies have been carried out to identify how much this fund can contribute to financing social protection and the conditions under which should be operated to deliver the best outcomes in supporting the poor and most vulnerable.

The Ministry of Empowerment, Social Welfare, Youth, Women and Children (MESWYWC) is mandated by the Revolutionary Government of Zanzibar to ensure welfare condition is realized. It includes developing social protection policy and programmes and overseeing all social protection interventions by the state and non-state actors in the country (RGoZ, 2014). Given the very low government budget, the Ministry is striving to understand the different mechanisms that can be used to finance social protection programme and Zakat fund in particular. This study provides an evidence based answer to the problem.

It aims at answering the following main question: *Can Zakat and Sadaqat fund be a significant mechanism for financing social protection in Zanzibar?* Under this question the study looked at the current Zakat management and fund's operation in a more general way. It included

looking at different mechanisms currently in place which the fund is used for and operated, and how best these mechanisms can be improved to financing national social protection system in Zanzibar. In a more specific way, the study answered the following four sub-questions:

**1.** How meaningful are the social protection interventions supported by Zakat fund, in terms of their nature and coverage?

**2.** How rigorous is the targeting of beneficiaries? This looked at the targeting criteria and the procedures in place for targeting funds' beneficiaries.

**3.** Are the financial resources mobilized through this fund adequate to achieve the social protection objective of the interventions and sustain the programmes? It included looking at the benefit level and its adequacy as compared to the percentage of poverty line and total collections as a percentage of government revenue.

**4.** Is the administrative set up for managing the fund adequate? This included looking at the administrative capacities (of staff and system), coordination with other stakeholders, monitoring and evaluation and transparency and finally derive the best practice in terms of administrative mechanisms that should now be put in place in order to achieve the best results and so make a sound administrative mechanism for financing and implementing social protection

programmes through Zakat fund in Zanzibar.

It should be noted that during the period of this research Zanzibar was in the process of finalizing and approving the national Social Protection policy that will safeguard interests of the poor and most vulnerable in the country. Indeed the policy acknowledges the role and contribution of Zakat and Sadaqat and considers them as among the potential sources of financing noncontributory social protection in the islands. Meanwhile, the policy opens rooms for further researches to explore the magnitude and the volume of Zakat and Sadaqat and the extent to which the fund can finance social protection and support poverty eradication efforts (RGoZ, 2014).

This study therefore provides an insight for the Government of Zanzibar to understand the position/ significance of Zakat fund on financing social protection and the conditions under which if fulfilled can deliver better outcomes in reducing poverty and vulnerability in the country.

## **1. METHODOLOGY OF THE RESEARCH**

The research methodology required gathering of both primary and secondary relevant data on the subject. Primary data collection was done through a questionnaire with mainly open-ended questions, and distributed to the key informants in

the ministry responsible for social protection (MESWYWC) and the institution responsible for Zakat management (WTC) in Zanzibar. A total of 20 questionnaires were distributed (10 in WTC and 10 in MESWYWC) in order to seek their opinions on the subject. The questionnaire was prepared to collect the data that will help fill in the information gap that might arise due to inadequate availability of secondary data and reference materials on the topic.

The open-ended questions were purposely designed to give chance the respondents to provide as maximum information as possible and allow thematic interpretation of the results. The kind of data demanded in the questionnaire included skills and capacities of the staff of the WTC; coordination with other stakeholders, particularly the MESWYWCD; monitoring and evaluation; transparency and financial management; identification process of the Zakat beneficiaries; Selection criteria of beneficiaries; grievance mechanism in place; current target groups of Zakat funds; number of beneficiaries; levels of benefits provided and the frequency of the provision; sources of funds; adequacy of the benefits provided to beneficiaries; fund's annual collection and expenditure; and challenges encountered in the management and implementation of the funds.

The list of respondents included the Director of Planning, Policy and

Research, Director of Empowerment, Accounting Section, Senior Social Welfare Officers, staff in Social Protection Unit, Child Protection Unit, Child Labour Unit and Planning Unit from the MESWYWCD, and staff in Diwan Zakat, accounting section, Planning Unit, Waqf Division and Human resources department from WTC.

The secondary data collection basically concerned about reviewing the administrative data and the works of other researchers on the topic. Administrative data and reports from WTC were highly used and accessed through formal procedure applicable in Zanzibar.

The analysis of data was done using thematic approach, which involved categorization, prioritization and disintegration of data into themes that allowed deduction of key findings. A comparative analysis technique was also used to provide a broad base of understanding of the subject and helped to draw meaningful conclusions on the matter. This was used to compare the current implementation of the Zakat programmes, which highly reflects Islamic point of view on how to redistribute the fund to the poor, with the best practice of social protection point of view on how to design and deliver social protection programmes for better outcomes.

The analysis of the data and research findings were then done with respect to the research questions and

their flow. That is to say, the analysis started by looking at the programmes currently run by the fund, followed by looking at appropriateness of target groups and targeting mechanism used to identify Zakat beneficiaries, adequacy and sustainability of the fund and finally institutional/ administrative set ups and conditions under which the fund's programmes are implemented.

This study was limited to assessing Zakat fund institutionalized at WTC and how far it can help financing social protection and reducing poverty in Zanzibar. However, there are several other organizations (FBOs) managing Zakat and receiving Zakat funds from outside the country, which this study did not look at. In this regard, there is still a room and need for further studies to look at the role of these several other organizations and how they can be integrated within the national system and support financing social protection and reducing poverty in Zanzibar.

The availability of data was the major and the only challenge that was faced during the development of this study and data collection process in particular. This is particularly true considering the fact that the area is new and so has not adequately exploited by researchers in Zanzibar. However the use of multiple data collection methods enabled to acquire necessary data and information to validate the study.

## **2. PRESENTATION OF THE KEY FINDINGS**

This part analyses the key findings of the research in the four main areas; coverage and the kinds of programmes Zakat fund is disbursed for, targeting mechanism, adequacy of benefits and sustainability of the fund and the administrative set up for the implementation of the programmes with respect to social protection objectives.

### **2.1 Zakat Programmes and Their Coverage**

Any social protection programme consists of provision of cash or in-kind benefits to specified category of the population within a defined period of time. The data from WTC shows that currently there are three programmes run through Zakat fund. The natures of these programmes come in the form of livelihood promotion, direct support or education support (scholarships) to orphans and vulnerable children. These programmes are: 1) Economic empowerment programme (EEP) through provision of capital for business purposes to poor individuals and groups; 2) Direct cash transfers to poor individuals and households; and 3) Educational support (scholarships) for orphans and children from poor households.

These programmes are implemented all over the country in a very small scale base. The main programme among the three is the

economic empowerment programme which is implemented in all ten districts to groups or individual beneficiaries. The number of individual beneficiaries and groups covered in each district is provided in the table 1 below.

Also, according to WTC, all the programmes provide one off benefits and so have no specified beneficiaries, i.e. beneficiaries change every time they provide the benefits. Contrary to these programmes, social protection programmes need to be regular and reliable so that they can provide a minimum guarantee of income to beneficiaries during the period of programme implementation (Samson et al, 2006). In addition to

that, social protection programmes need to be implemented during certain considerable period of time so that they can provide beneficiaries with relief and income sources that will enable them plan and support their efforts to get out of poverty (Devereux, 2002).

It can be observed that among the three programmes only the EEP does support one off payment of benefits as it involves provision of capital to beneficiaries to establish business or income generating activities. However, strong monitoring and follow up is needed to make sure that the funds are used accordingly and the target is achieved. Absence of good monitoring system in this case puts in question the capacity of the pro-

**Table 1.** The Distribution of EEP Programme Beneficiaries by Districts in 2012

DISTRICT	BENEFICIARIES		PERCENTAGES	
	Groups	Individuals	Groups	Individuals
Mjini	27	8	14.92%	22.86%
Magharibi	28	8	15.47%	22.86%
Kati	18	2	9.94%	5.71%
Kusini	25	1	13.81%	2.86%
Kaskazini "A"	22	3	12.15%	8.57%
Kaskazini "B"	14	2	7.73%	5.71%
Mkoani	16	3	8.84%	8.57%
Chake	8	5	4.42%	14.29%
Wete	13	3	7.18%	8.57%
Micheweni	10	0	5.52%	0.00%
<b>Total</b>	<b>181.00</b>	<b>35.00</b>	<b>100.00%</b>	<b>100.00%</b>

**Source:** MJCA 2013/2014 Budget Speech



gramme to really deliver the intended objective.

A part from that, the provision of benefits to groups of beneficiaries gives rise to targeting problem. It is generally agreed that it is easier to target individuals than groups (Samson et al, 2006). Given the complexity and heterogeneity of a group, it is not easy to find a group with only poor people, since poverty levels differ from one person to another within the same society. In this way, the EEP requires a lot of administrative set ups and capacities as well as high targeting skills which neither WTC nor the partner organizations (FBOs) have it.

Moreover, respondents from both sides argued that the capacities of most of beneficiaries of the EEP are too low to be able to handle the cash in a productive manner. This entails the need for WTC to introduce a training package in its empowerment programme to equip beneficiaries with necessary skills in financial management and productivity.

In terms of coverage, all the programmes have very low coverage. Data shows that, among the three programmes the EEP is the one with the highest coverage of about 3000 beneficiaries (35 individuals and 181 groups). The other two programmes cover between 15 to 110 beneficiaries. This is very insignificant coverage when compared to the number of

people living below the poverty line. This means that out of 573570 people (44 percent) living in poverty in Zanzibar (OCGS, 2011), only 0.84 percent receives Zakat from WTC, either in the form of capital, direct transfers for subsistence or educational support. This makes equivalence of less than 1 percent of all people that are living in poverty and so eligible for Zakat.

On the other hand, the economic empowerment programme covers only active population and so has nothing to do with older people or other vulnerable groups like people with disabilities and the elderly. A study by HelpAge International (2009) showed that, 16.5 percent of households in Zanzibar are headed by old men and women, and many of them are involved in unpaid works such as caring for children and grandchildren, and so older people are more vulnerable to poverty. This indicates the need for WTC to start thinking of extending the coverage and providing cash transfers in a regular bases so as to include those excluded groups.

## 2.2 Targeting Mechanism

Two ways are currently used by WTC to identify beneficiaries of Zakat: taking the list from partner organizations through which money is transferred to beneficiaries or using the list of applicants, i.e. people who send their applications to WTC offices. In addition, the targeting by WTC is based on the Islamic orientations

on who are the legal beneficiaries of Zakat (TWC, 2011; TWC, 2012). Islam identifies eight groups of Zakat beneficiaries, including the poor and the needy but also non poor groups of beneficiaries (Beik & Arsyianti, 2010). This is to say that there are no standardized and well defined guidelines within WTC for these several partner organizations to identify and target the poor and beneficiaries of Zakat programmes.

The Department of Social Welfare (DSW) under the MESWYWC has developed national guidelines for the identification of the poor and set criteria for a person/ household to be considered as poor and so eligible for receiving support. However most of these organizations do not follow the guidelines as they are faith based (ILO, 2010). According to social welfare officers, the developed identification guidelines are used for the identification of the Most Vulnerable Children (MVC) and their households in the national MVC identification exercise and are conversant with both religious perspective of who is poor and the social point of view, and so its application and use serves the consolidated interest of both religious and social protection objectives.

In addition, the report on poverty, vulnerability and social protection in Zanzibar (2012) acknowledges that WTC Office has not yet adopted a specific scheme for the identification of vulnerable individuals or groups,

with clarity on the amount and type of social protection instrument to be provided (Devereux et al, 2012). It is also mentioned in the report that most of programmes run by FBOs working on social protection in Zanzibar target orphans and their households. The National guidelines outlined orphanhood as one among the possible drivers of child poverty, but do not necessarily consider an orphan as poor. It depends on the circumstances (combination of different indicators) in which the child/ household is found (RGoZ, 2009).

There is also an evidence that poverty in Zanzibar is geographically concentrated, being higher in Pemba than Unguja and also much higher in rural (Basic need poverty (BNP) =51 percent, Food poverty (FP) =17 percent) than in urban (BNP=36 percent, FP=8 percent). The table below demonstrates the distribution of basic need and food poverty in 10 districts of Zanzibar between 2004/05 and 2009/10 (OCGS, 2011; Devereux et al, 2012).

In this respect, to achieve better targeting and better outcome of programmes it is wise for social protection interventions to start within the poorest districts or communities, it can be seen in WTC report that much money goes to the richest districts (Mjini and Magharibi) and the poorest districts receives less transfers (Micheweni) and have fewest beneficiaries of Zakat programme (see

table 1 above and table 3 below). In that situation inclusion and exclusion errors are highly envisageable.

All these build a base for the writer to challenge the current targeting mechanism used by FBOs for the identification of Zakat programme beneficiaries. In the same way, it is to say that the targeting mechanism currently used by WTC is not rigorous enough to ensure that the poorest members of the society receive the benefits and so the social protection objective and poverty reduction cannot adequately be achieved in this way.

On the other hand, the office has put in place a good grievance mechanism for poor individuals to claim the benefits. Data from WTC shows that members of the society

can send their claims of benefits in several entities available at all levels; national levels – WTC offices, district level – districts offices through Social Welfare officers, FBOs and other partner organizations and local levels – Shehia (ward) offices. Given the geographical location of the country, this should be more than enough to make everybody access the service. However, the issue of eligibility criteria and that of availability of funds to accommodate everybody in the programme are still a challenge.

### 2.3 Financial Resources and Their Adequacy

The adequacy of financial resources was looked at in two angles; the adequacy of benefit levels provided to beneficiaries and the adequacy of

**Table 2.** Percentage of Population Living in Poverty in Zanzibar by District, 2004/05 and 2009/10

District	Basic Needs Poverty		Food Poverty	
	2009/10	2004/05	2009/10	2004/05
Micheweni	74.6	74.2	27.7	33.4
Wete	61.8	70.8	25.7	23.8
Mkoani	52.3	42.1	21.5	7.3
Chake	52.0	56.8	19.1	15.9
Kaskazini 'A'	48.4	53.3	7.2	12.2
Kaskazini 'B'	42.3	48.3	8.8	12.1
Kati	39.9	45.7	8.5	8.4
Magharibi	31.2	38.6	7.3	9.5
Kusini	30.5	53.8	3.9	9.7
Mjini	28.3	37.6	4.2	7.8
<b>Total</b>	<b>44.4</b>	<b>49.1</b>	<b>13.0</b>	<b>13.2</b>

**Source:** 2009/10 Household Budget Survey (OCGS, 2011)

the fund to finance and sustain the programmes.

Regarding the benefit level, the information provided shows that there is no fixed benefit levels to be transferred to beneficiaries of any of the programme. However, in most cases the benefits given for the income generating activities range from TZs.1,000,000/- (\$ 455) to TZs.5,000,000 (\$ 2,273) for the groups depending on the size of the group, and TZs 400,000 (\$ 182) to TZS 700,000 (\$ 318) for individuals depending on the needs. For the education and subsistence support programmes to individuals and households the benefit levels could not be tracked due to absence of defined level and fragmentation of service providers.

Concerning whether the benefits provided are sufficient or not, all respondents were of the opinion that the benefits (for all programmes) are not enough to cater the needs of beneficiaries, whether in terms of business purposes, consumption replacement or education support. Based on expert opinions, for a person to establish a meaningful business or as called 'income generating activity' in the form of small business, one must have at least TZs 1,000,000/- as an initial capital. That amount will enable the person/ trader to earn enough profit for household subsistence and manage to sustain and grow the business in the long run.

Regarding the benefit levels for the direct cash transfers for the subsistence and education support, as shown earlier in the report, the basic need poverty line stands at TZs. 41,027 (\$19) per month per adult person. It would appear reasonable to provide the benefit that can cover a significant portion of the poverty line. As mentioned earlier, no information was obtained on this point, however, all respondents believe that whatever amount provided is too low to cater the needs of a household.

Concerning the adequacy of the fund to sustain the programme, the data shows that there is very little evidence that the fund has enough resources to sustain the programme. In 2012, the fund collected a total of TZs.524,555,009, which is 0.23% of the total government revenue, out of which TZs. 493,228,200 was distributed to beneficiaries of the programmes in all districts, administrative costs and some other expenses as shown in the table 3 below. These expenditures make 94 per cent of all the collection of the year and so remains the reserve of 6 percent (TZs. 31,326,809). This amount was collected from 17 contributors, including business companies and individuals.

Meanwhile, according to WTC the fund collected only TZS 1,700,000 as Zakat contributions for the whole year of 2013. This very low annual collection has made the office to have made no transfers to its beneficiaries

for the entire period. This situation can be explained from the fact that the inauguration of the Zakat fund in 2012 by the Honorable President of RGZ, Dr. Ali Mohamed Shein stimulated political influence to business entities and higher income earner individuals, and in return boosted the collection of the Zakat in the year 2012. According to WTC report 2012, the inauguration of Zakat fund involved a total of 450 guests including government and political leaders at all levels, FBOs, financial institutions, ambassadors, business men and women, educated people and other potential people (WTC, 2012). In this way, the fund received more contributions in 2012 as some of the contributors did not give it for their own good but for showing off and seeking political support in

their businesses and affairs. On the other hand, the catastrophically poor collection of Zakat contributions in the following year (2013) justifies the absence of solid and continuous actions and strategies to ensure that contributors are maintained and their number increased over time.

On the other hand, the data collected from the questionnaires shows that 85 percent of respondents believe that the Zakat fund is not enough to sustain the programmes. They explained this by the low number of Zakat payers caused by lack of awareness and willingness of people to pay Zakat and the poor coverage of the existing programmes. However, they generally believe that if the society is well sensitized and good arrangements to ensure effective and periodic collection and redis-

**Table 3.** *The Expenditure of Zakat Funds by District in 2012*

DISTRICT	AMOUNT	PERCENTAGES
Mjini	40,370,000.00	8.47%
Magharibi	44,100,000.00	9.26%
Kati	38,632,200.00	8.11%
Kusini	36,200,000.00	7.60%
Kaskazini "A"	32,325,000.00	6.78%
Kaskazini "B"	26,300,000.00	5.52%
Mkoani	30,010,000.00	6.30%
Chake	30,370,000.00	6.37%
Wete	29,810,000.00	6.26%
Micheweni	22,500,000.00	4.72%
Others	145,854,000.00	30.61%
Sub-total	476,471,200.00	96.60%
Admin costs	16,757,000.00	3.40%
<b>GRAND TOTAL</b>	<b>493,228,200.00</b>	<b>100.00%</b>

**Source:** WTC 2012 activity report

tribution of Zakat are put in place the programme can be sustained.

#### **2.4 Administrative Set up and Institutional Capacity**

The administrative set up and capacity is important in delivering any social protection programme (Samson et al, 2006). This capacity here is viewed in terms of the number of staff and their levels of education, coordination with other key stakeholders, monitoring and evaluation and the transparency in running the fund.

Regarding the number of workers and their levels of education in the Diwan (Office of) Zakat, the data shows that the unit has only 4 workers with most of them (3 out of 4) having bachelor's degree level and above. Considering the workload and the complexity of social protection programmes, this number of workers is not enough to execute all activities of Zakat funds (collection, redistribution, M&E, coordination and others). Despite the activities being conducted in some collaboration with other units within WTC and other institutions, the central office needs to have enough capacity to oversee those activities and take its position as the main player of the programme.

On the other hand, the profession of the staff in Diwan Zakat is far much different from being social protection or related fields. The data collected from the key informant

revealed that majority of workers in Diwan Zakat and in the WTC itself lack social protection knowledge, as most of them are graduates in Islamic studies, law and other related disciplines. This implies high risk of Zakat interventions to not adequately achieve social protection objectives. This can also be evidenced by the 2012 Annual Zakat Activity Report, which among other things identified the following challenges:-

- Shortage of staff which led to undertaking most of activities by the taskforce. Also most of technical and skills demanding activities depend on experts from outside the office as volunteers;
- Absence of adequate experience as the programmes have been designed and implemented using our own creativity and imagination, no visits to more developed country was made to learn how to implement Zakat programmes.

Regarding coordination with other institutions working on the area of social protection, the information from WTC shows that there is good coordination between it and different actors in social protection, particularly FBOs. They cooperate in matters concerning planning, implementation and making follow up of Zakat activities. There are also semi-annual stakeholders meeting to discuss issues pertaining to Zakat

fund and its activities. These meetings intend to bring all partners together and share ideas and plans regarding Zakat programmes.

However, when it comes to specific coordination and collaboration that is supposed to exist between WTC and the Ministry responsible for social protection (MESWYWC), the coordination does not seem to be strong enough. All respondents from the MESWYWC argued that there is no strong coordination and collaboration with WTC regarding planning, targeting and monitoring and evaluation of Zakat programmes. The only coordination existing is either through benefit transfer to beneficiaries when WTC wants the Ministry to do so or through occasional meetings that discuss different agendas. This implies the need for the two institutions to improve their working relation.

On the other hand, the Zanzibar Social Protection Policy spells out clearly the role of Zakat in financing social protection interventions and advocates for collaboration between the MESWYWC and WTC regarding planning and implementation of Zakat activities in the country (RGoZ, 2014). The policy therefore considers WTC as a potential partner of the MESWYWC, first for its financing role in the social protection system but also as a bridge to liaise the Ministry with FBOs working on social protection as well as beneficiaries of different

social protection programmes.

Concerning Monitoring and evaluation Zakat office does not have monitoring and evaluation unit, nor does it have M&E officers. However, according to the office of Zakat, the monitoring is done through a number of ways: team work (within WTC); based on laws, rules and regulations; involving its key stakeholders; making follow ups and evaluations; and reports. If well structured, this can work very well, however, the leading institution should always have adequate capacity to coordinate and supervise these activities (Jady & Ray, 2004). The absence of strong M&E team within Diwan Zakat puts in question the capacity of the office to coordinate and monitor its activities. This result is in line with the observation made in the evaluation report conducted by WTC in 2013, which among other things highlighted the need for the office to improve its monitoring and evaluation system in number of areas (WTC, 2013). However, looking at the report itself (the so called evaluation report) it does not look like an evaluation of the programme but more like an annual report of the Zakat activities, including collection and redistribution. In this way, it is to say that no comprehensive evaluation has been conducted so far.

Transparency was looked at in two areas; financial transparency and transparency in the eligibility

criteria. The data shows that majority of the respondents believe that Zakat fund is managed with adequate transparency. They attached transparency with the fact that activities and all Zakat interventions are implemented in collaboration with other stakeholders – MDAs and FBOs. In addition, WTC reported to publish all reports on Zakat revenues and disbursement and share them with stakeholders. In this way, the financial transparency can be said to be satisfactory.

However, the absence of clear and well defined eligibility criteria puts in question transparency in the selection of beneficiaries. As mentioned earlier, there are no standard guidelines and criteria used to identify beneficiaries of the programmes. Each partner organization has its own translation of who is the poor and beneficiary of programmes. This may translate into poor information and knowledge of people about the programme, which may lead to poor people not claiming about the benefit.

## **CONCLUSION AND RECOMMENDATIONS**

It could be clearly seen from the analysis of the findings that Zakat fund administered by WTC cannot be a potential source of financing social protection in Zanzibar unless significant improvements are made in a number of areas. The followings are therefore recommended:

WTC has to, first of all, ensure the collection of Zakat from the eligible members of society every year and increase number of contributors and hence its contributions. This can only be achieved if the office comes up with an effective Zakat collection strategy and commitment. In its strategy, it is recommended to: Adapt collection strategies used by other revenue collection authorities like Zanzibar Revenue Board and Tanzania Revenue Authority, including making closer follow ups to all Zakat payers every year and issue certificates for the payers; and sensitize the society on the role and importance of Zakat in supporting poverty reduction efforts in the country. The sensitization should involve the media, religious as well as political leaders and use the implementation of the current programme and its success stories as an evidence to build public trust.

WTC should try to design and implement its programmes following both religious and social protection perspectives in order to achieve better outcome as the two approaches seem to complement each other. The inclusion of social protection approach on implementing these programmes will not only increase the outcomes of the programmes but will also open rooms for the inflow of resources, expertise and coordination with other institutions within and outside the country.



It is also advisable for WTC to implement its programmes and interventions by starting within the poorest districts or communities. This will not only facilitate and promote targeting efficiency but also increase programme outcomes and maximize impact on poverty reduction.

It is recommended that targeting of beneficiaries for the economic empowerment programme and all other programmes should be individual based instead of groups. This will increase targeting efficiency and reduce inclusion and exclusion errors.

In the same way, it is recommended that WTC reviews its targeting mechanism and process and adapt the national identification process and standards developed by the MESWYWC. This will stimulate proper engagement of the MESWYWC and the DSW in particular in matters concerning targeting, designing, and even implementation of the programmes.

It is recommended that WTC undertakes a comprehensive study to identify the appropriate benefit levels to be provided to its beneficiaries of different programmes. The study should include looking at the current market demand of capital for investment for its economic empowerment programme and the general life expenses for its other programmes and set the benefit levels accordingly.

WTC has to improve its coordination and collaboration with MDAs

working on the area of social protection, especially MESWYWC, in order to benefit from their expertise and experience in designing and implementing social protection programmes. The figure 1 below proposes the coordination mechanism of Zakat interventions and the role each leading social protection institution (WTC and MESWYWC) can play in the National Social Protection System in relation to Zakat fund. However, this collaboration should also be strengthened and extended to the Ministry of Health and the Ministry of Education and Vocational Training and other ministries which have great potential in providing social protection in the country.

It should be noted that, WTC is in charge of both the income raising and income redistribution through the religious NGOs in Zanzibar. However, as the WTC does not have the technical expertise for establishing a sound system for targeting and monitoring of the social protection provision at the community level, it will strongly benefit from the technical advice and expertise of the Social protection team in the MESWYWC, as well as their established networks for social protection provision at local level. WTC will not have to transfer the money to the Ministry but it can follow the advice and directions of the Ministry on the identification of recipients, amount and type of social protection mechanism, as well as

overall monitoring of the provision for the households.

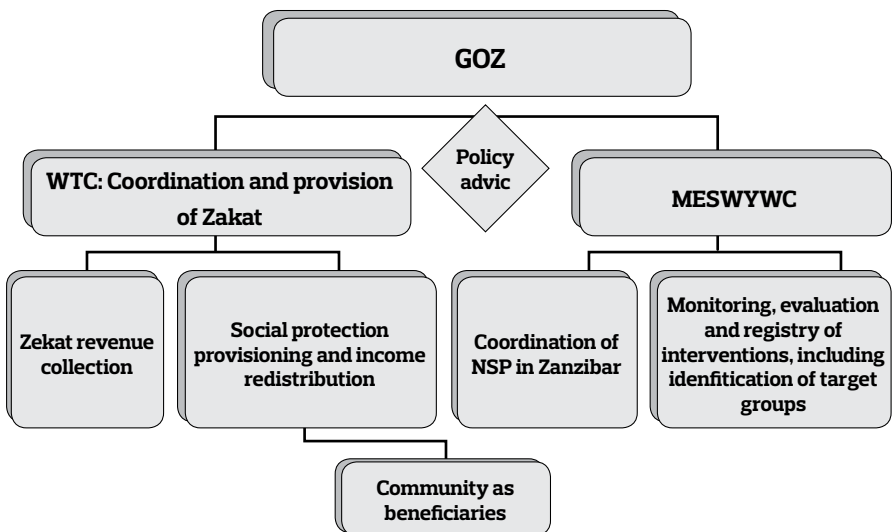
It is also recommended that WTC has to design its programmes other than the economic empowerment, in the way that beneficiaries receive benefits during considerable period of time. This should be accompanied with clear definition of benefit level and the provision of regular and reliable transfers.

There is a need for WTC to introduce a training package in its EEP to enable beneficiaries fit with the current needs and better spend the money they receive. The benefits may also be attached with soft conditions (conditions without penalties), requiring beneficiaries to attend special

education sessions before receiving the benefit.

There is also a need for the WTC to extend its coverage of the direct cash transfer programme to cover those who cannot benefit from the economic empowerment programme. This will create a sense of fairness to those who cannot benefit from the current programmes. However, this is only possible if the office achieves to collect adequate financial resources to sustain the programme as full scaled. In case of the opposite, it is advisable to implement the EEP using the scarce resources available in a small scale programme, covering a small proportion of the population of a specified district or region

**Figure 1:** Coordination of Zakat in the National Social Protection System



**Source:** Mohamed et al. (2012)

(geographical targeting), but with good efficiency and effectiveness. This can be done in rotation bases, from one district to the other in order of poverty levels starting from the poorest districts.

Diwan Zakat has to increase number of its staff and build their capacities so that they can respond to both religious and social protection skills in running their programmes. This should be coupled with internal organization in which different functions are identified and staffs deployed accordingly. Three main functions are recommended, namely collection, redistribution and M&E functions, which can also be sub divided in to several other sub-functions depending on the needs.

Finally, Diwan Zakat has to improve its M&E system to ensure effective implementation of its programmes and achieve better results. This should start by establishing an M&E unit and develop a single registry that will comprise all beneficiaries of all programmes, set a good monitoring mechanism and evaluate the programme periodically. Since initiatives to develop single registry have already started with the Second President's Office in collaboration with MESWYWC in the Productive Social Safety Net (PSSN) programme implementation, WTC can join the team in order to participate in the identification process and gain access to the registry once it's finalized.

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