

ERADICATING POVERTY CRISIS AND STREET BEGGING IN BANGLADESH: THE ISLAMIC INSTRUMENT-BASED MODEL (IIBM) AS AN ALTERNATIVE POLICY OPTION

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Abstract

The purpose of this paper is to explore poverty crisis in Bangladesh with a view to developing an Islamic Instrument-Based Model (IIBM) as an alternative policy response to its devastating socio-economic and political consequences. The proposed IIBM would be a desirable paradigm because it theoretical and theological justifications in the Qur'an and Sunnah, as opposed to most conventional poverty reduction strategy programmes (PRSPs) that are viewed in Bangladesh with suspicion and cynicism. The proposed IIBM is a synergy of three socio-economic constructs of Zakat, Waqf and Islamic Corporate Social Responsibility (ICSR). The research method is qualitative, while the technique for data sourcing is archival strategy. The sourced data were critically analyzed using content analysis on the basis of which rational proofs were provided to support a case for IIBM. The study reveals that limitation of taking sustainable poverty alleviation program is the main cause of poverty crisis and street begging. Consequently, economic discrimination is enhancing day by day which tends to raise poverty crisis and street begging. This study also state that implementation of zakat, waqf and CSR as an obligatory transfer payment like tax by the government of the state will help the poor and street beggar to be self reliance that will lead to eradicate poverty and street begging to a great extent. The paper concludes calling on the policymakers in Bangladesh and development scholars' to adopt IIBM.

Keywords: Islamic instrument based model, poverty alleviation, Waqf, Zakat.

INTRODUCTION

Poverty is a complex phenomenon (Sirageldin, 2000). It has persisted in varied degrees in societies and communities around the world since recorded history, regardless of resource endowment, the stage of development, level of technology, social structure or culture (Sirageldin, 2000). It is a global phenomenon ravaging both the developed and developing nations, but the

devastating socio-economic and political consequences of this problem are surging more in the Muslim countries relative to other geographical enclaves in the world. Poverty, when viewed strictly as a socioeconomic depravation, affects one-fifth of the world's population (Khan, 2001). In addition, 40% of the world's 7 billion people struggle with absolute poverty, a phenomenon described in development literature as living on less than \$2 dollars per day (Todaro and

Smith, 2012). The root of poverty-induced violence in Muslim countries is linked to ineffective governance policies causing 'increasing income inequality' and unfulfilled citizen's expectations (**Carvalho, 2009**). The World Bank report for 2000/2001 uses the standard of one US dollar per day to draw the line of extreme/absolute poverty. Considering that we have about 1.3 billion people around the world in poverty circle. Using Bangladesh as a case study and considering the inflation rates between year 2000 & 2013. One can then put the assertion in the report at average of 5 dollars per day. If that should be the case then we may have above 80% of Bangladeshi living below poverty line and this could have negative effect on the economic growth of the nation. Other structural and institutional factors which encourage poverty include backward culture, harsh economic/political climate, gender-related issues, constraint of markets and counter-productive government policies and programmes in developing nations, which deprive large proportion of the citizens access to economic resources, arable land and other environmental opportunities that could enhance quality wellbeing (**Khan, 2001**). The reality in developing nations is that the pangs of excruciating poverty are experienced more by the vulnerable groups like widows, sick people, aged, orphaned children, landless and ethnic minorities (**Laderchi et al., 2006**). Besides, it has been argued that poverty and growing level of hopelessness in Muslim countries lured segments of the society to join radical movements, hoping to upturn the social order in their countries through militancy (**Kepel, 2003; Carvalho, 2009**). For instance, there are Islamic groups in Somalia seeking a return to Islamic rule because of weak and inefficient government, an ugly development that left the country in turmoil

(**Bandicoot, 2013**). In the same vein, several Muslim countries experienced political agitations for regime change, which took a new dimension as Arab Spring. The most recent political violence in the Middle-East is the six-week standoff between the Muslim Brotherhood and the armed forces of Egypt sequel to coup that ousted President Mohammed Morsi (**Taylor, 2013**). Also, Jama'atu Ahlis Sunnah Lidda'awati wal-Jihad (People Committed to the Propagation of the Prophet's Teachings and Jihad) or Boko Haram emerged in Nigeria agitating for introduction of Shari'ah law in all the states in northern part of the country (**The Economist, 2011; Chothia, 2011**). The need for Islamic laws become imperative because western education and its civilization engendered in Nigeria 'poverty and suffering' (**Okpagaand Eme, 2012:82**). The pathetic state of affairs in Egypt and other Muslim countries have aggravated poverty situation in the Muslim nations. The endemic nature of poverty-induced violence in Muslim countries as enunciated above, compelled Islamic economists and mainstream Islamic clerics to include poverty alleviation, as a core priority because welfare and social justice fall within the purview of socioeconomic works of Islam (**Al-Qardawi, 1992; Khan, 2007**). It has also been argued that the key social institutions that could entrench social justice, fairness and equity, redistribution of income and enduring peace in the contemporary Muslim societies are zakah, waqf, sadaqah and interest-free loan called qard hasan (**Cizakca, 2004; Ahmed, 2007**). It is against the backdrop of the foregoing arguments that the present study attempts to integrate Waqf (endowment), Zakat compulsory alms), and Islamic Corporate Social Responsibility (ICSR) as voluntary alms for tackling poverty in Bangladesh as well as Muslim countries. The study aims at

searching poverty and street begging situation and to develop an Islamic instrument-based model (IIBM) to alleviate poverty and street begging in Bangladesh.

OBJECTIVES OF THIS STUDY

The main objective of this study is to develop an Islamic Instrument-Based Model (IIBM) for alleviating poverty and street begging effectively. *Inter alia* objectives of this study are as follows:

To explore present poverty and street begging situation of Bangladesh.

To highlights the problems and macro-economic profiles of Bangladesh which justify poverty status.

To recommend necessary measures in policy formulation regarding poverty and street begging eradication in Bangladesh.

METHODOLOGY OF THE STUDY

This theoretical paper adopts qualitative research method because of its exploratory nature. Archival technique was employed in sourcing the required data/information from diverse materials, which include Central Intelligence Agency Fact book, previous works, Islamic Jurisprudence, Qur'an, Hadith, online websites and other published articles on the subject matter. The data generated were subjected to content and thematic analyses (CTA) on the basis of which informed conclusions were made supported by tables and models. These approaches are in line with there search methodology for explorative research (Cooper and Schindler, 2003; Bubou and Okrigwe, 2011; Saunders et al. 2012). The qualitative data are analyzed by researchers using Thematic Analysis (TA) and Contents Analysis (Sweeney, 2009; Howitt and Cramer, 2010).

Conceptual Issues

Poverty and its Dimension

The International Poverty Centre (2006) posits that poverty has multi-faceted attributes. These attributes are obstacles to economic opportunities and life enhancement of the 'poor people and communities' across the globe without any prejudice (Fukuda-Parr, 2006:7). According to Gass and Adetumbi (2000), poverty situation denied the affected people access to water, food, clothing and shelter, which are things viewed as basic amenities required for quality living and survival in every responsive society. Townsend (2006:5) adds that poverty is an income-induced deprivation of different manifestations suffered by poor people in the forms of lack of basic food, shelter, amenities, social services and good living.

Furthermore, poverty could be viewed as lack of material things like minimal accommodation, furniture, radio, television, bed and other basic items use in the home, as well as lack of physical capacity and requisite technical skills to pursue desired ambitions and careers like other privileged members in the same society (Chambers, 2006).

From the different definitional perspectives, it could be concluded that poverty is a harsh social-economic conditions where people are denied basic needs of life and infrastructural facilities requisite for quality living and self-esteem. According to Khan (2012) a total of "400 million of the 1 billion people estimated to be in absolute poverty lived in 31 of the 56 OIC member states, that is, 40% of the world's poor live in the Muslim countries. In relative terms out of 975 million people living in these countries 400 million or 40 percent are below the absolute poverty line...the incidence of poverty in these 56

OIC member countries is double the average of the developing world" (p.103).

Bangladeshi is one of the poor nations in Asian continent with governance gap, highly populated, unemployment, corruption and inadequate socioeconomic amenities. Its GDP is \$118.7 billion, while Per capita GDP is \$2,000, thus ranked 131st among nations of the world. Poverty rate 31.51% and unemployment rate 5% and 40 % (youth) with 163,654,860 millions of people (**Central Intelligence Agency Fact book, 2013**).

To redress the poverty scourge, a number of poverty reduction strategy program (PRSP) had been developed and deployed by governments of developing nations, development scholars and international organizations for several decades (**United Nations, 2000; Todaro and Smith, 2012; and Mobolaji, 2008**), yet the problems of poverty persists. Some of the popular policies designed to reduce poverty include curbing income inequality and massive food production (**Ravalli on, 2005**), supply of basic commodities by governments to the poor for self-sufficiency, (**Barrette and Beardmore, 2000**), economic empowerment and social reforms strategies (Kar, 2007; Rao, 2010) and establishment of microfinance institution (MFIs) to provide micro-credits to poverty-stricken individuals with marketable skills (**Murdoch et al., 2003; Awojobi and Bein, 2011**). The PRSPs in most poverty-ridden nations have not really been very effective; hence needed to be strengthened with more innovative strategies (**Sen, 1995; Ahmad, 2001**).

This paper therefore responds to the argument above by providing a broad based approach that integrates ICSR with two socio religious concepts of Zakat, Waqf to produce an integrated IIBM for

the reduction of poverty and street begging in Bangladesh.

Present Scenario of Street Begging in Bangladesh

Although it is not possible to know the specific number of beggars, according to the finance minister, Abul Mal Abdul Muhit, it was around 6,00,000 to 7,00,000 across the country a few years ago, but has increased substantially. AKM Nurun Nabi, professor of population sciences at Dhaka University, pointed out that it is not surprising that the number of beggars is continuously rising in Dhaka, as the population of the city almost doubled over the last few decades. 'They are trapped in the vicious cycle of poverty,' said Qazi Kholiquzzaman, an economist with the Bangladesh Development Council (Associated Press, May 17, 2009). Population growth in the country still remains high. At the same time, natural calamities such as storms and river erosion are making many people homeless. These homeless people often come to Dhaka to find work and finally end up begging on the streets. (http://home/newage/public_html/newspaper1/right.php) It is estimated that Bangladesh has more than 700,000 beggars. While this is only a small fraction of the population of more than 155 million, the concentration of beggars in the capital, Dhaka, and other large cities is a problem for both the beggars and society at large. There is no question that these beggars are among the poorest of the poor in Bangladesh, and many women come to the cities as a result of losing their homes to "river erosion, divorce, death of the earning member in the family, unemployment or disability" (**Barua, 2006**).

Zakat System: An Alternative Source of Funding

Zakah is one of the five fundamental pillars of Islam (Harmsen, 2008). It is an injunction of Allah enjoining the wealthy Muslims to pay specified proportion of their net income at the rate of 2.5% or one-fortieth to the less privileged (Doi, 1990). The word Zakah literally means purification (Harmsen, 2008). In practice, Zakah is an amount of money paid by Muslims at the end of the year as an obligatory donation to the needy, in particular orphans, widows, and the elderly, who can no longer work and provide for themselves (Harmsen, 2008). With regards to disbursement, Allah mentioned eight (8) broad beneficiaries of Zakat fund and wealth. Allah instructs:

"The Zakaah are only for the Fuqaraa' (poor), and the Masaakeen (the needy) and those employed to collect (the funds); and for to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in debt; and for Allah's Cause, and for the wayfarer (a traveler who is cut off from everything); a duty imposed by Allah. And Allah is All-Knower, All-Wise" (Qur'an 9:60).

The Prophet of Allah, Muhammad (peace be upon Him) explained further. According to Abdullahi Ibn 'Abbaas (RA), when the Prophet (PBUH) sent Mu'aadh (RA) to Yemen he said: *"Tell them that Allah has enjoined Zakaah from their wealth"* (Al-Bukhaari).

Allah instructs further:

"You shall observe the Contact Prayers (Salat) and give the obligatory charity (Zakat), and bow down with those who bow down." Qur'an: [2:43]

Zakat funds, if collected and managed properly, could be used to create a *pull of funds* which can be used

in financing development activities and can replace government expenditures. In Bangladesh, Zakat funds could have contributed up to 21% of the Annual Development Plan (ADP) in 1983/1984 and up to 43% of ADP in 2004/2005; this amounts to TK.30, 683 million in 1983/1984 and TK. 220,000 million in 2004/2005 (Hassan and Khan, 2007). In developing countries such as Bangladesh, foreign aid from donors contributes a significant portion of the development budget. If Zakat funds are properly managed, these funds could replace foreign aid and therefore significantly reduce the debt burden. (Hassan and Khan, 2007).

Waqf System: An Alternative Tool for Poverty Alleviation

Waqf (plural awqaf) literally means 'confinement or prohibition'. (Bewley and Abdal hakim-Douglas, 2001:62). Technically however, it connotes endowment in the forms of physical assets and landed property established by the affluent in the community to provide relief services and solace to the vulnerable members of the society (Ahmed, 2007; Zaim, 2012). Similarly, Khan F, (2012) defined Waqf as tangible asset or Maal (wealth) given out by the owner as an endowment, righteous deed or philanthropic gesture. Besides Waqf can be a gift of money, property and other valuable items dedicated fully to charity or for the purpose of earning streams of income, but cannot be sold (Doi, 1990). Whereas, Imam Sha'fi and Imam Malik viewed waqf "As the extinction of the appropriator's ownership in a property/asset dedicated and the detention of the property/asset in the ownership of Allah, in such a manner that its profits should be made use of for good of mankind from beginning to the end" .

Even at international level, Waqf is beginning to be viewed as a critical element to socio-economic balance in Islamic societies, hence **Hoexter (2002: 128)** asserts: "The waqf's contribution to the shaping of the urban space can hardly be overestimated... A major part of the public environment in (Islamic) towns actually came into being as a result of endowments". The age-long endowment model called Waqf is designed by Islam for sustainable socio-economic development of the Muslim societies. It evolved from empathetic Zakat and Sadaqat principle, which are core social responsibility in Islam (**UN-Habitat, 2005**). Functionally, the scope of Waqf is broad; it covers huge areas, like infrastructural development, health centre, education, urban development and several other social investments, which when viewed from macro perspective help strengthen the capacity of the state/government, in the sense that it conserves public expenditure on public goods funded by Waqf. Consequently, the government can divert the conserved financial resources to other areas of greater priority **Zaim, 2012**).

In the final analysis, contemporary economists argued that Waqf or proceeds arising there from could be utilized as seeds capital or micro-credits for empowering poor members of the society (**Cizakca, 2004**), or as interest free loan (qard hasan) for poor members seeking financial assistance to grow or start business ventures (**Elgari, 2004; Ahmed, 2007**). Utilization of Waqf in all the ways enunciated above foster social justice and economic balance as well as supporting productive micro enterprises in poverty-ridden societies (**Ahmed, 2003; Ahmed, 2007**).

Corporate Social Responsibility (CSR)

The term CSR has attracted noteworthy definitions and applications across the world. Some synonyms of CSR include: corporate conscience, corporate citizenship, social performance, or sustainable responsible business and social responsible business, corporate social performance, corporate social responsiveness, stakeholder management and corporate citizenship (**Wood, 1991; Natufe, 2001; Valmohammadi, 2011; Gholami, 2011**). Conceptually, "CSR is about a corporation's ability to respond to social challenges. It starts with developing good relations with neighbors. Companies should make a strong commitment to education, worker rights, capacity building, and job security. CSR is stimulating the economic development of a community" (**World Business Council for Sustainable Development (2000:9-10)**).

CSR in the Quran and Sunnah

For Muslims, the Quran is the code of ethics that each must follow in his or her personal life as well as in business dealings. The following verses are not exhaustive; they are merely examples of the verses that deal with business ethics in Islam. Interpretations are provided along with the most significant passages from the Quran and Sunnah.

"Righteousness is not turning your faces towards the east or the west (in Prayers). Righteous are those who believe in Allah(swt), the Last Day, the angels, the scripture, and the prophets; and they give the money, cheerfully, to the relatives, the orphans, the needy, the travelers (strangers), the beggars, and to free the slaves; and they observe the Contact Prayers (Salat) and give the obligatory charity (Zakat); and they keep their word whenever they make a promise; and they steadfastly persevere in the face of

persecution, hardship, and war. These are the truthful; these are the righteous." Quran [2:177]

"The believing men and women are allies of one another. They advocate righteousness and forbid evil, they observe the Contact Prayers (Salat) and give the obligatory charity (Zakat), and they obey Allah and His messenger. These will be showered by Allah's mercy. Allah is Almighty, Most Wise." Quran [9:71]

The Prophet said of himself, *"I have been sent only for the purpose of perfecting good morals" (Bukhari). The use of the term "only" shows the great importance placed on good morals in Islam.*

Findings and Discussion

Islamic Instrument-Based Model (IIBM)

The Islamic Instrument based model is proposed as an ultra conventional mechanism for eradicating extreme poverty and street begging in Bangladesh. Unlike the conventional model, IIBM is a religious oriented construct built on Islamic Economic Principles designed to enhance the general wellbeing of the people. Another argument for emergence of IIBM is the need to complement 'contemporary poverty reduction strategies (PRS) in Bangladesh. The basis of IIBM is the textual contents of the Qur'an and Hadith within the contemporary business model. Relevant provisions that provide basis for IIBM are:

"And Cooperate among one another, on Virtuous acts and good, do not cooperate among one another on evil and rebellious acts" (Qur'an 5:2).

"The example of the Believer in their mutual love and mercy is like the example of a body, if one part of the body feels

pain, then all the body suffers in sleeplessness and fever" (Al-Bukhaari and Muslim).

The IIBM integrates three concepts: Islamic Corporate Social Responsibility (ICSR), Waqf and Zakat, which if properly sequenced as depicted in Figure1 could fast-track efforts at curbing unemployment chronic diseases, poverty and street begging reduction, enterprise development and economic empowerment in Bangladesh.

The practical implementation of IIBM is based on 'People Context Deal and Opportunity (PCDO) Analytical frameworks of PCDO for aspiring entrepreneurs undergoing trainings at formal and informal business institutions on rudiments of business plans development. The PCDO represents a four dimensional analytical mechanism namely: P (People), C (Context), D (Deal), and O (Opportunity). The applicability of PCDO within the IIBM is explained below: The People (P) are the stakeholders in the Muslim countries comprising of the donors and the beneficiaries. Donors are the corporations or affluent individual's providing solace through ICSR, Waqf and Zakat. Beneficiaries' are the economically disadvantaged people, widows, orphans among street beggars and the unemployed. Context (C) refers to legal and regulatory environment required for practical application and workability of IIBM. Deal (D) refers to the triple bottom lines benefits that would accrue to corporations' within IIBM. It could also be described as economic benefits that donors and beneficiaries hope to gain from philanthropic projects encapsulated by Waqf, ICSR and Zakat. Opportunity refers to any activity requiring the investment of scarce resources in hopes of a future return. The opportunities inherent in IIBM for the donors are

temporal and spiritual rewards, which could take the forms of social license, positive financial performance, commendation from government's mutually beneficial value creation, economic sustainability etc. Besides, the opportunity in IIBM for the society includes reduction of poverty, begging and corruption, as well providing sustainable economic base for empowerment, self-employment, and social services and seeds capital.

CONCLUSION

This theoretical research has been able to integrate Islamic corporate social responsibility (ICSR), Waqf system (WS) and Zakat system (ZS) for poverty and street begging eradication, enterprise development and economic empowerment in Bangladesh. In clear terms, the research linked the traditional Zakat and waqf systems with ICSR. This is achieved by looking at the philosophy of ICSR vis-à-vis Islamic concepts of Waqf and Zakat. Views of Islamic scholars' were critically examined to provide sound theoretical and theological justifications for the three constructs. More importantly; the IIBM framework is practically a corporate social investment (CSI), which could be heavily funded by Zakat payers, CSR donations, and Waqf. The funds would be deployed to poverty and begging reduction in a number of ways ranging from training, micro-credit support for SMEs, apprenticeships, setting up technology business incubation centers, cluster development, infrastructural development in industrial parks, as well as providing welfare support services to the poor, marginalized communities and other economically disadvantaged groups. All the Waqf centres and Zakat foundations would be coordinating centers for education, collection of remittances, recording, screening of beneficiaries,

disbursement of funds and evaluation through impact assessment of all IIBM-funded projects and programmes.

POLICY IMPLICATIONS

The theoretical research is a contribution to theory and practice of CSR from Qur'an and Sunnah and Islamic economics. IIBM is ethical and Shari'ah-compliant, and therefore strengthen existing PRSPs in Bangladesh and other Muslim countries. The model when operational would help resolve issue of non-compliance with CSR as well as Zakat and Waqf. The gap left behind by the paper is for future researchers and practitioners to carryout an empirical investigation on the viability or otherwise of the IIBM. Arising from the implication of the paper, the following recommendations in the opinion of the researchers can fortify the use IIBM in Bangladesh, the Muslim countries and other developing nations:

For the realization of the tall deliverables of IIBM, it should be a private-sector driven model under the custody corporations, NGOs, Zakat Institutions, Waqf institutions etc. This is premised on the fact that there is preference for private-sector led initiatives across the globe because of its efficient and effective leadership style and ingenuity.

As obtainable in Bangladesh and other Muslim countries, there is need for government legislation and support or else the impact of IIBM as conceived in this paper would be limited. The role of government under IIBM is simply to provide legitimacy and enabling environment for smooth business-society relationship as well as security for lives and properties. Government through persuasion could encourage more participation by corporate organizations in the spirit of volunteerism. Also

government through its agencies could monitor implementation of IIBM programmes/projects through annual reports when operational in Bangladesh and other Muslim countries.

Furthermore, with regards to effective take-off of IIBM, there is need for an inclusive governance structure comprising of Zakat institutions, Waqf institutions, corporations, welfare-oriented NGOs, mosque associations, SMEs representatives and Government representative.

In conclusion, the policy makers implementing IIBM should ensure that funds accumulated from Zakat must be disbursed only to the eight beneficiaries' identified by Allah in the Qur'an. Waqf on the other hand allows for flexible and innovative utilization and disbursement. By and large, all funds earmarked for ICSR, Waqf, and Zakat are trust that must be properly kept and utilized for poverty reduction.

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Figure 1. Framework of an Islamic Instrument-Based Model (IIBM).

Model	Instruments	Outcomes
Islamic Instrument-Based Model (IIBM)	i. Zakat ii. Waqf iii. ICSR	*Increase Purchasing Power of the Beneficiaries *Create employment and employer opportunities through Small, SME and Giant Industries by aggregate efforts taken institutionally. *Create new Entrepreneur and Enterprise Development *Poverty and Street Beggar Alleviation *Ensure Sustainable Economic Empowerment

Source: Authors (2014)