

## **The Role of Zakat as an Islamic Social Finance towards Achieving Sustainable Development Goals: A Case Study of Northern Nigeria**

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### **ABSTRACT**

**Purpose:** This study aims to explore the role of Zakat in addressing development challenges facing Nigeria and its potentiality in achieving sustainable development goals in Nigeria.

**Design/methodology/approach:** The study adopts qualitative method by conducting library research and critically reviewing the literature.

**Findings:** This study finds that Zakat as an Islamic social finance for ensuring socio-economic and distributive justice through preserving and circulating wealth, has the potentialities of achieving most sustainable development goals. This includes reduction of poverty, hunger and inequality. In addition, zakat can promote sustainable agriculture, peaceful and inclusive societies, quality education, good health and well-being. Therefore, the study concludes that, to ensure effective utilisation of zakat fund by the recipient and wider coverage of Zakat to a number of poor people in the region, utilisation of modern communication in form of e-community-based platform for enlightenment towards investment of zakat fund in the form of Mudaraba is mandatory. This approach is also found to be useful in enhancing financial inclusion of poor people and diversification of sources of zakat collection.

**Originality/value:** The novelty of this study lies in the incorporation of E-community based platform structure for collection, distribution and investment of certain percentage of recipient fund in the form of Mudaraba.

**Limitation:** The research is limited to library research and covers the whole Northern Nigeria without specific reference. More so the perception of the stakeholders is not taken into cognisance.

**Further Research:** Further research should carry out a field survey to gauge the perception of the stakeholders with regard to the proposed e-community-based platform by making reference to a particular state.

**Practical implications** – Study findings can be useful to policymakers in diversifying sources of Zakat collection and effective disbursing of Zakat to reduce poverty, inequality and hunger.

**Social implications** – The target zakat beneficiary are generally poor, the study outcome may improve their total welfare and quality of life.

**Keywords:** Zakat, development challenges, Sustainable Development Goals.

## 1.0 INTRODUCTION

Zakat is one of the five pillars of Islam which is a compulsory levied on any Muslim having resources beyond a certain limit (A'la Mawdudi, 2013). The amount levied as Zakat is a fixed proportion collected from the excess of wealth and earnings of Muslims on yearly basis. Zakat occupies a pivotal position as it is one of the five pillars of Islam. It is the second pillar after Salah (regular prayers) in importance. Wealth becomes zakatable only when it is above or in excess of the required minimum amount called Nisab. For example the Nisab for gold wealth is 85 grams of gold and the Zakat rate payable is 2.5% for any amount beyond the Nisab. The same rate applies for wealth in the form of cash and articles of trade (Shafii, Yusoff, & Noh, 2013). Zakat is an important social faith based institutions that is capable of addressing many development challenges ranging from poverty, hunger, inequality and violence (Bakar, Ibrahim, & Noh, 2014). The state of poverty, hunger, inequality and violence is quite pathetic in Nigeria. This is especially in the northern region which is predominantly Muslim (NBS, 2011; Farouk, Idris, & Saad, 2017; Ifeoma & Agu, 2014). The incidence of absolute poverty, hunger and inequality begets insurgency (Boko Haram) which crippled many economic activities in northern Nigeria (Watts, 2013). Consequently, the crises have rendered a lot of people unemployed and have created more destitute and refugees as the majority of the people cannot afford to have three square meals (Watts, 2013). Presently, a number of children are dying from hunger, diseases and malnourishment. Meanwhile the level of inequality keeps widening where the rich become richer and the poor remains poorer. Nigeria has adopted the sustainable development goals to address the issue of poverty, hunger, inequality and violence. Yet the progress has been very slow. There is a dearth of literature that has examined the extent to which Zakat can play a role towards complementing the efforts of achieving sustainable development goals in Northern Nigeria. The present paper fills in this gap.

The paper is presented as follows. Section two discusses Zakat and socio- economic development by reviewing relevant literatures and empirical studies. In section 3 the researchers discusses the concept of sustainable development goals and the development challenges in Northern Nigeria. Section four examines how Zakat can help to achieve sustainable development goals in Northern Nigeria. Section five concludes the study.

## 2.0 ZAKAT AND SOCIO-ECONOMIC DEVELOPMENT

The ultimate objective of Shariah is to safeguard and preserve the five basic necessities for human existence, which are religion, life, intellect, progeny, and wealth (Auda, 2008). The Islamic approach to the economic issues of mankind is that wealth is like life-blood and must not simply be allowed to accumulate and clog the economic arteries of the state. This predicates the need to have wealth distribution as commanded by Allah (S.W.T) through a mandatory obligation of zakat payment (A'la Mawdudi, 2013). What Islam seeks from those affluent individuals, is to spend their money generously in schemes of public welfares. This

is to ensure that these benefits filter down to the lowest strata of the society (A'la Mawdudi, 2013).

Zakat is a form of worship through mandatory charity imposed on Muslims who fulfil stipulated conditions (Sane, adult Muslim and Muslimat, Sahib al-nisab and is responsible for its payment) (Shafii, et al, 2013). Literally, Abubakar *et al* (2014) defined Zakat as to cleanse, purify or to grow. Zakat is prescribed by Allah as a channel for maintaining distributive, social and economic justice by parting away some amount of wealth from the rich Muslims to the poor (A'la Mawdudi, 2013). In Islam the right and needs of the poor is generally considered and given priority so as to maintain equality, brotherhood and peaceful co-existence (M. Abdallah & Suhaib, 2011). The essence of giving out Zakat is not to satisfy the social and economic needs of all people. But Allah (SBHT) clearly, indicated the category of people eligible for Zakat in the Quran where Allah (S.W.T) says:

“The Sadaqat (Alms) are only for the poor, the needy, those who collect them, those whose hearts are to be reconciled, to free the captives and the debtors for the cause of Allah and for the travelers, a duty imposed by Allah, Allah is full of knowledge & wisdom.” (Quran, 9:60)

Therefore, it is apparent from the above mentioned verse that only those deserving and needy people that are deprived of enjoying the natural bounties and are in dire need of assistance whether temporarily or permanently are given Zakat. This is to support the helpless people in the society to get their dues, satisfy their essential needs, and reduce economic imbalance and concentration of wealth in the few hands (Hassan & Khan, 2007). Zakat is made mandatory on the rich people by Allah (S.W.T) so as to purify their wealth by discharging their duty as commanded by Allah. It is also a way of cleansing them and the society they belong to from ills such as miserliness, selfishness and malice (M. Abdallah & Suhaib, 2011). Meanwhile, the good qualities of brotherhood, generosity, magnanimity, love, mutual understanding, and cooperation would flourish among man-kind (Abubakar et al, 2014; Shafii et al, 2013; A'la Mawdudi, 2013). The real objectives of alms is explained in the Quran where Allah (S.W.T) says;

“Take alms out of their richness and thereby cleanse them and bring about their growth in righteousness....” (Al-Tawbah, 9:103).

In the Islamic history, it has been recorded that Zakat played a significant role in providing socio-economic stability by alleviating poverty from society. It serve as an efficient, appropriate and effective faith based institutions that take care of the poor and the needy people. This was experienced during the time of Umar –al Khattab (13-22H) and Umar -Ibn Abdulaziz (99-101H) where poverty was completely eradicated to the extent that the Zakat collected could not be distributed for the lack of recipients( Haque, Khan, & Mohammed, 2015; Raquib, 2011)

The various empirical researches conducted provide evidence of the significance of Zakat as a tool for poverty alleviation, hunger and inequality reduction in the Muslim society. For example a research conducted by Ismail and Shaikh, (2017), using qualitative method, explored the potential of Zakat in achieving development challenges. The study found that Zakat can play a vital role in achieving sustainable development goals related poverty, hunger, global health and wellbeing, quality education, decent work economic growth and income inequality.

Another study by Haq, Ashraf, & Farooq, (2017) examined the economic potentials of Zakat by reviewing various literatures with a special reference on a segmented approach that recognizes different needs, priorities and frameworks for effective intervention using zakat. The study found that Zakat, as part of Islamic finance, can play a valuable role in poverty reduction, when it becomes part of a national strategy of development with interventions focused on target groups, segmented into incidental and structural pool.

Some studies such as Ayuniyyah, Pramanik, Saad, & Ariffin, (2017) investigated the effect of consumption and production –based zakat distribution programs in reducing poverty and income inequality of the zakat beneficiaries by adopting the modification of the Center of Islamic Business and Economic Studies (CIBEST) model, Deciles method, Gini coefficient and Atkinson index with a sample case study of 1,309 zakat beneficiaries. The beneficiaries are managed by the National Zakat Board of Indonesia (BAZNAS) in three different cities and regencies including Bogor, Depok and Sukabumi. It is observed that one year after receiving zakat programs, production-based programs have higher increase of the material and spiritual condition (represented by falah index) by 300 percent points while households who obtained consumption-based programs rose by only 20 percent points. The study found that the Gini coefficient decreased by 0.017 points while Atkinson index fell by 0.042 points indicating that the income inequality among observed zakat beneficiaries improved. The study concluded that Zakat has significant role in poverty alleviation and income inequality reduction that can benefit development in general.

In another empirical research conducted by M. Akram and Afzal (2014) using quantitative approach, they explored the application of collective Islamic measures with Zakat disbursement on poverty eradication of the poor in Pakistan. The study employed ARDL approach to assess the short run and long run effect of Zakat distribution along with the other exogenous variables on poverty. The findings of the study showed that there is an inverse relationship between poverty and Zakat disbursement both in the short run and long run. It was concluded that Zakat distribution in collaboration with other Islamic measures can serve as a special tool for poverty eradication.

Some other empirical research by Shaikh, 2017 attempted to estimate the potential of Zakāt collection at economy wide level to explore the welfare potential of the institution of Zakāt in Pakistan using quantitative approach. The estimation was undertaken using heads like Zakāt on agriculture produce, value of livestock, tradable inventory, and currency in circulation, foreign exchange reserves, estimated gold and silver deposits and financial assets like investments in National Savings Scheme (NSS), mutual funds, stock market capitalization, pension schemes and remunerative bank deposits. The estimated result shows that, approximately Zakāt collection in Pakistan could reach up to 7.25% of GDP depending upon which approach is used to institutionalize Zakāt in the economy.

Another empirical study of Zaenal, Astuti & Sadariyah, (2018) tried to prove the role of zakat as a solution to the community empowerment by employing the quantitative method using zakat community development (ZCD) program in Bantul during the 2016. The results showed the number of productive zakat program beneficiaries whose income was below the poverty line (poor category) before the program were 244 people ( $H = 0.171$ ) and after the program they changed to 168 ( $H = 0.118$ ), which means the program succeeded in reducing the number of poor people by 76 people (5.34 percent). The poverty gap (P1) of beneficiaries of productive zakat program in Bantul also decreased. The gap between poverty line and average income of beneficiaries was Rp 63,763 before the program, while the gap after the

program was Rp 56,992. The income gap (I) also declined from 0.197 to 0.169. Poverty severity of beneficiaries of productive zakat program in Bantul seen by Sen Index (P2) decreased from 0.093 to 0.062, while using Foster-Greer-Thorbecke Index (P3), the poverty severity decreased from 0.010 to 0.004. The analysis revealed that zakat community empowerment was economically significant in decreasing the poverty rate, reducing inequality and ending poverty in Indonesia.

Another study of Almakawi & Salam, (2018) aim to investigate the impact of corporate social responsibility (CSR) on corporate financial performance (CFP). Zakat was used as a measure for CSR. The study examines a sample of 107 non-financial firms listed on the Saudi Arabia stock market over a ten-year period from 2004 to 2013. A generalized method of moments framework developed by Arellano and Bover (1995) and Blundell and Bond (1998) was employed. In addition, for comparison purpose and as a robustness check, their study uses other panel data techniques including fixed effects model, random effects model (and pooled ordinary least squares. The results reveal that there is a strong positive relationship between (Zakat) CSR and CFP. This suggests that contribution of Zakat is positive to both firm's profitability and value and can be considered as a win-win strategy to maximize returns and improve performance while considering the society as a whole. The results are robust to alternative econometric estimation methods.

Haque, Khan, & Mohammed, (2015) aim to examine the Zakat role (the Islamic tax) in alleviating poverty and inequality in Pakistan using a newly developed index, namely, the Basic Needs Deficiency Index (BNDI). – The study formulates an index (BNDI) to measure Zakat deficiency and effectiveness as one of the different items of government expenditure/spending to alleviate poverty. The results obtained from the computation of the BNDI explained the Zakat effectiveness in alleviating poverty and inequality in Pakistan.

Some empirical studies by Abdelmawla, (2014) aimed at investigating the role of Zakat and knowledge in reducing poverty in Sudan by using Quantitative method through ordinary least square technique. The analysis shows that Zakat and educational attainment impact significantly at the 1% level on reducing poverty in Sudan

### **3.0 SDGS AND THE CHALLENGES OF DEVELOPMENT IN NORTHERN NIGERIA**

A new global development agenda emerged in 2015 to replace the millennium development goals that elapsed. The global development agenda comprises of 17 sustainable development goals (SDGs) that are aimed to be achieved by the year 2030. Many countries around the world joint the effort of this development agenda by combining various bodies including intergovernmental and non-governmental agencies to achieve the main objectives of economic, human and environmental sustainability and development by the year 2030. This study focus on the relevance of Zakat as a social financial institutions in achieving eight of this sustainable development goals in Northern Nigeria, which is a Muslim dominated region.

Nigeria is a country endowed with abundant mineral resources, fertile land, and adequate human resources. The country is generating billions of Naira yearly from oil. Previous research indicate that amid 1960-2009 the country earned N59 trillion from oil export (Arosanyi, 2011). Like many other less developed country, Nigeria is facing serious development challenges (Aina and Salau, 1992). This includes widespread poverty, unemployment, hunger, poor educational facilities, poor health facilities, lack of portable drinking water and sanitation, crimes and acute inequality (Adebayo, 2010; Adesina, 2013). Although, developmental challenges such as poverty is a global issue that affect most countries around the world. More than 1.2 billion people are living below poverty line with income less than 1 US \$ per day (Mariyanti & Mahfudz, 2016). The percentage of Nigerians living in extreme poverty (US\$1.25 per per day) stood at 63 percent and the rate of people that are extremely poor rises from 86 million in 2004 to 100 million in 2010(World Bank, 2014).

The development challenges such as extreme poverty is more pathetic in the Northern part of Nigeria who are mostly farmers and predominantly Muslim (H.Ahmad& Iqbal, 2005; Watts, 2013). According to UNDP, 2009, the incidence of absolute poverty is potentially high in the northern part of Nigeria with consistent percentage of 70%. Oxfam (2017) cited example of regional inequality in terms of high rate of poverty in Northern State of Sokoto alone, 81% of the population are poor, while much lower, at 34%, in Niger. Meanwhile, Anyawu (2014) highlighted that variables that increase the probability of being poor in Nigeria include rural residence, possessing no education, being a self-employed farmer, and residence in the North West geopolitical zone of the country.

The table 1.1 below shows that poverty rates remain very high in North East and North West (50-60%) and relatively low in the South (World Bank, 2013). Meanwhile, around the south-south the poverty rate is 43-38 percent and in the south east 29-39 percent respectively in 2004-2010. Table 1.1 clearly indicate the extent of regional disparities in Nigeria where poverty is much concentrated in the north as against the southern part.

**Table 1.1 Poverty estimate 2004-2010**

Region	Poverty Headcount		Variation	Poverty Gap		Poverty Severity	
	2003/04	2009/10		2003/04	2009/10	2003/04	2009/10
North Central	58	49	9	26	18	15	9
North East	59	60	-1	22	24	11	13
North West	56	58	-2	20	23	10	12
South East	29	39	-10	9	14	4	7
South-South	43	38	5	15	13	7	6
South West	41	31	10	16	9	8	4

Source: (World Bank, 2013)

Generally, in most countries around the world, gap between rich and poor keep widening which intensifies the level of poverty and deter the level of development. It was reported by Oxfam, 2017 that 62 people had as much wealth as the poorest half of humanity, and the richest one percent, owned more wealth than the rest of the world combined. Nigeria is one of the few African countries where both the number and the share of people living below the national poverty line over that period, increased from 69 million in 2004 to 112 in 2010, equivalent to 69% of the population. In the same period the number of millionaires increased by approximately 44%. Inequality manifested in all most every aspect of life in Nigeria. An evidence to this is the land policy which confiscate poor farmers land with very little compensation from the Government. The land is then giving to the high privileged people in the disguise of land allocation for housing or industrial purpose (Ahmad & Iqbal, 2005). Thus, the percentage of inequality increases from 39 to 41 percent in 6 years in Nigeria (World Inequality Report, 2018). The extreme scale of inequality in Nigeria is also reported by Oxfam International (2017) in the following quote:

“The richest Nigerian man can earn from his wealth 8,000 times more than what the poorest 10% of Nigerians spend on 16 average in one year for their basic consumption. The Gender in Nigeria Report 17 categorises Nigeria among the 30 most unequal countries in the world. According to World Bank data, in 2009 the poorest half of the population held only 22% of national income. Income inequality, as measured by the Gini Index, increased 18 during the 2000s from 40% in 2003 to 43% in 2009. The paradox of growth in Nigeria is that as the country gets richer, only a few benefit, and the majority continues to suffer from poverty and deprivation.” The disparity is such that the amount of money that the richest Nigerian man can earn annually from his wealth is sufficient to lift 2 million people out of poverty for one year” (Oxfam, 2017pp.4).

The disparities is not only in terms of income, socio-economic and political opportunities (Agbaje, 2017; Mamdani, 2018). But equally reveals regional disparities even further in terms of human development encompassing education, employment, food security, health and other economic opportunities which are mostly concentrated in the south as against the Northern part of Nigeria (Agbaje, 2017; Mamdani, 2018). In terms of education it is reported by World Bank (2014) that Poverty is the most influential factor that thwarts many children from enrolling into school. The level of illiteracy rate in Nigeria is 65 percent and are higher in the Northern part. Majority of children drop out from school are concentrated in the North who are mostly poor and rurally based. Mainstream people in the northern part lack the necessary technical and managerial skills for physical investment due to low level of western education. For instance, according NBS report (2010) youth literacy rate in Abia state was 95.6 and Imo 95.7 percent, while Sokoto 33.1 and Bauchi 39.5 percent respectively.

Likewise in terms of women education there exist discrimination due to traditional and socio-cultural practice. 75.8% of the poorest women have never been to school, compared to 28% of 10 richest men. In terms of gender inequality in education, 94% of women (against 42% of men) are illiterate in Jigawa State, as a result are excluded from full participation in the country's economic, social and political life (Oxfam, 2017). Moreover, regional disparities also exist in terms of literacy level in southern states, where 60 percent of women have some education. At the extreme, in the North West, fewer than 20 percent of local women have any sort of education. This situation also applies to men. This Results are confirmed by health outcomes and various indexes in these areas (World Bank, 2014).

Apart from low education, unemployment, hunger and malnutrition is quite high in the northern part than in any other regions in Nigeria. According to NBS (2017) the youth unemployment (15-64) is even more disturbing at 56.3 per cent, while those aged 65 years and above constituted 4.2 per cent. According to the NBS, the Labour Force in 2011, the number stood at 67,256,090. Out of that, 51,181,884 are employed while the unemployed are 16,074,205. Equally, the northern states have higher levels of unemployment as well. Despite the fact that majority of Northerners are engaged in farming activities, it is indicated that farmers account for the high incidence of poverty in Nigeria about 40 % (Ahmad & Iqbal, 2005). This is because financing constraint contribute to low farmers productivity. Consequently, the income generated is not enough to maintained family needs, hence curtailing the level of poverty proves difficult (Ifeoma & Agu, 2014). The negative consequences of Unemployment include poverty, psychological problems of frustration, depression, hostility, abduction, murder, armed robbery, and all manner of criminal behaviours causing general insecurity of life and property (Ajufo, 2013; Adesina, 2013; Asaju, Arome, & Anyio, 2014).

It is not farfetched to realise in what way this unemployed persons contributes to the insecurity threat to the country. The uprising of violent group widely identified as Boko Haram in the North East, and other Northern part is a direct consequences of severe poverty, unemployment and unequal distribution of the country's resources dominant around the area (Akinola, 2015). By making reference to the prevalent maxim, "The idle mind is a devil's workshop"; where majority of people are idle, poverty, frustration, hunger, anger and diseases is likely to prevail. Thus, the situation pushes many poor people to engage in various criminal and violence activities to sustain their living (Adesina, 2013; Adebayo, 2010). These violence and criminal activities individually and collectively create insecurity and breach of peace that indeed affect legitimate social and economic activities in the country (Abubakar, 2005) (Cited by Adesina, 2013).

Other serious development challenges is the pitiful hunger and malnutrition that is rampant among Nigerian. The state of hunger is more acute in the Northern part to the extent that quite a number of people cannot afford to have three square meals (Anyanwu, 2014). The state of hunger is apparent by making reference to World Bank, 2014 report that forty percent of children are under nourished due to lack of good nutrition with calories. The lack of good nutrition couple with poor access to portable water and good sanitation further escalate health issues in Northern Nigeria (Watts, 2013). According to World Bank 2017 report the percentage of those with access to improved sanitation actually declined by about 15 percent, from 37 to 31 percent. Consequently, outbreak of diseases, high infant and pregnant mother mortality rate is on the high side.

However, apart from poverty, health issues among others environment degradation by frequent use of charcoal steered the rapid deforestation and degradation because users instead of cutting down the trees which are already dead they end up cutting the new trees. However, it can be recalled that agriculture is the main economic activities of Northern Nigeria. The continuous exhaustion of land eventually lead to gradual deterioration of land quality due to excessive and continuous farming because the land is carrying activities beyond its capacity (Suleiman, 2017).

## **4.0 ZAKAT AND SDGS**

Despite Government effort to achieve sustainable development goals through various policies and programmes, poverty and other developmental challenges is increasing, especially in Northern Nigeria (World Bank 2013; Agbaje, 2017; Akinola, 2015). Thus, achieving sustainable development goals in Northern Nigeria requires unique approach. Since Northern Nigeria is predominantly Muslim, integrating Zakat is necessary to achieve some of the sustainable development goals. This is because zakat and sustainable development goals have the same aims of encouraging socio-economic and distributive justice.

Zakat as one of the Islamic social financial institutions has the most powerful and effective impact on alleviating poverty. This is because as command by Allah (S.W.T) zakat is to be taken out of the wealth of rich people, and be given to specific category of people identified the eligible ones. The eligible ones include the poor, the needy, those who are working under its collection and distribution, new convert, those who are indebted, the wayfarers and those who are in bondage. The aim of giving Zakat to this category of people is to circulate wealth from those who have most to those who have not. This is done so as not to allow concentration of wealth in the hand of few as mentioned in Quran (Surah al-Taubah, 9:60). Therefore, If Zakat is to be collected judiciously from all eligible rich Muslim in Northern Nigeria, and its distribution be made efficiently on regular bases to the real poor needy people, eight sustainable development goals can be achieved. The targeted goals include reduction of poverty, hunger, unemployment, inequality, promotion of peaceful and inclusive societies, ensuring healthy lives, promoting well-being, and prevention of environment from degradation.

By critically analysing sustainable development goals one can apprehend that Most of them are interrelated because fulfilling one helps in enhancing another. Take the case of the first goal which is to end poverty by the end of 2030. Poverty is a multidimensional phenomenon that manifested in many ways including illiteracy, poor income generation, and exposure to health deprivation among other things (Adjasi & Osei 2007). On the other hand, Zakat involves distribution of economic resources on regular bases to the poor and needy. Thus, Zakat can reduce poverty as it can improve the accessibility of economic resources as well as standard of living of poor through wealth creation (Hassan & Khan, 2007). In this instance the poverty can be eliminated as the poor people are empowered and their purchasing power increases. Hence, they can meet their basic needs of life.

The second sustainable development goals is zero hunger. It is a well-known fact that hunger is one of the greatest disturbing issue that silently kill quite a number of people in Northern Nigeria (Ifeoma & Agu, 2014; Farouq et al, 2017). Zakat is a divine tool that can make food to be accessible by the poor through alleviating poverty in the form wealth redistribution. Poverty is the main cause of hunger, hence, one can say that there is strong causal relationship between poverty and hunger as confirmed by the Studies of Achime & Afemike (1997), Obadan (1997) Therefore, for an individual to get food accessibility he must have adequate purchasing power to purchase qualitative and quantitative food intake at all times. The third sustainable development goals is to ensure healthy lives and promote well-being. It is scientifically proven that household that having food intake below their minimum calorie (energy) requirements, inadequate diet, or not enough food are likely to have energy and nutrient deficiencies. Consequently, the condition depresses one's immunity. This

deficiencies can expose the poor people to several diseases that can consume a lot of resources and deplete ones savings (Ifeoma & Agu, 2014; Watts, 2013; Achime & Afemikhe, 1997). Currently in Northern Nigeria there are number of poor people that are extremely ill but cannot afford to buy the necessary low cost medicine talk less of the expensive ones. Zakat through striking poverty and hunger can improve the health and well-being of poor. This is because wealth transfer to poor upgrade their economic well-being. Hence, it makes the poor to afford appropriate food intake and necessary medicines. According to Sanders Thompson, wells & Coats (2012), “the more advantaged individuals are, the better their health, and the more disadvantaged individuals are, the greater their chances of increased morbidity and mortality.

The forth sustainable development goals is ensuring quality education. Development of human resources and capital in the form of improving skills and expertise is a weapon of eradicating poverty. Prior researches of Anyanwu, (1997); Okojie, (1997); and Okinmadewa, (1997) confirmed that education is the most influential factor that reduces the likely hood of being poor. In northern Nigeria, the level of education is poor which aggravates the current severe abject poverty. Zakat is one of the Islamic social institution that can enhance human resources development through effective redistribution of income to the less privileged people so as to encourage them to meet the basic needs of life education inclusive (Shaikh & Salman, 2017). With education creativity, innovation and productivity of an individual is enhance so also his means of generating income (Okojie, 2002). This assertion is also revealed by Hassan and Khan, (2007) that “people who are illiterate , have no or little access to education, have low levels of human capital and capacity to work are particularly vulnerable to poverty”.

The eight sustainable development goal in the list is to achieve decent work and economic growth. The high rate of unemployment in Northern Nigeria is apparent by looking at the high rate of illiteracy and poverty among the Northern populace. It is confirmed by the studies of Asaju et al, (2014) that the pervasive poverty, youth nervousness, rampant social vices and criminal activities are as a result of idleness which affect both the individuals and society psychologically and economically. Therefore, Obligatory redistribution of income from the rich to the poor through Zakat has direct economic bearing on the distribution of income and emancipation of the poor. This is because the poor people can get constant income which they can use to afford education, skills, and health care services. Consequently the development of their resources and human capital can be enhanced which help them to secure good job. Likewise, the economic capability can make them to rise capital which they can invest in productive activities such as agriculture rather than living the resources idle in the hands of few rich. According to Jhingan (1975) the way of breaking vicious circle of poverty is through injection of capital in rural areas.

The ten sustainable development goal in the list is reduction of inequality. In Nigeria inequality is more pronounced in the Northern part where it is manifested in almost all sphere of life (Regional, sectorial and individual inequality). But the most devastating among them is income inequality where rich becomes richer and poor remain poorer. While more than 112 million people were living in poverty in 2010, the richest 4 Nigerian man will take 42 years to spend all of his wealth at 1 million per day (Oxfam, 2017). Zakat fund through transfer and redistribution of wealth can satisfy the social needs that ultimately could attack the inequality

(Hassan & Khan, 2007). This is because Zakat encourage just distribution of economic resources through wealth transfer from rich to poor.

The 15 sustainable development goal in the list is preventing environment from degradation. In the past, the Nigerian government subsidy on petroleum and other resources assisted the poor to obtain an affordable energy for their daily life activities such as cooking. The subsidy removal by the Government make life to be miserable to the poor. This is because the poor people have to spend a large portion of their small income on energy. As a result, quite a number of poor household strive to find alternative by replacing kerosene or gas with firewood (H. Ahmad & Iqbal, 2005). It is discovered that almost 65% of household in Kano State depends on firewood (Cline-Cole et al, 1988). Zakat through redistribution of income can increase the purchasing power of poor people. Hence as the income increases household can afford to buy kerosene or gas for their cooking needs instead of charcoal. Thus, the goal of protecting, restoring and promoting sustainable use of territorial ecosystem for sustainable management of forest, combating desertification and reversing land degradation can be achieved.

The sixteen goal in the list is enhancing peaceful coexistence. Hassan & Khan (2007) regard poverty as a religious and social problem because it pushes an individual to sin, crime and lowliness. It is confirmed by studies of Akinola(2015); Adesina, (2013); Adebayo, (2010) that the current violence and insurgency in the northern part of Nigeria is born out of poverty, socio economic injustice, marginalisation, deprivation and unemployment affects the quality of lives of majority of people. As a result Boko Haram exploits the persistent nature of poverty amidst young individuals in northern Nigeria in its recruitment drive. Zakat is an effective tool that reduces enmity and envy among people through establishing economic justice in the form of wealth circulation from rich to the poor. Thus, it enhances brotherhood through spreading benevolent money and lift up the economic power of poor people. By eliminating poverty and inequality, social peace can be improved. Thus, that sense of inclusiveness can bring peaceful coexistence among people (Alsheha, 2012).

In spite of the relevance of Zakat in achieving sustainable development goals. It is potentialities in reducing poverty is weakened by the way Zakat is being collected and distributed (Farouq et al, 2017; Sheikhan & Ismail, 2017, Tanvir Mahmud, Kabir Hassan, Ferdous Alam, Sohag, & Rafiq, 2014; Rachman & Salman, 2018). Henceforth the underlying aim of poverty eradication and other developmental goals remained a mere mirage. It is highlighted by Nigeria Stability and reconciliation Programme report (2016) that although there is institutionalization of shariah system in most Northern states (Bauchi, Borno, Gombe, Jigawa, Kaduna, Kano, Katsina, Kebbi, Niger, Sokoto, Yobe and Zamfara) Where government bodies participate in collection and distribution of Zakat fund , its performance has been found to be very poor compared to its potentialities. This situation emanates out of poor government policies on Zakat collection and distribution, poor administration, non-collective decision, non-identification of eligible recipients, lack of transparency and accountability.

As a result, Zakat collections drive have remained very low and the level of distribution to poor very insignificant. Hassan (2010); B. O. Ahmed, Johari, & Abdul wahab, (2017); Ayuniyyah et al, (2017) found that, when zakat amount is small, it can only be spent on meeting few individual needs rather than on productive investment, hence will yield no fruitful result. More so the Zakat disbursement is not reaching the most deprived poor and the

needy people. So, to ensure effective utilisation of zakat fund by the recipient and wider coverage of Zakat to a number of poor people in the region, utilisation of modern communication in form of e-community-based platform for enlightenment towards investment of zakat fund in the form of Mudaraba is mandatory.

The E-communication community platform should be establish for each community, say in each ward around every state. The E-communication platform should comprise of representative of Government bodies responsible for Zakat administration, the members of poor people around the areas (Community association), the rich people and Islamic scholars. Therefore, decisions regarding the eligible Zakat recipient, eligible Zakat payers in a particular ward (community) should be determined by the platform members. Moreover the platform should serve as an avenue for making collective decision between stakeholders on how the zakat should be distributed, the specific amount to be given for each recipient, the amount collected from Zakat payers, the amount of Zakat money to be reserved on behalf of every recipient for investment as seed money using Mudaraba to a trusted person capable of investing into productive use (example agricultural activities). By incorporating this platform in every community, transparency and accountability can be enhanced. Moreover, the platform should serve as an avenue for creating awareness among the Asnaf, zakat payers, Islamic scholars and Government bodies. The inclusion of poor representative in each platform will assist in identifying the eligible and the most deprived among recipients of Zakat because the poor people in each area know themselves better. In addition, it can encourage the Zakat payers to pay since they are witnessing the way their zakat money is being channel. More so, investing part of Zakat money of each recipient to a trusted body through Mudaraba can generate more profit that may enable some recipients to issue their zakat in the subsequent two to three years.

**Diagram 1.1 E-community flat form**

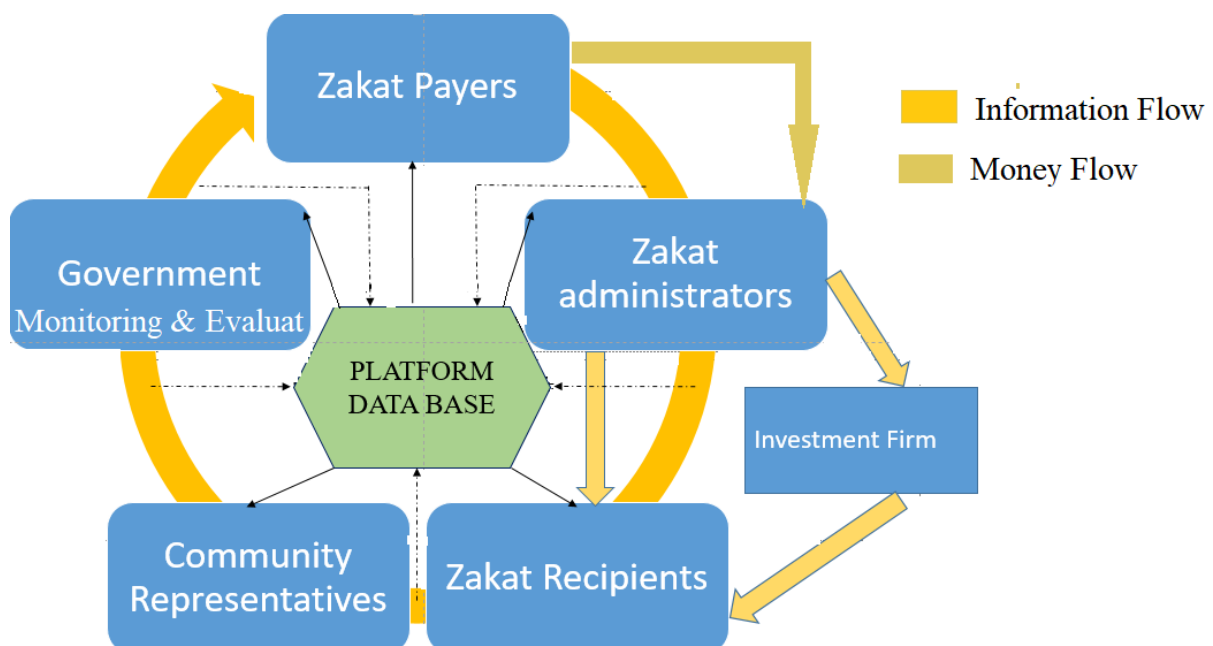


Diagram 1.1 above illustrated the E -community platform which comprises all zakat stakeholders in a particular community. Each of the stakeholder have a role to play in sourcing and disseminating accurate information to the flat form data base. This can be indicated by the dot arrow going into the flat form database in the diagram. The yellow arrow is the flow of information between various stakeholders regarding the eligible Zakat recipient, eligible Zakat payers in a particular ward (community), decision regarding how the zakat should be distributed, the specific amount to be given for each recipient, the amount collected from Zakat payers, the amount of Zakat money to be reserved on behalf of every recipient for investment to a trusted person by using Mudaraba. The black arrow coming out from the flat form data base to all stakeholders is the information regarding the decision made in the flat form to disseminate generally to the whole community. The dark brown arrow reflect the flow of money from Zakat payers to Zakat administrators and then finally to various recipient and investment firm. A yellow arrow from investment firm to Zakat recipient denote the distribution of the business profit to each recipient according to pre agreed ratio.

## **5.0 CONCLUSION**

The study discusses Zakat and its Socio-Economic relevance by reviewing various empirical literatures, and also discusses the sustainable development goals. In depth discussion about development challenges facing Northern Nigeria is equally discuss by reviewing relevant literatures. A thorough analysis is carried out on the potentialities of Zakat in achieving sustainable development goals such as poverty, hunger, health, education, inequality, decent work, preventing environment from degradation and Peaceful coexistence. The study conclude that to ensure wider coverage of Zakat to a number of poor people in the region and effective utilisation of zakat fund by the recipient, utilisation of modern communication in form of e-community-based platform for enlightenment towards investment of zakat fund in the form of Mudaraba is mandatory. If this E-community flatworm is established in each ward can diversify sources of Zakat collection and effective disbursing of Zakat to reduce poverty, inequality, hunger, unemployment. As this study is limited to library research and cover the whole Northern Nigeria. Further research should carry out a field survey to gauge the perception of the stakeholders with regard to the proposed E-community-based platform in a specific particular state.

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