

ZAKAH MANAGEMENT: EGYPTIAN PERSPECTIVE

COLLECTION

Zakah payment in Egypt is still voluntary. While Shari'ah mandates its payment to the government, it would not be advisable to enforce this rule for political and social reasons. On the political side, Egyptians are not used to trusting their government, particularly with charity. Distrust in governments has been an Egyptian habit since the days of Mamlukes states. On the social side, Egyptians have a strong sense of social responsibility towards poor relatives and neighbors. This translates into financial support on regular basis that is hard to give up or replace.

In light of such factors, the Zakah institution (Beit Al-Zakah) would open the way to receive voluntary Zakah payments from individuals and legal entities. In addition, it would establish strong ties with Zakah committees in mosques and other charitable organizations.

Beit Al-Zakah could offer the Zakah payer, be it a natural or a legal entity, a special account through which:

- Zakah and other charity would be paid regularly: monthly, quarterly and yearly.

- A law could be issued to force legal entities to pay Zakah on their net assets, according to what is called a “Zakah balance sheet.” However, issuing such law would run into political hurdles. The only option is to allow companies to pay voluntarily and reward them with good publicity.
- Those who pay Zakah are entitled to submit with their payments a list of a chosen group of deserving poor who would have priority to get regular cash payments or obtain titles to micro projects within their paid sum.
- All Zakah and charity organizations would use accounts with Islamic banks in which to keep custody of their collections.

DISBURSEMENT: INCOME MAINTENANCE

Beit Al-Zakah would establish a rule for those who receive monthly checks as income support. Deserving poor would apply or recommended by others for assistance. The institution would identify the income supplement for each of them, which is equal to the subsistence level of income minus the actual income of each. Most likely, Beit Al-Zakah would not be able to cover the whole gap for all. The solution is to apportion the available resources among the deserving poor.

It is possible that Beit Al-Zakah will not have enough resources to cover the requirements of income maintenance at all. In such case, wealth maintenance would be given priority over income maintenance. The justification of this is that wealth maintenance would provide the poor with extra productive assets to gain enough income to reach self-sufficiency.

Beit Al-Zakah would establish a micro project institution that does the following:

- Identify micro projects that could generate income to support the basic needs of a typical-size family.
- Verify the feasibility and practicality of such project.
- Insure that such project can be easily managed by the recipient, after some orientation and training.
- Set rules to transfer legal titles to such projects after their implementation to specified poor families, with certain conditions that include:
 - Prohibition of selling the business except with the permission of Beit Al-Zakah. Permission can usually be provided in cases of expansion or switching to a more profitable business.

- Monitoring project activities after change of title to insure good management and to provide troubleshooting when necessary.

The micro project institution, MPI, would receive sums of donated charity or Zakah from Beit Al-Zakah earmarked to finance such micro projects. The MPI would be responsible to obtain all required government approvals and licenses for the establishment and operating the project.

Donors can be encouraged to donate directly to the MPI, with the stipulation that donated sums are to be used for financing more micro projects under the supervision and general rules set by Beit Al-Zakah.

ROLE OF GOVERNMENT

The government can subsidize the disbursement of Zakah under the auspices of Beit Al-Zakah through the following procedures:

- Donating land for micro projects,
- Providing free water and energy for a certain number of years,
- Favoring micro projects with shorter licensing procedures,
- Setting standards of transparency and accountability to protect Zakah resources through subjecting Beit Al-

Zakah and MPI to the auditing of the Central Accounting Institution.

- Providing tax exemptions for donations to Beit Al-Zakah,
- Providing tax exemptions for resources placed by natural and legal entities under Waqf arrangements to be used for financing micro projects for the poor.