

INTEGRATING ZAKAT, WAQF AND SADAQAH: MYINT MYAT PHU ZIN CLINIC MODEL IN MYANMAR

SHEILA NU NU HTAY¹

SYED AHMED SALMAN²

SOE MYINT @ HAJI ILYAS³

IIUM Institute of Islamic Banking and Finance Malaysia Kuala Lumpur Campus 205 A,
Jalan Damansara, Damansara Heights 50480 KL.

ABSTRACT

The Muslim population in Myanmar is approximately eight millions out of fifty eight millions of the whole population. Majority of the Muslim in Myanmar are the poor and unfortunate and there is a urgent need for them to get help especially in the case of health. When the background of the country is relooked, there are very limited donators for waqf, zakat and sadaqah. However, fortunately, a group of Muslims has founded the clinic by integrating the concepts of the waqf, zakat and sadaqah. It is the first clinic in Myanmar which is established based on the combination of these three concepts for Muslims and non-muslims. Therefore, in this paper, we present a clinic model that integrates three traditional Islamic tools such as waqf, zakat and sadaqah. Moreover, the managment of sources and uses of funds of the clinic is elaborated and explained. It is believed that this clinic model can be used as a model in any other non-Muslim countries with minority Muslim population.

Key words: Waqf, Zakat, Sadaqah, Health, Clinic and Myanmar

¹ Sheila Nu Nu Htay is a lecturer at IIUM Institute of Islamic Banking and Finance Malaysia. heila@iium.edu.my

² Syed Ahmed Salman is a PhD candidate at IIUM Institute of Islamic Banking and Finance Malaysia. salmaniium@gmail.com

³ Soe Myint @ Haji Ilyas is the Founder of Myint Myat Phu Zin Clinic in Mandalay, Myanmar. soeyas@gmail.com

1. INTRODUCTION

Islam is a comprehensive religion and it teaches us to pay zakat and to make donation in order to help the needy and unfortunate people. Islam also encourages helping and supporting each other in the case of needs. Zakat, waqf and sadaqah play an important role in promoting social justice as well as alleviating poverty. A management of zakat, waqf and sadaqah will help an individual to establish a good sense of sincerity and accountability for the rich. In addition, it creates favourable conditions for the needy to recover from the financial difficulty and has a positive significance in nation building.

Among the needs of human being, the health is one of the most important and vital for each and every person. Thus, in our research, we focus on the clinic which is located in Mandalay, Myanmar. This clinic is providing the services not only to the Muslims but also to the non-Muslims. The objective of this research is to show how the sadaqah, waqf and charity can contribute for the benefits of the mankind regardless of the religion. It is believed that this research is significant since it shows how Muslim founders are operating the clinic for both Muslims and Non-Muslims where the minority of the population are Muslims.

This paper is organized in five sections. The second section discusses the literature review. The third section mentions the research methodology used in this study. The fourth section discusses the findings and the last section concludes.

2. LITERATURE REVIEW

2.1 Zakat

Legally, zakat can be defined as “the amount of money or kind taken from specific types of wealth when they reach a specific amount at a specific time which must be spent on specific categories in specific ways”. It can be paid in both in the form of cash and kind. It is not charged on all types of wealth, for example, profit from waqf assets.

Literally, zakat means growth or increase in terms of the payers' psychological growth and material growth in the soul and the recipients' wealth. Paying zakat makes the payers' wealth purify, heart free from selfishness and greed and recipients' heart away from jealousy and hearted towards the rich. It has been evidenced from the following sources:

So establish regular Prayer and give regular Charity; and obey the Messenger that ye may receive mercy (Surah Nur: 56).

Those who establish regular prayers and give in regular charity, and also have (full) assurance of the hereafter (Surah Naml: 3).

Those who believe, and do deeds of righteousness, and establish regular prayers and regular charity, will have their reward with their Lord: on they shall be no fear, nor shall they grieve (Surah Baqarah, 277).

Zakat as a third pillar of Islam and in the Al-Quran, the term zakat is mentioned around 70 times together with the prayers. It is compulsory on all Muslims who have the financial means (*nisab*) to meet this obligation. *Nisab* in Islamic jurisprudence is the minimum amount of property or wealth that must be owned by a Muslim before he/she is obligated for zakat. It is also defined as a measurement that determines the obligation for paying zakat for male or female Muslims.

Zakat literally means to grow or increase (Qardawi, 2000). The word zakat has three different connotations:

- Linguistically: Zakat means cleansing or purification of something from dirt or filth.
- Theologically: It means spiritual purification resulting from giving of zakat
- Legally: Zakat means transfer of ownership of specific property to specific individuals under specific conditions.

The main objective of zakat is to achieve socio-economic justice. With respect to the economic dimensions of zakat, it is aimed to achieve the favorable effects on several dimensions such as aggregate consumption, savings and investment, aggregate supply of

labor and capital, poverty eradication and economic growth (Abdulwahab & Abdul Rahman A, 2011).

Zakat is a religious obligation and the money collected for zakat must be used for the benefits which have been specifically identified in the Quran (Surah Al-Taubah, Verse: 60). There are eight categories of beneficiaries who can receive the money collected for zakat:

1. The Poor (*Fuqara*): Those without any means of livelihood and material possessions.
2. The Needy (*Miskeen*): Those without sufficient means of livelihood to meet their basic necessities.
3. The Administrator of *Zakat* (*Amil*): Those appointed to manage and administer zakat.
4. The Sympathizers (*Muallaf-at-Quloobuhum*): Those whose hearts are inclined towards or have accepted Islam.
5. To Free Slaves (*Riqab*): *Zakat* can also be used to free slaves or captives.
6. Those who are in debt (*Gharimin*): *Zakat* can be used to pay off the debts of a person who has borrowed to pay for basic necessities. *Zakat* can also be distributed to those in financial difficulties e.g. bankruptcy due to the loss of employment and heavy debt.
7. For the cause of God (*Fisabilillah*): *Zakat* can be used to finance any form of struggle or work for the love of God.
8. Those who are stranded during a journey (*Ibnus Sabil*): *Zakat* can also be used to help a traveler facing difficulties in continuing his journey due to reasons such as loss of money etc.

2.2 Waqf

The word waqf is derived from the Arabic root verb waqafa, which means ‘causing a thing to stop and standstill’. It also takes the meanings of ‘detention’, ‘holding’ or keeping. Waqf (pl. Awaqaf) is called Boniyad in Iran and Habs (pl. Ahbs) in North and West Africa (Chowdhury, Fahmi bin Ghazali & Faisol Ibrahim, 2011). In addition to this, waqf, literally

means to hold, confine, detain, or restrain. Legally, waqf means, to protect something by preventing it from becoming the property of a third person, therefore, it is an irrevocable gift of a corporeal property ('ain) for the benefit of donor's family or someone else or something, in perpetuity, as a charity promised and executed normally during the life-time of the donor, which is not capable of transfer, gift, and transmission thereafter (Mohammad & Mar Imran). In other words, waqf, means "religious endowment", which is recognized by the Islamic law as religious, pious or charitable donation. It has been a source of development throughout Muslim dynasties and empires such as the building of mosques, madrasah i.e. religious schools, educational institutions, libraries, travelers' lodges, and inns. Its benefits are not restricted to the Muslim community alone but go beyond religious, cultural, racial and sectarian boundaries (Mohammad & Mar Iman).

Waqf is a voluntary act of charity that comes under the general terms of sadaqah and infaq. Waqf means "stand still, hold still, not to let go." Waqf implies holding from consumption and sale and not to let go. Muslims are encouraged to create sadaqah that continues generating benefits/revenues for use in the targeted objectives. Messenger of Allah (pbuh) Said: Whence a child of Adam dies, his / her deed comes to an end except for three things: an ongoing sadaqah, knowledge that benefits (others), and a righteous child who prays for him/her." Waqf is also termed "sadaqah jariyah" or "ongoing sadaqah". An ongoing sadaqah may include a mosque that he/she built, a hospital or clinic built for the needy, a house for the wayfarer, a river/canal he/she dug or a sadaqah gave during his/her life that continues (giving its benefits) after his/her death.

2.2.1 Types of Waqf

Waqf can be classified into several classification based on its purposes, namely Philanthropic or General Waqf and Family Waqf. It is also known as public waqf where the usufruct is dedicated for the public interest like public bathrooms, public hospitals, mosques, public

libraries, books etc. It aims at supporting the poor segment of the society and all activities which are of interest to people at large.

Family waqf is also known as posterity waqf. It is same like general waqf except that there is a special condition which specify waqf revenues will be addressed to their children or off spring but they have no rights to sell it. In other word, the family only has rights on the benefits of usufruct but not on the property. In case of surplus in revenues, they have to distribute it to the poor.

2.2.2 Incorporation of Waqf in Islamic Financial System and the Benefit

Accordingly, one can make or donate waqf one third of his inherited assets to be used for the welfare of the society besides donating any amount of money or assets in his life for the welfare of the society as laid down in the Quran. This guidance from the Shari'ah can lead to achieve the following objectives for the betterment of the society at large.

1. The waqf assets (including money) can be given to cultivators who do not own land and the land can then be utilized by them for cultivating profitable crops.
2. The bright young engineers or any other educated personalities, experts or professionals who do not have any wealth to start their own business but have done some valuable projects during their studies can be handed over waqf assets to establish their own business in those territories where there is less employment so that by starting manufacturing of profitable output, the unemployed youth of that particular territory could avail employment opportunities.
3. The bright young doctors who do not have any wealth to establish their own clinics can be given waqf assets to establish their clinics in those areas where the clinical/medicine facilities are lesser than the other areas, so that the population of the area could get proper health facilities like the other areas.

4. The young business graduates who got top positions in the management discipline but do not have any wealth can be handed over waqf assets to initiate some profitable ventures in those areas where other businessmen do not want to go due to certain reasons. Thus, these neglected and remote areas could also start wealth generation for their population.
5. The areas which need to establish educational institutions for the people can be established with the waqf assets to enhance literacy rate in these areas.
6. The areas which need hospitalization facilities for the poor people can be helped with waqf assets to establish hospitals so that the poor people could avail proper hospitalization facilities.
7. Poor people who cannot start any work due to not having any wealth can be given waqf assets to start establishing small business to create wealth generation with micro finance but at macro level.
8. The prisoners who can be released from the prison but do not have any funds to pay as damages can be helped out with the waqf funds to get released.
9. Poor ladies who cannot get married due to not having sufficient funds can get married with the waqf funds.
10. The houses for children who have lost their parents can be constructed with the waqf funds and can be used by these children.
11. The houses for old citizens who have lost their children or even did not have any child can be can be constructed with the waqf funds and can be used by these people (Chaudary & Baig, n.d.).

2.3 Sadaqah and Charity

The Qur'an affirms: 'those who believe, and do deeds of righteousness, and establish regular prayers and regular charity, will have their reward with their Lord: On them shall be no fear, nor shall they grieve' (2:277).

O ye who believe! Cancel not your charity by reminders of your generosity or by injury, - like those who spend their substance to be seen of men, but believe neither in Allah nor in the Last Day. They are in parable like a hard, barren rock, on which is a little soil: on it falls heavy rain, which leaves it (Just) a bare stone. They will be able to do nothing with aught they have earned. And Allah guideth not those who reject faith (7:264).

Assisting somebody to establish himself in trade, giving someone a good education; assisting and helping someone to improve from some sickness, illness and disease by financial assistance or giving fiscal and monetary help to clinics and hospitals all such charitable works, come under sadaqah-e-jaria (an everlasting sadaqah) that is why so many centers of social welfare have continued to function in the Muslim community. The reward for giving charitable contribution in secret is seventy times that of giving it publicly.

According to the teachings of Islam, the giving of charity and sadaqah helps a number of functions. Firstly, act of sadaqah is expiation for sins. The believers are asked to give sadaqah immediately following any transgression (Ihya-e-Ulumuddin, Al-Ghazzali, 1/298). Voluntary alms giving can also compensate for any shortcoming in the past payment of zakah. Sadaqah also gives protection against all kinds of evil. Sadaqah wards off affliction in this world, and punishment on Judgment Day (Ismail Hakki, Tafsir Ruh-alBayan, 1/418). It is therefore recommended to give sadaqah by night and by day, in secret and in public to seek God's pleasure (Quran, 2:274). The constant giving of a little is said to please God more than the occasional giving of much.⁴

⁴ <http://www.quranandscience.com/legislative/140-the-concept-of-charity-in-islam-33.html>

3. Research Methodology

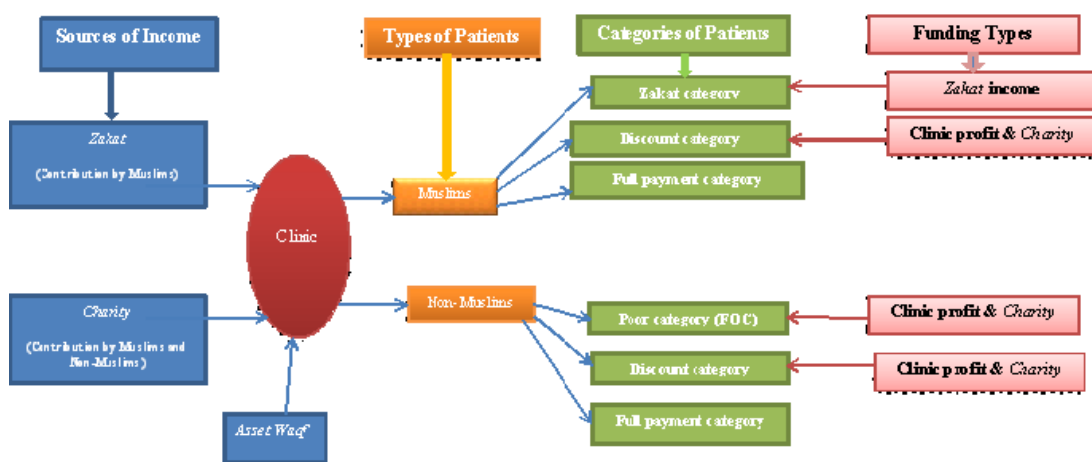
This research is in the early stage of research and it is in exploratory in nature. Thus, the qualitative research method is employed. To the extent of the researchers' knowledge, there is only one clinic exists in Myanmar which is founded on the integrating concepts of waqf, zakat, sadaqah and charity. Therefore, this research conducts a case study in this clinic. Questionnaire and interview techniques are used in collecting the data.

4. Findings

4.1 Background of the Myint Myat Phu Zin Clinic

Graph 1

INTEGRATING ZAKAT, WAQF AND CHARITY: MYINT MYAT PHU ZIN CLINIC MODEL IN MYANMAR



The history of the Myint Myat Phu Zin clinic can be traced back to year 2009. Graph 1 shows the model used by the clinic. It is located in the middle of Mandalay, Myanmar. This is the first clinic operating based on the integrating of the waqf, zakat and sadaqah. First and foremost, two founders have donated one land as a *waqf*. Later on with the help of the contributors, the clinic is built up. Thus, it could be said that the origin of this clinic is started from asset waqf. This clinic is for the benefits of both Muslims and non-Muslims.

The mission of this clinic is to provide the health service to the Myanmar community regardless of the religion. Its purpose is to show how the unity can be beneficial for the need of Myanmar people and to show how Islamic teaching can play the significant role for the betterment of the society as a whole. The following paragraphs will discuss the management and operational aspects of the clinic.

4.2 Categories of the Patients

Generally, there are two main groups of patients, namely: Muslims and non-Muslims. Muslims can be further divided into four categories. They are zakat category, discount category and full payment category. The patients who are entitled to receive the zakat falls in zakat category, the patients who are in need of help are categorized in discount group and the patients who are capable and affordable to pay will be in the full payment category. Similarly, non-Muslim patients are categorized into three groups, namely, poor category, discount category and full payment category.

4.3 Operational Management

This section explains how the management monitors the clinic operation. The discussion includes the sources of income and usage of the income.

4.3.1 Sources of Income

The clinic is relied on four sources of income, which are the contribution from Muslims and non-Muslims. The types of income received from Muslims are zakat and sadaqah. The income received from non-Muslims is only the charity.

4.3.1.1 Asset Waqf

Since the land is donated for the purpose of health, the clinic building is built on the land and it is fully utilized for the purpose of assisting the unhealthy people.

4.3.1.2 Zakat

The income received from zakat contribution is used solely for the zakat recipients. The strict rules and procedures are carried out to identify whether the patient is zakat recipient or not.

4.3.1.3 Sadaqah and Charity

The contribution received from sadaqah donated by Muslims and charity donated by non-Muslims is used to pay the patients who are in discount category and the poor non-Muslims.

4.3.2 Medical Expenses

For the Muslims who are entitled to zakat, the medical expenses are paid by the income received from the zakat. Muslim patients who are in need of help are cured with discount and this discount is covered by the *sadaqah* contributed by Muslims, charity contributed by non-Muslims and clinic profit. In the case of affordable Muslim patients, they are required to pay full amount and thus clinic is making profit from this category.

For non-Muslims who are poor and who are under the discount category, the medical expenses are covered by charity contributed by non-Muslims, *sadaqah* contributed by Muslims and clinic profit. In the case of affordable non-Muslim patients, they are required to pay full amount and thus clinic is able to making profit from this category. In summary, it could be summed that the clinic is making profit regardless of patients are zakat recipients, discount category or full payment category.

In addition, if the patients are required to admit to the hospital, the clinic will recommend them to go to the hospitals and the expenses will be borne by the funds maintained by the clinic.

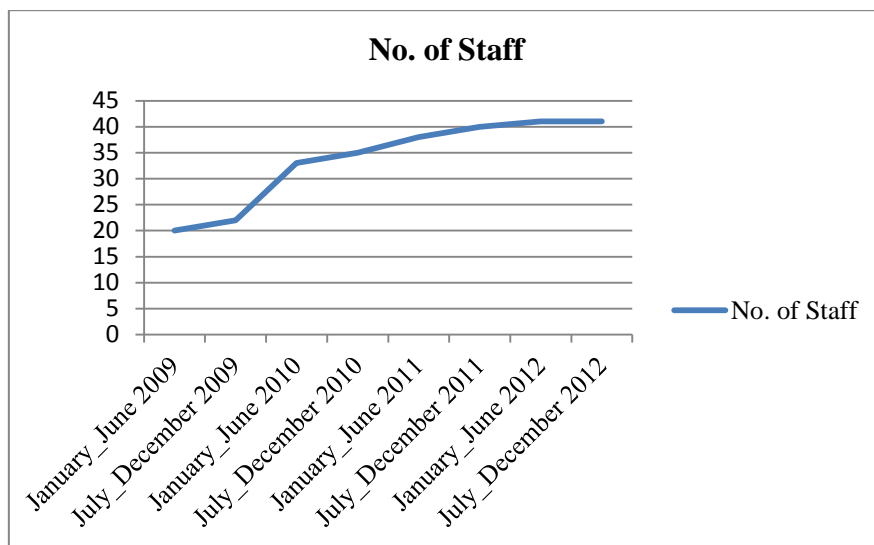
4.4 Descriptive Statics on the Current Operating Status of the Clinic

Under this section, the descriptive findings on the number of the staff, number of Muslim patients (i.e. Zakat category, Discount category and Full-payment category), number of Non-Muslim patients (i.e. FOC category, Discount category and full-payment category) and the

contribution received from zakat, sadaqah, charity and profit from full-payment category are presented.

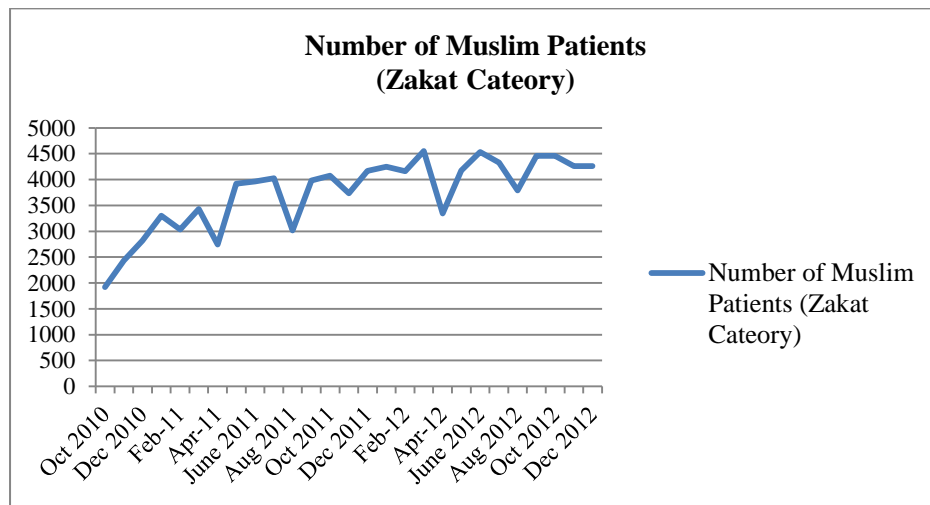
Graph 1 shows the number of staff from January 2009 until 31 December 2012. The clinic starts with 20 staff in 2009 and by the end of 2012, it becomes double. Thus, it could be said that the clinic is growing at fast pace.

Graph 1



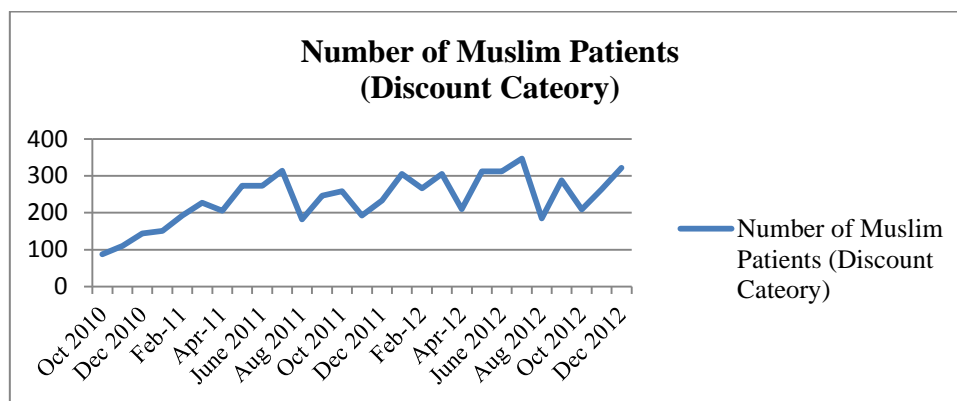
Graph 2 shows the total number of Muslims who are entitled for zakat from October 2010 until December 2012. It shows the increasing pattern of zakat patients and hence, it could be said that the clinic is successfully able to provide the needs of Muslim zakat recipients.

Graph 2



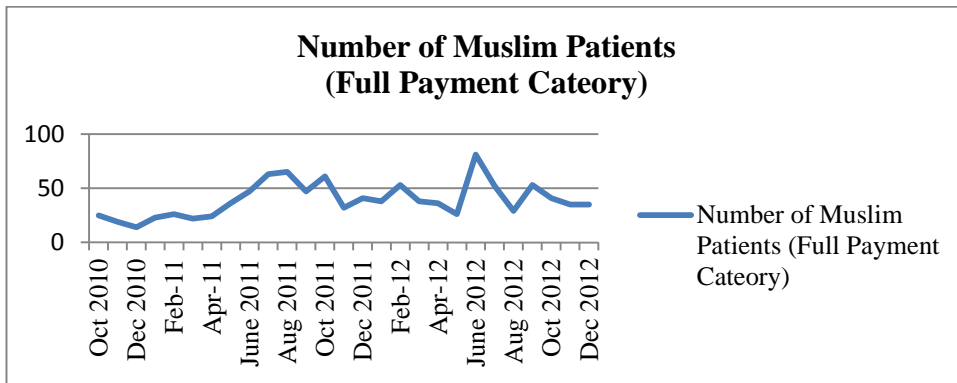
Graph 3 shows the total number of Muslims who are entitled for discount from October 2010 until December 2012. Similar to the pattern of Graph 2, it shows the increasing pattern of Muslims who are entitled for discount and hence, it could be said that the clinic is taking care the needs of poor Muslim patients.

Graph 3



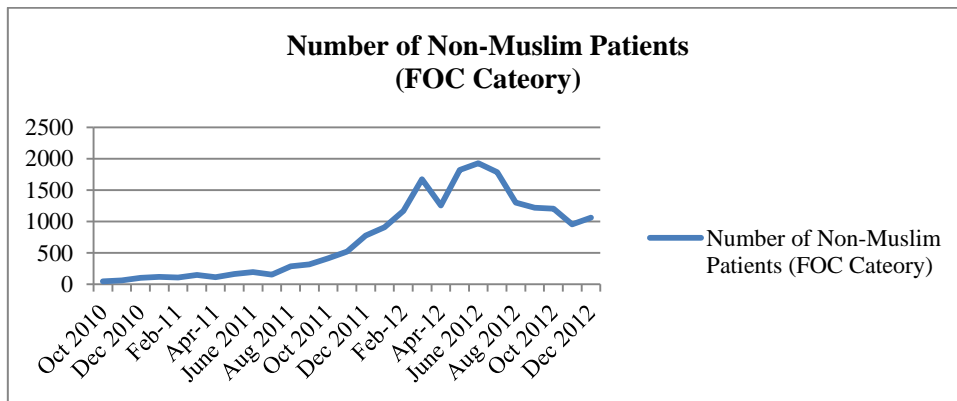
In addition to the above two categories, the Muslims who are affordable also come to the clinic. It is shown in Graph 4.

Graph 4

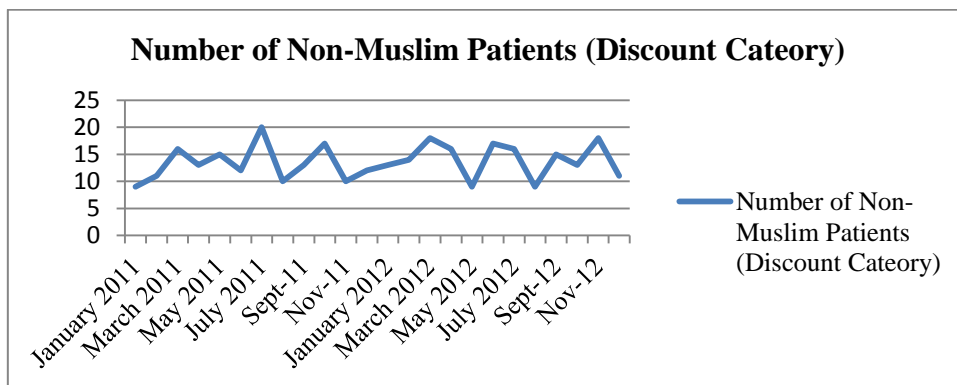


The clinic is providing the service to the Non-Muslims as well and it has been shown in Graph 5, 6 and 7. The number of Non-Muslim patients is increasing. It shows that the patients are satisfied with the service provided by the clinic.

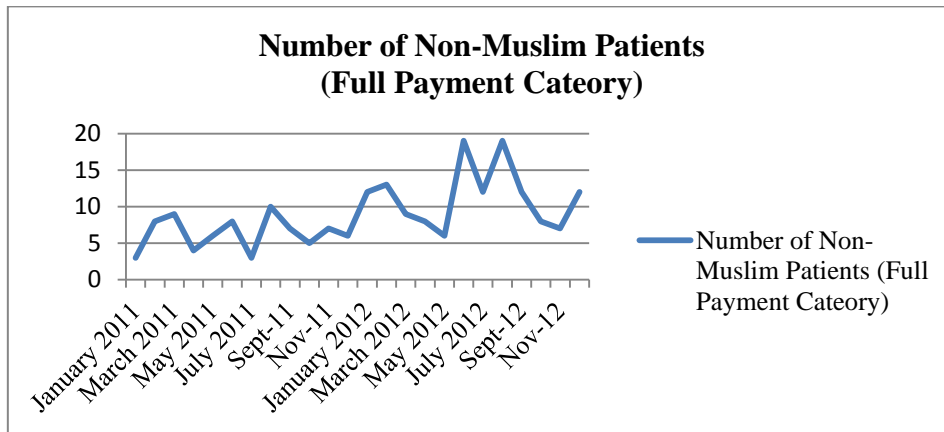
Graph 5



Graph 6

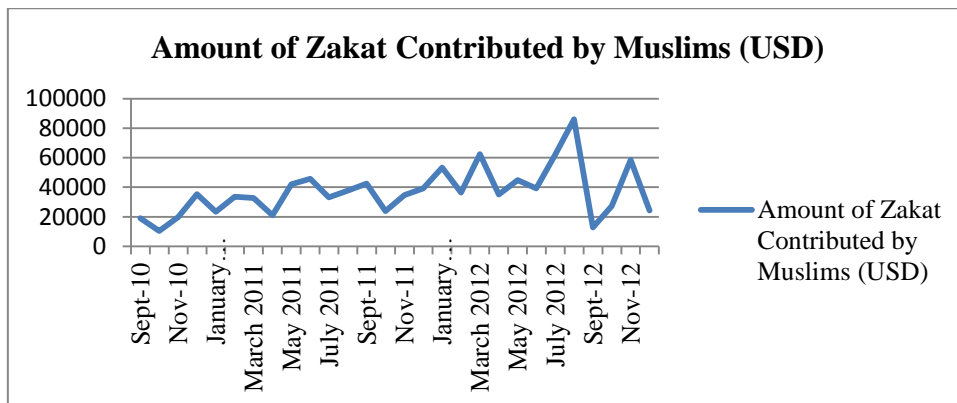


Graph 7

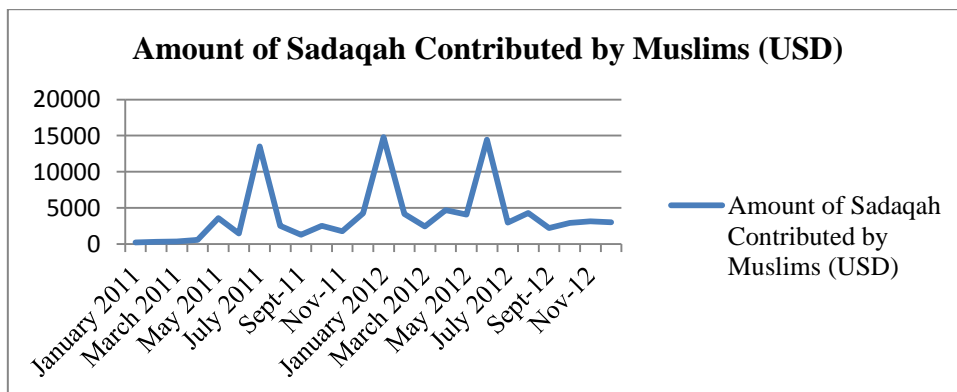


Since the sources of the contribution are coming from zakat, sadaqah, charity, profit from full-payment category, the following graphs show their patterns of the contribution received.

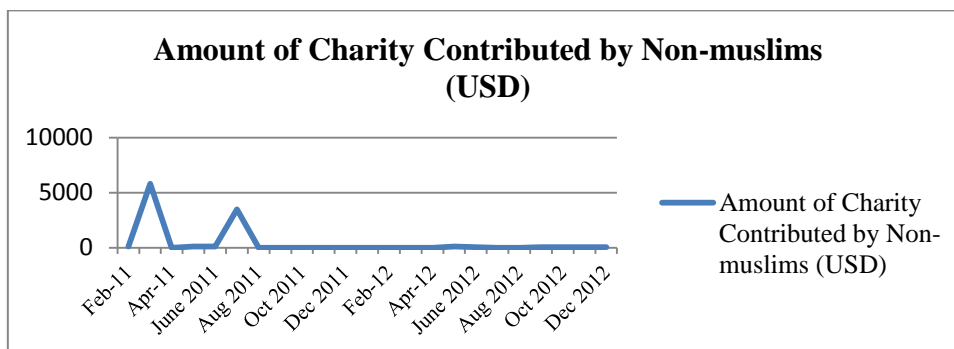
Graph 8



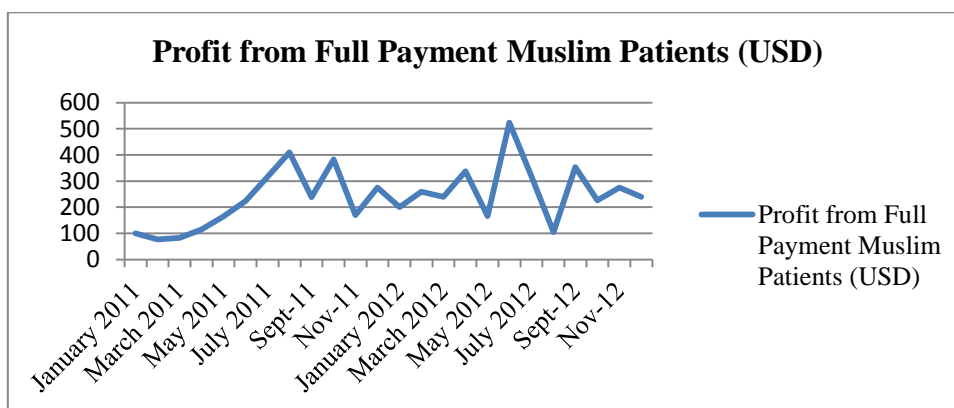
Graph 9



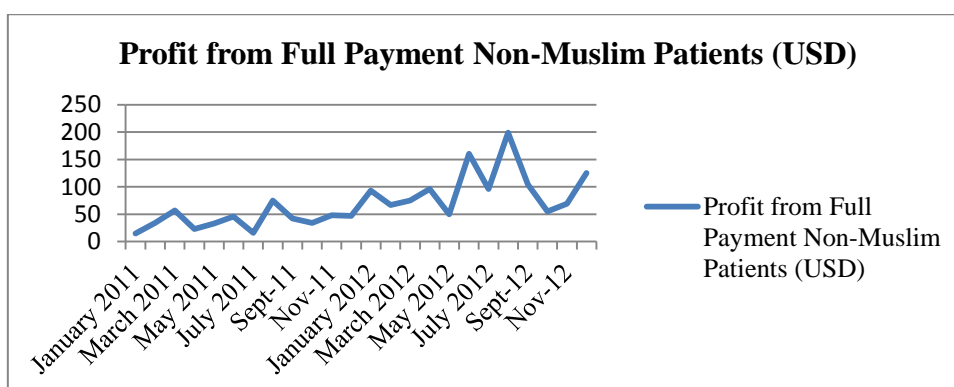
Graph 10



Graph 11



Graph 12



5. Conclusion

This paper has basically discussed the benefits of zakat, waqf, sadaqah and charity for both Muslims and non-Muslims. It is believed this clinic model can be used as a model for future

organizations and institutions. In sum, the clinic is serving more and more patients every year and the medical expenses become higher. Thus, we would like to suggest the founders of the clinic to think how to educate the people to contribute cash waqf to ensure that the clinic is financially stronger.

REFERENCES

AbdulWahab.N, AbdulRahman. A. (2011).A framework to analyse the efficiency and governance of zakat institutions. *Journal of Islamic Accounting and Business Research*,Vol.2 Iss: 1 pp. 43 – 62.

Al- Quran

Chaudary, Muhammad Sharif & Baig, Hafiz Mujeeb. (n.d.). “Waqf – Concept & Integration in Islamic Financial System” AIMS-UK Islamic Banking & Finance, available at www.LearnIslamicFinance.com.

Mohammad, Mohammad Tahir Sabit b. Haji and Mar Iman, Abdul Hamid b. Hj. (n.d.) Obstacles of the Current Concept of Waqf to the Development of Waqf Properties and the Recommended Alternative. Retrieved April 9, 2013 <https://docs.google.com/viewer?a=v&q=cache:95aw7cuQa0IJ:eprints.utm.my/501/1/738.pdf>.

Qardawi, Yusuf Al. “*Fiqh Al Zakah (Volume I), A Comparative Study of Zakah, Regulations and Philosophy In The Light Of Qur'an and Sunnah*”. Scientific Publishing Centre, Centre for Research in Islamic Economics, King Abdul-Aziz University Jeddah, Saudi Arabia.

Shahedur Rahaman Chowdhury, Mohd Fahmi bin Ghazali and Mohd Faisol Ibrahim Economics of *Cash WAQF* management in Malaysia: A proposed *Cash*

WAF model for practitioners and future researchers retrieved April 9, 2013.

<http://www.academicjournals.org/ajbm/contents/2011cont/30Nov.htm>.

<http://www.quranandscience.com/legislative/140-the-concept-of-charity-in-islam-33.html>