

# THE IMPACT OF ZAKAT ON POVERTY ALLEVIATION IN PAKISTAN: AN ISLAMIC JURISPRUDENCE PERSPECTIVE

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## Abstract

The funds raised under Zakat as one of the five religious pillars of Islam is a mandatory socio-economic weapon of wealth redistribution, social justice and poverty reduction in Islamic jurisprudence (fiqh). The available literature reveals that there exists an inverse relationship between Zakat disbursement and income poverty and multidimensional poverty, but the effects are small because it is affected by the issues of governance, limited asset coverage, low transparency and mostly consumptive disbursement. The paper points to the lack of linkage between the rich fiqh potential of Zakat as an agent of transformation through rights based approach and its poor performance in Pakistan where it is fragmented, there is lack of trust and ineffective utilization is preventing sustainable alleviation of poverty in Pakistan. The purpose of this proposed study is to explore the role of Zakat in reducing poverty through the prism of Islamic jurisprudence, evaluate existing institutional frameworks, and institutional constraints, and come up with Shariah-conformable reforms. The conceptual model places the dependent variable (poverty alleviation) that is measured by the neck count poverty ratio and Multidimensional Poverty Index as a result of Zakat disbursement (primary independent variable), and Zakat governance and transparency, the productive use of Zakat funds and Zakat collection coverage/efficiency as put forward variables. The normative underpinning is provided by Maqasid al Shariah theory where justice, general interest of the populace and long-term self-reliance are emphasized. The proposed techniques to be used in the analysis include ARDL, multilevel regression, propensity score matching and Structural Equation Modeling. To sum it up, to make Zakat more effective, it is necessary to transition to productive ownership schemes, technology-facilitated transparency, increase the coverage of assets through and with Public-Private Partnerships. It has been recommended to include provincial law changes, online tracking, education about the rules of fiqh, and added to national social protection systems. Future opportunities include longitudinal research on the cohort effects of MPI, provincial analyses of experimental evaluations of productive Zakat pilots, and combining Waqf to blend productive social finance solutions in an Islamic context. The study will be beneficial to Islamic economics literature and help SDG 1 (No Poverty) unlock the transformative potential of Zakat in Pakistan.

**Key words:** Poverty alleviation, Zakat disbursement, Islamic jurisprudence, Zakat funds and Zakat collection, Zakat governance and transparency.

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## INTRODUCTION

Zakat (also spelled zakat) is a type of almsgiving that is a mandatory requirement in the Quran (e.g., Surah Al-Tawbah 9:60) and is explained in Islamic jurisprudence (fiqh). Propagandistically, a fiqh view on Zakat involves purification

of wealth, social solidarity and redistribution of wealth. It aims at eight types of beneficiaries (asnaf), including the poor (fuqara) and needy (masakin), to meet the material deprivation needs, and support the ultimate goals of Shariah (maqasid al-Shariah), including safeguarding wealth, life, and dignity. Classical fiqh (e.g. Hanafi, Maliki, Shafafi, and Hanbali schools) stipulates rates (typically 2.5% of eligible wealth above nisab), qualified assets and distribution preferences, and focuses on ensuring that Zakat creates a situation in which wealth circulation is promoted avoiding hoarding and creation of dependency, but does not create dependence.

Zakat is institutionalized by Pakistani laws, both federally collecting it and simply by provincial disbursements collected locally through provincial Zakat and Ushr Departments commonly through subsistence subsidies such as Guzara Allowance. Additional ones are Pakistan Bait-ul-Mal (PBM) to cover a wider social welfare. Although it has a religious requirement there are challenges in implementation including low collection compared with potential, lack of targeted focus, lack of productive (versus consumptive) utilization, and institutional inefficiency which leads to a coverage of approximately 2-3 per cent compared to a national poverty level around 25 per cent.

Empirical research reveals mostly published in the peer-reviewed journals on Islamic economics and development, show that Zakat positively affects poverty alleviation in Pakistan but the effects are relatively weak in terms of multidimensional poverty reduction when encompassed by education, health, and productive programs. The authors Aziz et al. (2020) assessed the level of poverty in the form of Multidimensional Poverty Index (MPI) based on the data on Pakistan Social and Living Standards Measurement Survey (PSLM), on the basis of district-level data in Khyber Pakhtunkhwa. Their result indicated a statistically significant relationship between Zakat payments and alleviated multidimensional poverty, which is part of the Sustainable Development Goals (SDGs) that are concerned with poverty, education and inequality. The small scale and ineffective targeting limited wider impacts though.

Later studies by Aziz et al. (2025) used multilevel modeling on PSLM data with Zakat expenditure located (e.g., Guzara Allowance in fiscal year 2019/2020) and found that Zakat spending on formal education caused educational deprivation to significantly decrease (coefficient of -0.128), enhancing access and outcomes among poorer households. This underscores the use of Zakat as a means of human capital building as a route to end poverty in the long-term, in line with the intellectual and progeny focus on maqasid al-Shariah.

### **Problem Statement**

Although Zakat is recommended by fiqh as the means of redistributing wealth and eliminating poverty as a right (Quran 9:60), its impact in minimising poverty in Pakistan is weak. Empirical evidence demonstrates a negative relationship between the amount of disbursement of Zakat by the state and the number of headcounts in both short- and long-run dynamics (Akram, 2014), but the effects on the multidimensional poverty (MPI), which means health, education, and standards of living, are small and short-term (Aziz et al., 2020; Hasan, As an example, district-level PSLM results in Khyber Pakhtunkhwa demonstrate that Zakat lowers educational deprivation (coef. = -0.128; Aziz, 2025), however, the impact of MPI is generally small as a result of consumptive focus, such as allowances, instead of productive schemes, such as micro-enterprises.

The transparency and ineffective administration leads to this gap: trust is undermined and tends to leave the funds in informal systems and create leakages (Sawmar and Mohammed, 2021; Institute of Policy Studies, 2023). Utilizing in a productive way is insignificant, making temporary relief more significant than tamleek (ownership transfer) within the framework of Maqasid al-Shariah (Al-Shatibi, n.d.), preventing the concept of self-reliance (Zakat-based ownership model, 2025). Collection is less than 2-3% of possible (PKR 2.74 trillion or 4-7 per cent GDP; Shaikh, 2015) without modern assets through narrow fiqh application after 18th Amendment.

As a result, Zakat does not make a significant impact in reducing poverty (25% national rate) which only serves to increase inequality, even as far as private giving reaches PKR 619 billion annually (Duty, 2025). In the absence of reforms, its transformational promise to SDG 1 can still not be fulfilled and the necessity to measure the improvement in poverty reduction by increasing the disbursement, governance, productive use, and coverage. Thus, the need is urgent to a conceptual model that in a systematic manner identifies and measures the consequences of Zakat disbursement, governance and transparency, productive use of funds and coverage/efficiency of collection on poverty alleviation in Pakistan based on Islamic jurisprudence.

### **Research Objectives**

#### ***General Objective***

To investigate the effect of Zakat disbursement, Zakat administration/transparency, effective use of funds, and collection reach/efficiency on alleviating poverty in Pakistan through the lens of Islamic jurisprudence perspective.

#### ***Specific Objectives***

1. To examine the immediate impact of Zakat outlay on poverty reduction.
2. To determine the impact of Zakat governance and transparency on the effectiveness of Zakat payment in alleviating poverty.
3. To explore the importance of fruitful engagement of Zakat funds in improving sustainable poverty reduction achievements.

4. To determine the effects of Zakat coverage/efficiency in the reduction of the general poverty by increasing disbursement.
5. To suggest conceptual model that in a systematic manner identifies and measures the consequences of Zakat disbursement, governance and transparency, productive use of funds and coverage/efficiency of collection on poverty alleviation in Pakistan based on Islamic jurisprudence.

### SIGNIFICANCE OF THE STUDY

This study has a significant scholarly, practical and policy-level relevance in the context of resolving the longstanding socio-economic problem in Pakistan, but basing its solutions on the foundations of genuine Islamic jurisprudence (fiqh).

#### **1. Theoretical Addition to the Islamic jurisprudence and Maqasid al-Shariah.**

The paper enhances the comprehension of Zakat as an obligatory aspect of Islam and a rights-based socio-economic redistribution of wealth, social justice, and poverty elimination tool. It considers how Zakat balances having closer goals to the higher goals of Shariah (maqasid al-Shariah), productive disbursement in order to prevent dependency and safeguard long-term interest of the mustahiqeen (those entitled to receive it) as provided in Qur (9: 60). This overcomes classical fiqh principles in Pakistan with modern implementation gaps.

#### **2. The factual evaluation of the effects of Zakat on poverty**

Statistically significant inverse relationship of government Zakat disbursement with the headcount poverty ratio both in the short-term and the long-term in Pakistan with positive impacts on consumption smoothing and household welfare found in conjunction with GDP growth, inflation control, and education, have been previously shown through prior econometric analyses utilizing the ARDL cointegration approach (Akram, 2014). But in the short-term, the benefits of high transfers and coverage is minimal in terms of effect on multidimensional poverty (health, education, living standards) (Hasan, 2019). This research offers a recent combined assessment within a fiqh viewpoint.

#### **3. Emphasizing the Difference between Zakat Potential and Performance**

Authoritative state-collected Zakat is minimal (usually less than PKR 1012 billion a year) in Pakistan, which is a negligible portion of overall private Zakat disbursement, which is over PKR 619 billion per year and overshadows the Benazir Income Support Programme budget (Duty, 2025). Larger economy-based indicators propose that there is potential collectable Zakat of around 7 percent of GDP, which is enough to match the national poverty divide in case effectively raised (Shaikh, 2015). The study highlights the fact that this socially important instrument of Islamic finance is under-used and why people prefer informal avenues (Institute of Policy Studies, 2023).

#### **4. Sustainable Poverty Alleviation and SDGs Policy Relevance**

Even after numerous social protection initiatives, it remains that Pakistan has a high level of poverty and inequality. This work provides Shariah-compliant proposals on how to reform provincial Zakat system (post-18<sup>th</sup> Amendment) by introducing technologies that require transparency, effective expenditure of funds (skills training, micro-enterprises) and further coordination with national safety nets. These reforms may contribute to lowering the income inequality and achieving Sustainable Development Goal 1 (No Poverty).

#### **Donation to Islamic Social Finance and Governance**

Applying an Islamic jurisprudence perspective, the study can be viewed as a contribution to the emerging literature on Islamic social finance (Zakat and Waqf) as a fruitful, non-market intervention of distributive justice. It not only tackles key government issues like mistrust, leaking, political interventions, provincial imbalance, but also suggests new options to ijihad concerning new forms of wealth and relationship between the people and the government. It is of particular concern to a Muslim-majority nation (more than 96% Muslim population) that aims at increasing the levels of institutional efficiency (Institute of Policy Studies, 2023).

#### **6. Practice and Social Use**

The results can be used by policy makers, provincial Zakat departments, ulama (Islamic scholars), as well as, the civil society to develop more transparent, need-based and transformative distribution mechanisms. Finally, this research unleashes the vision of Zakat as not a generous giveaway but an effective weapon in ensuring a poor society is eradicated in a sustainable manner, economic empowerment and social peace in the aspect to which it adheres to the true spirit of the fiqh.

### LITERATURE REVIEW

Zakat, in Islamic jurisprudence (fiqh), is a mandatory pillar of Islam and a rights based socio-economic tool of wealth redistribution, social justice and poverty elimination. Quran (Surah At-Tawbah 9:60) outlines eight types of recipients (mustahiqeen), the priority is given to the poor and needy (fuqara' and masakin). Classical and modern fiqh jurists contextualize Zakat in the superior goals of Shariah (zaqat) which include wealth maintenance (hifz al-mal), enhancement of human welfare and aversion of dependency by productive empowerment instead of everlasting

consumptive welfare. Zakat is considered, not as a form of voluntary charity but as a right of the poor and it tries to spread the wealth and to ensure that inequality is reduced and also to help poor people become self-reliant.

This paper uses a fiqh perspective to analyse the relationships between Zakat disbursement (primary independent variable) and poverty reduction (dependent variable), Zakat governance and transparency, productive utilization of Zakat funds and the coverage/efficiency of Zakat collection as the key explanatory variables. These are in line with the principles of fiqh that highlight timely, clear, need-based, and ownership-transferring (tamleek) distribution in order to attain sustainable poverty alleviation.

#### ***Zakat Disbursement and the Poverty Reduction (DV)***

There is a consistent empirical evidence of a poverty reducing impact of Zakat disbursement in Pakistan. Akram (2014) conducted research on time-series data to estimate the relationship linking government Zakats disbursement and the headcount poverty ratio statistically significant in both the long and the short run using the Autoregressive Distributed Lag (ARDL) method of cointegration of time-series.

This has been expanded in recent studies to multidimensional poverty. Using the Pakistan Social and Living Standards Measurement (PSLM) data, Aziz et al. (2020) used a Multidimensional Poverty Index (MPI) methodology to determine how effective the utilization of Zakat has a negative influence on multidimensional poverty and helps to achieve various Sustainable Development Goals (SDGs) such as poverty reduction, education, or health. A study of follow-up provincial Khyber Pakhtunkhwa Zakat funds using provincial Zakat spending data and with PSLM micro data revealed that government-sector Zakat distributions in Pakistan have a great impact on decreasing educational deprivation (Aziz, 2025). Households that received Zakat were less vulnerable to barriers to education, and the effects were stronger with educated households and those headed by women.

Further evidence through cross-country panel evidence is provided by 41 Organization of Islamic Cooperation (OIC) countries (2010-2023) based on fixed-effects models, indicating that Zakat is a strong influential factor in reducing multidimensional poverty with heterogeneous effects that are stronger in the focus of Asian and Arabian countries and in the economy that has higher institutional capacity (recent OIC panel study, 2023). These results confirm the main hypothesis that an increase in the level of Zakat payment would increase the poverty alleviation, but such effects in the short term were mainly small, as the volumes of transfer were relatively small.

#### ***Transparency and Governance of Zakat***

Effectiveness of Zakat disbursement is highly moderated by governance and transparency. Poor public confidence in state institutions- influenced by perceived leakage, political interference and poor accountability is why official collections in Pakistan are only a minor portion of total in privately Zakat giving (which sometimes outstrips PKR 619 billion a year). Sawmar and Mohammed (2021) created a conceptual model that connects the governance mechanisms (board attributes, transparency and disclosure, stakeholder management, and procedural justice) to the Zakat compliance and trust as a moderator. This is a framework that applies especially to the regulated systems like in the case of Pakistan.

The provincial differences since the 18th Amendment have compounded the difficulties in governing the country, such as poor targeting of beneficiaries and insufficient digital tracing. Phenomenological research indicates that the respondents insist that more transparency be provided in collecting and distributing data to rebuild legitimacy (phenomenological study on trust in Zakat institutions, 2024). Increased efficiency in the collection process and confidence of the payer in comparative scenarios have been demonstrated with increased governance using real-time reports, audits, and technology. The selection of governance and transparency as an explanatory variable in the current research, is an important factor of strength in the Zakat disbursement-poverty alleviation relationship.

#### ***Efficient Zakat Funds Revenue***

Fiqh scholars insist on replacing consumptive Zakat payout on the basis of productive Zakat payout so that long term poverty reduction can be realized as well as precise to the maqasid al-Shariah. The models that focus on productive products that value transfer of ownership of assets, skills or micro-enterprises as opposed to cash relief on a one-time basis (e.g., Guzara allowances). This is proposed in a recent conceptual article that suggests a model of sustainable poverty reduction in the developing Muslim world based on a Zakat-based model of ownership, claiming that productive help empowers economic self-sufficiency and supplements less radical, less structural systems with more radical ones (Zakat-based ownership model study, 2025).

The superiority of productive use is supported by empirical evidence. Research has shown that productive Zakat (e.g., vocational training, micro-enterprise assistance) produces greater income benefits and welfare increase among the recipients than consumptive distributions. Pakistan has low penetration into productive models which limits overall impact. The research hypothesizes a positive explanatory relationship between productive use of funds and poverty reduction, and larger share of Zakat is channeled to ownership based and income generating activities, the better the impact of these methods to reduce poverty.

#### ***Zakat Collection Headquarters and Effectiveness***

There is also a big discrepancy between the potential scope and the reality of Zakat mobilization. Economy-wide calculations indicate that potential collectible Zakat in Pakistan would be about 4 to 7 per cent of GDP (approximately PKR 2.7 to 4 trillion or higher) which is enough to bridge or substantially alleviate the national poverty gap (Shaikh,

2015; Institute of Policy Studies, 2023). Nevertheless, government collections are very low (usually less than PKR 10-12 billion per year) most of which only concern at-source deductions on bank deposits and do not cover other broader assets like agriculture, livestock, gold, stocks and real property.

Formal giving is significantly lower than informal and private giving because of the lack of trust and small coverage. Recent evaluations underline that by increasing the asset foundation via fiqh-based fiqh as-Saleem (juristic argumentation) of the current wealth forms, in coexistence with enhanced effectiveness, there may be a significant opening up of resources to poverty initiatives. The limited coverage and efficiency of collections limit the quantities of disbursements and impede the macroeconomic redistributive role of Zakat. The variable is thus taken to account the differences in becoming effective in Zakat disbursement to reduce poverty.

**Synthesis and Research Gaps**

Previous researches define a negative correlation between the payment of Zakat and earnings as well as multidimensional poverty in Pakistan and OIC settings. The approaches are between ARDL time-series and multilevel and fixed-effects panel analyses. Yet, there are still critical gaps. The majority of the research looks at disbursement of Zakat individually and over short-term impacts. There are few who combine institutional factors (governance, productive orientation, collection efficiency) that is highlighted in fiqh. There are also limited provincial changes following 18 th Amendment and the prospects of reforms that may be facilitated by technology.

**Theoretical Framework: Maqasid al- Shariah Theory**

This study offers the best and holistic theoretical basis based on Maqasid al-Shariah (the higher objectives of Islamic law). It is based on the works of the classical Islamic scholars like Al-Ghazali (d. 1111) and Al-Shatibi (d. Maqasid al-Shariah (1388) intends to enhance human welfare (maslahah) by honoring five essentials (daruriyyat) namely faith (hifz al-din), life (hifz al-nasl), intellect (hifz al-aql), lineage (hifz al-nasl), and wealth (hifz al-mal).

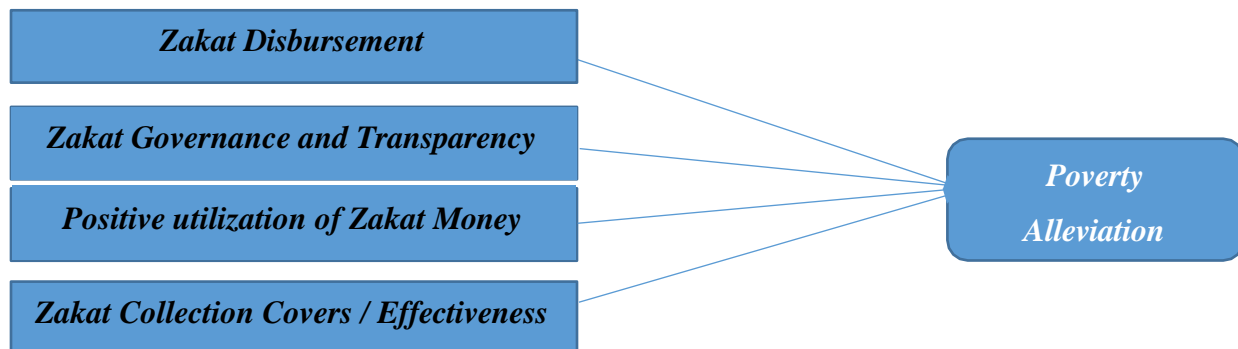
It is in this context that Zakat is not perceived to be charity rather a mandatory socio economic tool of purification of wealth, circulation, redistribution and attainment of social justice. It becomes a direct aid to the aims of maintaining wealth and safeguarding life by performing the Quranic imperative (Surah At-Tawbah 9:60) which outlines eight classes of beneficiaries (also known as mustahiqeen) and giving precedence to the poor and the needy. The focus of the Maqasid al-Shariah is the emphasis on the change of temporary relief into the sustainable empowerment, which perfectly fits the model of the study (Zafar, 2026; Aziz, 2025).

**Maqasid al-Shariah theory in practice**

Maqasid al-Shariah provides a normative, ethical and prescriptive approach that blends with the perspective of Islamic jurisprudence on the study. It is a theory of poverty, unlike secular theories, that does not simply claim that Zakat should be used to alleviate poverty (redistributive justice) just because it is the correct thing to do, but also how institutional reasons (governance, productive orientation, and efficiency of collection) can be used to define its efficiency. More recent uses in Pakistan and OIC countries show that it can be applied to the connection between Zakat and multidimensional poverty reduction, education outcomes, food security, and SDGs (Aziz, 2025; Zafar, 2026; Widiastuti et al., 2022).

The theory helps in its gap-setting hypothesis development, interpretation of findings and policy recommendations based on zakat that is Shariah-compliant towards improving the transformative role of Zakat in Pakistan.

**Conceptual Framework of the study**



**PROPOSED METHODOLOGY**

In this section, a strong, mixed-methods research design is presented which empirically tests the conceptual model of the study where Zakat disbursement is the main independent variable, poverty alleviation (measured by headcount poverty ratio and Multidimensional Poverty Index [MPI]) is the dependent variable and Zakat governance/transparency, productive use of funds, and collection coverage / efficiency are the modulators and medi.

This methodology is in line with the principles of Maqasid al- Shariah, which mean ethical data handling and transparency and transformative results. It uses a qualitative explanatory sequential mixed-method design (Creswell and Plano Clark, 2018) in which the quantitative analysis is followed and interpolated by the qualitative phases in order to get a deeper reading in terms of fiqh-grounded interpretation.

### **Research Design**

**Quantitative Phase:** Mostly applied to causal inference and hypothesis testing, time-series, panel and micro-econometric modeling is used to quantitatively estimate relationships (e.g., ARDL to macro dynamics, as in Akram, 2014; PSM and multilevel modeling to micro-impacts, as in Aziz et al., 2025).

**Qualitative Phase:** This stage examines the institutional constraint, fiqh interpretation and reform possibilities using thematic analysis.

**Integration:** Quantitative outcomes inform qualitative investigation (e.g., perceptions of governance that are applied to understand weak effects); synthesis joint-demonstrate matrices (Fetters et al., 2013).

**Philosophical Position:** Pragmatic, with a combination of positivist econometrics and interpretivism fiqh analysis as the means to address problems of theory-practice interrelations.

### **Data Collection**

The sources of the data will be both the secondary and the primary, 2010-2025 to reflect the impact of provincial devolution post the 18th Amendment.

#### **Secondary Data**

**Macro-level:** Zakat collection and disbursement (PKR totals, per capita, share of GDP) time-series of provincial Zakat collections and disbursement (only in Zakat and Ushr Departments, Pakistan Bait-ul-Mal (PBM) and Ministry of Religious Affairs annually) was available. Poverty indicators: Headcount ratio Pakistan Bureau of Statistics (PBS); MPI Oxford Poverty and Human Development Initiative (OPHI) or based on PSLM.

**Micro-level** Household PSLM Survey (2014/15 2024/25 waves) with Zakat expenditure data (e.g., Guzara Allowance, education/skill programs) merged at the district/province level. Checks: GDP growth, inflation, school enrolment (World Bank, PBS).

**Institutional Data:** Estimates of potential Zakat according to Shaikh (2015) and IPS (2023); World Governance Indicators (WGI) governance index or audit of Zakat.

#### **Primary Data**

**Survey:** Structured survey on the perception of governance/transparency (e.g., Likert scale, trust, leakage), productive use (dummy: consumptive versus productive receipt) and compliance with payers. Target N= 1000 households (stratified based on province [Punjab 40, Sindh 25, KP 20, Balochistan 10 others 5], urban/rural, income quintile; margin of error 3 with 95 percent CI).

**Qualitative:** Semi-structured in-depth interviews (IDIs) with Zakat officials, members of local committees, ulama; Focus Group Discussions (FGDs, participant's/group) with mustahiqeen (recipients) and muzakki (payers). Provinces were proportionately representative; purposive sampling on diversity (e.g., Hanafi scholars to give insights on fiqh). Timeframe of data collection: 6 months; surveys: digital (e.g., KoBoToolbox); check with the consent of participants: audio -recorded IDIs/FGDs.

#### **Proposed Data Analysis**

Second level analysis to be robust:

##### **Quantitative Analysis (STATA/AMOS/R/ SEM-PLS)**

1. Descriptive Trends, correlations Provincial comparisons.
2. ARDL bounds tests based on the cointegration of the two models (Pesaran et al., 2001): 1. Macro: Test of cointegration in ARDL/VECM (Pesaran et al., 2001):
3. Micro: Propensity Score Matching (PSM, nearest-neighbor) of the impact of Zakat receipt on MPI; multilevel regression (household-district-province) of impact clustering.

##### **Qualitative Analysis (NVivo)**

**Thematic session** (Braun and Clarke, 2006): Thematic codes fiqh (e.g. tamleek, maslahah); trust/governance barriers.

**Integration:** Weak ARDL cross-sectional results (e.g. weak ARDL coefficients) were attributed to qual themes (e.g. mistrust in provincial committees).

## **CONCLUSION**

This paper has explored the role of Zakat in poverty reduction in Pakistan within the framework of Islamic jurisprudence (fiqh) that is based on the theory of Maqasid al-Shariah. The suggested conceptual framework located the disbursement of Zakat as the key independent variable that affected poverty reduction (dependent variable) depicted by the count of poverty (headcount poverty ratio) and the Multidimensional Poverty Index (MPI). The model also included three important explanatory variables, which included Zakat governance and transparency, productive use of Zakat funds and Zakat collection coverage/efficiency. These variables were obtained on the basis of gaps that

are identified between what the use of fiqh principles has the potential to do under Zakat theory and what happens in practice: the fragmented practice in Pakistan.

The paper combined classical views of fiqh with newer empirical data, and indicate that although Zakat disbursement has a negative correlation with income and the multidimensional poverty, its overall effects are small because of the challenges of governance, its consumption nature of distribution, and non-comprehension of its collection reach. Maqasid al-Shariah offered a strong normative guideline, promoting justice (adl), common good (maslahah), retention of wealth (hifz al-mal), and empowerment in the long run rather than temporary alleviation. The results highlight the necessity of more equitably aligning the provincial Zakat regime of Pakistan under the 18th Amendment of the Pakistani constitution with the goals of Shariah so that it can truly apply the transformative power to achieve sustainable poverty reduction and contribution to the Sustainable Development Goals (SDGs).

#### ***Suggested Study Model to be Development Research***

This paper presents an elaborate conceptual framework to be empirically tested. In future studies, the researchers are advised to gather both primary and secondary data and verify the relationships. Recommended sources of data are: Macro-level time-series data on formal Zakat receipts, and payments by provincial Zakat departments and Ministry of Religious Affairs (20102025).

Micro-level domestic data based on the Pakistan Social and Living Standards Measurement (PSLM) Survey, Zakat disbursement data by the district/province merged with household data.

Primary survey data on perceptions of governance, level of trust, and productive uses of the fund by the payers and the recipients of Zakat (target sample: 8001200 households in the provinces via stratified sampling).

Qualitative information based on in-depth interviews and a focus group discussion with Zakat officials, local committee members and Islamic scholars.

#### ***Recommendations***

On the analysis and Maqasid al-Shariah framework, the following policy and practical recommendations are suggested.

1. Province governments must change Zakat laws to broaden the wealth base by including the assets in Zakat by using the approach of ijihad wherein new kinds of wealth (e.g., stocks, real estate, digital assets) are included, though keeping Shariah compliance regarding asset-based Basis and rates. It would greatly enhance coverage in collections and efficiency.
2. Make disbursement less consumption-oriented (e.g., Guzara allowances) and more productivity- and ownership-based (e.g., vocational training, developing micro-enterprises, and transfer of assets) models. That is in line with the fiqh ideals of self-sustenance and long-term welfare.
3. Adopt technology-based governance through block chain-based monitoring, online databases of beneficiaries, real-time transparency platforms, and audit reviews to improve visibility, leakage mitigation, and restore confidence to the general population in Zakat institutions run by the state.
4. Enhance public-private collaboration between provincial Zakat units, Islamic banks, nongovernmental organizations (NGOs) and ulama to enhance targeting and monitoring of Zakat as well as its integration with other social protective.
5. Conduct country wide sensitization on Zakat rules of fiqh and how Zakat is a right of the poor, and should be productive used to enhance voluntary compliance together with the mandatory collection of the same.

#### ***Future Research Directions***

Implementing the current model in future research should consider a number of limitations and expand them. Longitudinal studies are required to determine the long term impacts of effective Zakat programs on MPI dimensions, especially health, educational and standard of living. Post-18<sup>th</sup> Amendment comparative provincial analyses would demonstrate contextual differences in effectiveness of governance. International comparisons using Pakistan alongside comparisons of more centralized systems (e.g., Malaysia and Indonesia) would help determine the best practices of transparent and have productive Zakat management.

Also, scholars ought to consider how to combine Zakat with other Islamic social finance instruments like Waqf and Islamic microfinance to have joint effects in helping to eradicate poverty. Causal evidence would be observed using experimental or quasi-experimental studies on pilot productive Zakat interventions. Lastly, cross-disciplinary research involving the use of fiqh and behavioral economics would investigate the impact of fiqh literacy and trust on Zakat adherence and performance.

Recent meta-analysis findings show that properly and open Zakat interventions can alleviate the poverty incidence by an average of 2025 per cent, better results are recorded in well governed systems. Nevertheless, it is curtailed by fragmented implementation in terms such as Pakistan (Ekawaty, 2026). The development of the proposed model based on the deep data collection and analysis will provide valuable contributions to the field of reading on Islamic economics and real-life poverty reduction methods in the Muslim-majority world.

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