CAPACITY DEVELOPMENT OF THE POOR AT KALLYANPUR UNION IN BANGLADESH: A CASE STUDY ON POVERTY ALLEVIATION PROJECT

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ABSTRACT

This paper investigates the responsibility of Center for Zakat Management (CZM) in eradicating poverty at Kallyanpur Union in the district of Chandpur in Bangladesh and how CZM performs by making use of the zakat[1] money offered by Daffodil Foundation (DF). The research reveals how the center plays a role in developing the capability of the needy and the poor people at Kallyanpur Union[2]. The objective of CZM is to be a reliable and trustworthy enterprise organizing and distributing zakat money by creating awareness and attending to the needs of the needy and the poor people. The main purpose of this paper is to analyze the utilization of zakat funds offered for the poor of the Union and its impact in their livelihood. It was identified that the living standard of the poor of the union after the funds being distributed has improved significantly and this project of poverty alleviation can be considered as a replica model for developing rural small entrepreneurs.
1. INTRODUCTION

Center for Zakat Management (CZM) funded by DF initiated a livelihood and capacity development pilot program named ‘Zeebika’ which is executed to develop pecuniary condition of the poor people residing in the village areas of Kallyanpur Union, Chandpur by using the zakat money. The specialty of the project is that its group members from their joint accounts can avail themselves of the zakat money free of interest as an investment to do any kind of business for mitigating their shortage of funds or poverty and developing their capabilities for self-sufficiency. The project also offers other services such as building awareness and providing services on child and adult education, capacity development training, sanitation facilities, medical support, and safe water etc. Thus, all family members of the project are involved in building a self-dependent union by developing their individual capacity.

2. THEORETICAL BACKGROUND

CZM is an enterprise that collects and distributes zakat at micro-level. But whether CZM plays its role properly in giving away zakat funds to alleviate poverty and impart advocacy and proper educational training needs supervision and proper monitoring. With this objective in mind, DF took initiative to supervise and monitor the operations of CZM for their donated money of zakat as a pilot project named Zeebika.

Five hundred (500) families of Kallynapur are entitled to get financial support for their business from this project free from interest. Through a survey, the fund-deserving families are identified and then they are grouped in a community consisting of 25-30 families with their members. They are directed and guided to open a joint bank account and to each of their community joint account, a certain amount of money is deposited on behalf of each family. In addition to that, each family is instructed to create an account of savings. In order to do business, the group members are directed to take money as an investment from their joint-account. After involving in business as per Shariah[3] rule, the group members can withdraw their share of profit to their family. Instead of providing these poor people with food and clothing, CZM gives some amount of money so that they can utilize that amount in order to become self-dependent and small business persons.

3. LITERATURE REVIEW

Implementation of reforms needs to be improved in terms of economic performances to reduce poverty in any poor country. Lacking in the implementation of reforms and even in utilization of foreign remittances is observed throughout the countries. It’s thus essential for the international community to make a humongous effort to build up the institutional capacity to reduce poverty in the poor countries. The role and key issues of IMF to build capacity in international effort could be importance of capacity (institutional), prioritizing the needs of
building capacity, contribution for building capacity, international coordination for building capacity, exchange and monetary affairs, training, statistics and fiscal affairs (IMF, 2002).

Moikowa (2004) addressed poverty reduction as a mammoth challenge in Ghana and quoted that foreign aid is not sufficient to reduce the problem. Foreign NGOs should involve the beneficiaries to find their real needs. A rigid participatory processes and civic engagement are key to monitor, design and implementation of environmental, economic and social practices and policies. Integrated responses are required to eradicate poverty in short term and to ensure sustainability in long run.

Beck & Nesmith (2001) examined the correlation between poor men and women regarding their resources in terms of common property and also focused people who are poor and their focus on livelihood which is sustainable and their utilization of common property in India and West Africa. It was argued that development initiatives should be focused on people’s strength and assets and also identified common property utilization, which is the entry point for understanding people’s (poor) perceptions regarding poverty and to build their capacity, as a key strategy for poor people to eradicate poverty.

Jayatilaka (2003) assumed that unforeseen challenges should be coped up by the society to eradicate the constraints on the requirements of the resources in Sri Lanka. Man made reasons; consumption habits and natural disasters could be the main reasons for these challenges. Not only sustainability but also improvements in the resources need to be ensured to face those challenges. Assessing on the requirements of resources, monitoring ability and effective response without environmental or undue social strain might influence the capacity to improve the conditions. A balance, which is judicial, between the needs and expectations of current generation might ensure sustainability without humiliating the environment and ability. A holistic approach that includes HRM, strategic planning, networking, conductive environment (institutional), professionalizing, and other stakeholder groups including environmental groups might intervene to ensure sustainable development hence capacity building at the organizational level.

Geiling, Cherit, Saran, Christian & Kissoo (2014) identified 5 key factors such as recovery, response, definition, resources and capacity building and infrastructure for capabilities and research of critical care in Australia by applying Delphi process (modified) and using suggestions (expert-opinion), recommendations (evidence-based), literature searches and traditional disaster (in phases). Constrained settings and resource-poor are challenged further by limited capacity and lack of rudimentary resources (ICU). MCC which has been ignored has immense potential to aid huge numbers of common and poor people.

Graham (2002) addressed the problems of extending assistance for enhancing institutional capacity for the countries which are poor. Lack of institutions, which are able to sustain with economic policies is the reason of failure of enormous development efforts in Argentina. Institutional capacity, which is weak, is the main barrier to development (economic). Few guidelines to implement the initiatives for building capacity (institutional) are provided such as; social sector and sound macroeconomic policies, oversee and implement the strategy process of poverty reduction, better utilization of official development, participating in international trade and tax regimes, management of employment, labor and issues of insecurity, managing public goods (global) by responding towards international efforts i.e. increased vaccines production and environmental protection (better) for global diseases.

Saito (2017) examined capacity building regarding poverty alleviation in terms of several types of intermediaries (stakeholders). Tourism could be a favorable strategy to reduce poverty. Several developing countries have benefited from the strong and positive effects of
pro-poor tourism (ppt) though many countries are still lag behind. Top down and bottom up approaches could be adopted to introduce ppt and to improve local communities.

Rao & Chen (2018) explored strategies of building capacity of poor in the areas which are poverty stricken. In such a situation, focus should be on improvised and non-school aged people, integrating both tacit and explicit knowledge and absorbing foreign adequate knowledge (advanced).

Wahler&Addams (2018) examined secondary data of a program completion of a group of capacity building and found that lack of belief and interest was predictive in the chance of capacity building.

McIlvaine, Oser, Lindsey & Blume (2015) understood poverty and the way of measuring and eradicating it over last twenty years to propose the multidimensional focus in Rwanda and the Democratic Republic of Congo. Women for Women International (WfWI), which is a non-profit organization in USA, showed that though economic inputs are important, a holistic approach is required to achieve the goal for poor women in the affected (conflict) area.

4. OBJECTIVES OF THE STUDY
The main objective of the paper is to assess the utilization of money of zakat distributed for the poor people of Kallyanpur union, Chandpur and to analyze its impact in their livelihood.

The study aims at achieving the following specific objectives:

- To find out the present living standard of the poor people at Kallyanpur union, Chandpur
- To find out the challenges that the people are facing after receiving the zakat money
- To suggest some recommendations to overcome those challenges so that the needy people of this rural area can develop some income-generating initiatives with a view to developing themselves as small rural entrepreneurs.

5. METHODOLOGY
This study is an exploratory type of research in nature. In most cases, the primary data have been used to carry out the study. It took place in May 2019. Lack of secondary sources is the ground for depending largely upon primary sources.

5.1. Procedures
In order to collect the primary data, a structured questionnaire and a focus group discussion for two days have been carried out. Before conducting the survey, the respondents have been segmented into five (5) groups. Every group consisted of a group leader who directed his or her other four (4) members. The surveyors were briefed about the purpose and the questionnaire of project in order that the study could be conducted with minimal error. The survey was carried out among four hundred and seventy (470) families in Kallyanpur, Chandpur. After gathering the data and information, every group was requested to sum up their findings. Thus, the report was analyzed from those collected findings. The purpose of this survey is to assess whether the zakat fund was being utilized rightly for the capacity development of the needy people in that specific area.
5.2. Participants
The research was carried out by forty (40) university students who worked voluntarily as surveyors; among them, thirty-six (36) are male while the rest are female. All the students who worked as surveyors were from the Bachelor of Innovation and Entrepreneurship (BIE) program of Daffodil International University and they collected all the primary information and data.

6. RESULTS AND DISCUSSIONS
The authors prepared a structured questionnaire on a number of modules comprising household identity, socio-economic condition of households, income and expenditure of households, education, investment and capital, loan, health and sanitation, receiving of medical treatment and impact of the project ‘zeebika’. The findings of the study have been illustrated through the charts below.

![Figure 1 Number of participants in the survey](http://www.iaeme.com/IJM/index.asp)

**Source:** Author’s Compilation

The total number of beneficiaries of the project has been given here. The study was carried out among four hundred and seventy (470) families in Kallyanpur Union, Chandpur whereas male respondents are six hundred eighty four (684), the female respondents are six hundred seventy one (671), and the children respondents are seven hundred seventy seven (777). The money of zakat given for these village people has been a life transforming incident for their livelihood. Earlier a number of group members borrowed money from various NGOs and micro-financing institutions and they had been in great problem with the loans as they had to repay the money with huge interest. With the money of zakat they received from the said project supported them to clear their dues while a large number of them have initiated some excellent projects or businesses such as making handicrafts, doing farming, buying equipment to make home furniture. Furthermore, some of them purchased a CNG-driven auto on rent to carry passengers and thus started earning good amount of income.
The chart shows that among all respondents, eighty percent (85%) of the members in the Zeebika project are supremely satisfied with the amount they received from the project. The participants replied that they did not encounter any sort of problem while receiving the amount of money and the officials who distributed the money were friendly and cooperative. Ten percent (10%) of the respondents were a little dissatisfied with the procedure. They replied saying that the system took nine to ten days to receive the money after they had applied for it. Five percent (5%) of the members have nothing to talk about it. When it came to talking about the amount of payment, more than fifty percent (50%) of the members asked for more amount for investment as they wanted to develop their pieces of business.

The chart shows that among all the members, sixty percent (65%) of the Zeebika project do not possess their individual land. Many of them live in their in-laws residence. Although they do not any land, they are leasing farm land with the investment money and thus they make a living. After getting the money, their income and living standard have improved than before. Thirty percent (30%) of the total number of members are depending on others’ land on the basis of lease. These people neither have any places to go nor have the capability to purchase any land. However, four percent (4%) of the total beneficiaries have their own land and because of that, they are leading a very decent life. One percent (1%) of the total members has possessed additional land and beside the corner of the land they wish to start off a grocery shop and thus start doing business.
The chart shows that all members that is, hundred percent (100%) of the families borrowed loans from various micro-credit nongovernment organizations such as ASA, BRAC, TMSS and other loan providing persons. After getting training and financial support from CZM, eighty percent (80%) of the beneficiaries could pay the loans they had borrowed from other various institutions or agencies. It was also found out that only twenty percent (20%) of the group members were not able to pay the loans that they took from different other sources. However, their feedback indicated that they could improve their condition and subsequently they would have the ability to repay the loan.

The chart above shows that only thirty percent (30%) of the women were doing business and earning money and thus they were truly empowered by means of this project. The principal hindrance of this low percentage of earning was- the amount of fund the women received from the project was handed over to their husbands either to pay the debt or to lease a piece of land for cultivation or to purchase equipment for making home-furniture or to buy a CNG-driven auto. Furthermore, a few women utilized the funds for starting a business such as making handicrafts, cow farming, and chicken duck farming. However, seventy percent (70%) of the male have utilized their money received from the project for their living.
The chart shows that only fifty five percent (55%) received proper medical support from the project. They had few complaints and they wanted additional number of visits from the doctor to prescribe them medicine and perform the required medical checkups. They also asked for a center for diagnosis and were ready to pay the fees in order that they should not go to the main town Chandpur to do the required tests. Sixty percent (65%) got proper educational support from the project. Twenty five percent (25%) did not take any benefits or facilities for medication and education.

7. FINDINGS

- It was found out from the focus group discussion of the project that a good number of needy people could not avail themselves of the fund. On the other hand, some members who were not that poor received fund as investment money to further their small business.
- The members of the project got cash money to develop their pieces of business. However, a few members did not utilize the amount for the said purpose. Instead of investing the money in business, they used it for their own personal means.
- The groups of the members did not get the funds equally. That means proper distribution of the funds did not take place. It was found out that some members were more privileged in getting the funds than the other ones who got comparatively less amount of money.
- It was found out that women were producing wonderful hand-made handicrafts with the money they received from CZM. But lack in marketing knowledge prevented them from marketing and selling their own products.
- Some members were found out to be running their businesses wonderfully. But in order to start a new business, they needed much more money as 20,000 taka (approximately 225 $) was not adequate for them to start up a business.
- The members opined that the services offered by medical center were limited as they remained open on Saturdays only.
- Some of the members complained that the doctors of the medical centers did not examine the patients unless a required minimum number of patients showed up.
- Only few members complained that the doctors were reluctant to take care of those patients who were in severe condition. It might be assumed that the doctors were reluctant to take the risk of curing critical patients in order to save them.
- The members opined that the center did not provide expensive medicines.
It was found out that the members did not get proper guidelines of doing business and utilizing their money properly because many members could not understand how to do that.

Only a few members did not require any monetary assistance from the CZM because they were financial solvent enough to live their livelihood.

8. CONCLUSION AND POLICY RECOMMENDATIONS

The project can be regarded as a model for creating rural small business persons. It can be implemented in other unions and villages as well if the findings of the study are addressed appropriately. Most members who utilized their funds in the right way have become self-dependent by now. Their living standard after Zeebika Project being launched has improved remarkably. Many of them might be considered as rural entrepreneurs since they have proactively started the initiative of doing small businesses though they did not do any kind of business in the past. If they are trained with proper guidelines, and monetary assistance, they will be able to do well in their business. A good number of women are doing creative crafting at their own village residence. A proper execution of this rural entrepreneurship is required to eliminate poverty from the union, so to say, from the society. A good number of limitations and challenges have been identified in the findings of this research. If those shortcomings are addressed appropriately, this model project will be a successful and fruitful one to be followed by others.

However, if the suggestions addressed below are followed appropriately, this project is likely to be established as a model.

- From the findings it was found out that cash money was misused or was not utilized properly. Thus, the beneficiaries ought not to be provided with any money; instead of providing with monetary support, they can be offered with the products or raw materials to do their own business.

- If the members can avail themselves of all the support from the organizing committee of the project to promote and sell their products, it would be a brilliant opportunity for the members to put in more efforts, money and time in their business.

- In the second phase, the beneficiaries should be given more money as they have already received and utilized their fund in the first phase. This is how the members can scale up their businesses.

- The organizing committee should take step to keep the medical center open for 2 or 3 days a week.

- The members need to be given basic training on Fast Aid so that they may get themselves cured by basic treatment immediately whenever they require.

- The organizing committee should improve the medical service being provided for the members.

- Members for the organizing committee should take training sessions for providing guidelines for boosting up their confidence.

- The beneficiaries of the group may be given bank loan to grow their business.
KEY NOTES
1. Zakat is a religious tax which is one kind of alms-giving and ranked after prayer in importance.
2. A union is made up of nine words or villages
3. Shariah is a Islamic law which is derived from religious precepts specially from the Quran and the Hadith

REFERENCES