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Strengthening food security in Bangladesh through Zakat

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In light of rising food insecurity, this article explores how Zakat can evolve from a traditional charitable act into a robust mechanism for agricultural development and social protection in Bangladesh, promoting food security for all

Food security is a fundamental human right, yet it has become an increasing concern due to rising food prices caused by supply shocks, natural disasters, and global conflicts. These challenges have made food security a critical issue in policy discussions worldwide. According to the United Nations, the number of people facing chronic food insecurity has surged from 573 million in 2017 to 828 million in 2021.

Developing countries, especially in South Asia, are hit hardest by global food and financial crises, making it even more challenging to combat poverty and hunger. Consequently, progress towards the Sustainable Development Goals (SDG1: No Poverty and SDG2: Zero Hunger) has slowed. In Bangladesh, a report by the FAO estimates that about 10% of the population lived in severely food-insecure households between 2017 and 2021.

The 1996 World Food Summit established a broad definition of food security, refined in 2001 as: "Food security is a situation that exists when all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life."

Despite limited financial resources, social protection programmes introduced by governments and development partners have become mainstream policy tools to tackle rising chronic poverty and food insecurity in low and middle-income countries (LMICs) over the past two decades.

Muslims represent the second largest religious group in the world. Unfortunately, compared to other regions, the experiences of poverty and poverty alleviation strategies in Muslim-majority countries are often more severe, with around half of the world's poor living in these areas.

In Bangladesh, where approximately 90% of the population is Muslim, about 30% of people live on less than $3.65 per day (the LMIC poverty line), while the global average stands at 21.4%, according to World Bank estimates for 2024. The Bangladesh Bureau of Statistics estimates that around 68% of the country's 165 million people live in rural areas, where poverty rates are higher than in urban areas. Bangladesh must expand its existing social safety net programmes to ensure food security for vulnerable households.

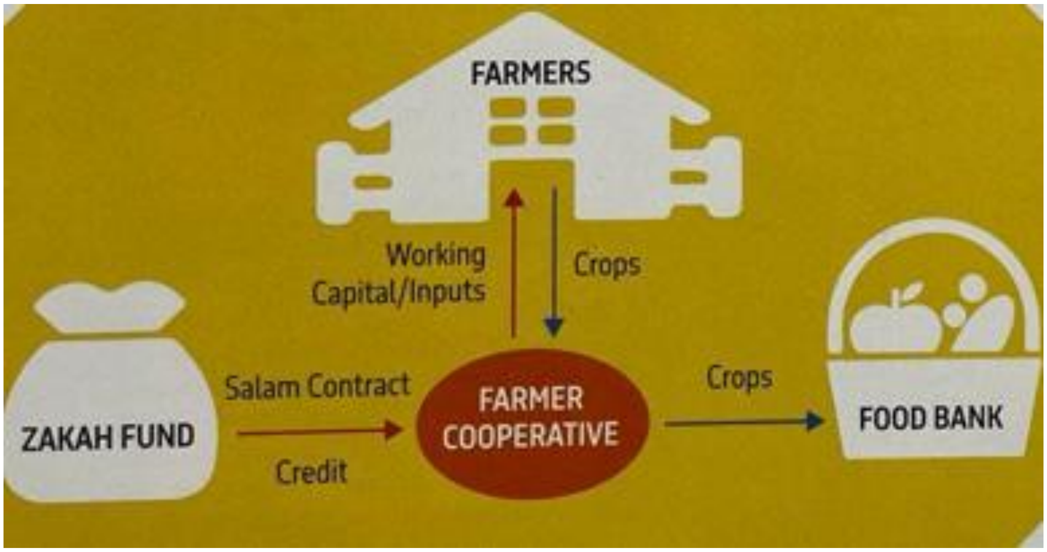
To address development and welfare-related issues, value-based Islamic instruments can be integrated into established development models, bringing them closer to the cultural realities of local communities—especially in countries where Islam plays a significant role in the lives of the impoverished.

Zakat, one of the five fundamental pillars of Islam, is an obligatory act of charity based on the level and type of wealth held by eligible Muslims. It plays a central role in the Islamic economic welfare system, fostering a sense of brotherhood—a key concept in Islam—by linking the rich and the poor. However, the individual distribution of Zakat has often limited its potential macroeconomic impact in supporting marginalised communities.

Official Zakat institutions manage only a fraction of the approximately $550 to $600 billion in annual Zakat funds worldwide (according to estimates from the World Bank and Islamic Development Bank).

Recognising the shortcomings to date, efforts are increasing to diversify the use of Zakat funds to promote social empowerment and development, rather than solely focusing on charity, all within the framework of Islamic law.

Religion-based institutional demand initiatives can play a crucial role in promoting both agricultural development and social protection, leading to a positive impact on food security.



Conceptual framework

A conceptual framework is presented below which shows the connections between the collection and distribution of Zakat and the food security issues making use of acceptable Shariah-compliant methods.

The focal point of the model would be a competent local Zakat Management Committee (ZMC).

Local religious leaders or committee members are expected to have a superior understanding of the needs and priorities of the poor of the community encouraging them to participate actively in the local affairs.

ZMC would manage the Zakat fund, set up the food bank, and choose Zakat recipients. The fund creates a food bank, which includes some basic nutritious food items that satisfy local customs, dietary needs and local production practices.

The pooled Zakat fund will allow the ZMC to deal with local farmers by facilitating credit and institutional demand that would promote smallholder agricultural development and food security. The smallholders can organise themselves into a village-level cooperative to provide an institutional platform to deal with the ZMC.

The key steps in the scheme are as follows: i) Using the Zakat fund, ZMC provides credit in the form of Salam contract to the farmer cooperative. ii)

The cooperative uses some of the funds to source inputs from the factor market taking advantage of their bargaining power. iii) The cooperative then engages the individual farmers by offering inputs and working capital. iv) The farmers, in turn, deliver their crop produce to the cooperative in the future according to the agreement. v) The cooperative deposits the crops to the food bank.

Discussion and implications

Their main activities can be categorised into three main parts: Collection of Zakat, Procurement of Food and Distribution of Zakat. The proposed mechanism will contribute to the production, availability and accessibility aspects of food security.

Collection of Zakat

The implementation of Zakat has been one of the functions of the Muslim governments since the time of Prophet Muhammad (peace be upon him) until the fall of the Ottoman Empire. There is heterogeneity in the current role of the Muslim governments in collecting and distributing Zakat, few make it obligatory to make Zakat payments to the government, whereas some established government special institutions to collect Zakat voluntarily.

Most other countries with significant Muslim populations have various mosques, NGOs and individuals taking the responsibility of collecting and distributing Zakat. The Islamic Foundation under the Ministry of Religious Affairs is in charge of accepting and distributing the collected Zakat funds in Bangladesh.

The model proposes a mostly local collection of Zakat with a relevant share from the national Zakat fund. The allocation from the national fund should take into account the inter-regional heterogeneity in economic growth and poverty dynamics.

On the other hand, by implementing a Zakat awareness campaign based on information, education and motivation with positive social peer pressure, the local inhabitants can be encouraged to pool their contributions for the ZMC. The pooling of Zakat funds would facilitate dealing with local farmers in a way that would have macro effects for the area in terms of improved food security.

Procurement of food

The use of the Zakat fund to employ Salam contracts to engage with the local producers has several benefits: reduces high interest-based borrowing common for the poor farmers, and guarantees fair prices by eliminating intermediaries, resulting in incentives for increased local production. Adding to the demand for local produce stimulates the local economy.

Salam is a Shariah-compliant sale contract to finance production by providing advance payment at the time of contract to receive future delivery of fully specified goods in terms of types, quantity, quality, date, place, etc. It is particularly beneficial for small and marginal farmers, who constitute the majority of the agricultural workforce, to have the working capital during the production time to manage their expenses on various inputs. The Salam practice was common during the time of the Prophet (PBUH) in the agricultural sector of Madinah.

Rural households or individuals in developing countries borrow from formal lenders such as government banks and agencies, commercial banks and non-government microfinance institutions, or from informal lenders such as relatives, friends, moneylenders and shopkeepers. However, the poor farmers in many cases do not have access to formal credit markets due to lack of collateral. On the other hand, borrowing from other sources comes with exuberantly higher costs. Introducing Zakat-based financing would increase competition between the existing lenders, and discipline the local interest rates, thus enabling farmers' improved access to funds at favourable conditions.

When funds to invest in farming become increasingly difficult to access, farmers resort to subsistence farming where many of the modern capital and high-yielding inputs such as irrigation, seed, and fertiliser, are not administered. The depressing investments along with other factors result in lower productivity in the farms, which is a serious setback for a country like Bangladesh where land is such a scarce resource. Farmers also very often fail to obtain fair prices for their produce due to inadequate rural infrastructural facilities and lack of efficient rural markets, forcing them to sell their crops to the middlemen for a lower price compared to the actual market price.

Making funds accessible through the Salam forward contract, providing the small farmers instant capital during the production season at zero interest rate, gives them a chance to come out of the vicious cycle of poverty and, in essence, make farming attractive. This would have a positive impact on local food security by tackling the production or availability aspect of food security.

This mechanism is sustainable in the long term due to the nature of Zakat as a yearly affair.

Distribution of Zakat

Zakat, a fundamental pillar of Islam, is meant to support eight categories of people, as outlined in the Quran (9:60). Among them, the poor and needy are often considered the most deserving, emphasizing poverty alleviation as a key goal of Zakat.

Given the limited Zakat funds, careful selection of recipients is crucial to maximise impact. Priority should be given to vulnerable groups such as poor households with young children, pregnant and lactating women, widows, orphans, the elderly, and people with disabilities.

A practical approach would involve distributing food vouchers or ration cards, allowing recipients to access food banks weekly or monthly. To enhance efficiency, some vouchers could be redeemable directly from local farmers during harvest, reducing the need for physical storage.

Establishing local food banks would also help address issues like long queues and travel difficulties often associated with government-subsidized food outlets. Distributions could be prioritised during lean periods to mitigate seasonal food insecurity.

While food security efforts often focus on production, accessibility is just as critical. This model ensures that food is available locally for those who lack purchasing power. Additionally, religion can play a vital role in development by promoting ethical governance, especially in corruption-prone regions like Bangladesh.

By pooling local Zakat funds, the model also aims to support farmers, making agriculture more sustainable. A Zakat-based Salam forward contract could provide farmers with interest-free working capital, boosting food production and security.

Implementing this model in rural areas would not only improve food access but also make rural life more sustainable, helping to curb rapid urban migration. While the proposal still requires empirical validation and administrative planning, it presents a significant step toward leveraging Zakat to address food insecurity. Key considerations include effective Zakat collection, identifying vulnerable groups, selecting appropriate food items, managing voucher systems, and monitoring Salam contracts.

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