Abdul-Mumin Abdulai
Elmira Shamshiry

Linking Sustainable Livelihoods to Natural Resources and Governance

The Scale of Poverty in the Muslim World

Springer

Linking Sustainable Livelihoods to Natural Resources and Governance

Abdul-Mumin Abdulai • Elmira Shamshiry

Linking Sustainable Livelihoods to Natural Resources and Governance

The Scale of Poverty in the Muslim World

Springer

Abdul-Mumin Abdulai
Elmira Shamshiry
Institute for Environment and Development
National University of Malaysia
(Universiti Kebangsaan Malaysia, UKM)
Bangi, Selangor, Malaysia

ISBN 978-981-287-052-0 ISBN 978-981-287-053-7 (eBook)
DOI 10.1007/978-981-287-053-7
Springer Singapore Heidelberg New York Dordrecht London

Library of Congress Control Number: 2014941867

© Springer Science+Business Media Singapore 2014
This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed. Exempted from this legal reservation are brief excerpts in connection with reviews or scholarly analysis or material supplied specifically for the purpose of being entered and executed on a computer system, for exclusive use by the purchaser of the work. Duplication of this publication or parts thereof is permitted only under the provisions of the Copyright Law of the Publisher's location, in its current version, and permission for use must always be obtained from Springer. Permissions for use may be obtained through RightsLink at the Copyright Clearance Center. Violations are liable to prosecution under the respective Copyright Law.
The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.
While the advice and information in this book are believed to be true and accurate at the date of publication, neither the authors nor the editors nor the publisher can accept any legal responsibility for any errors or omissions that may be made. The publisher makes no warranty, express or implied, with respect to the material contained herein.

Printed on acid-free paper

Springer is part of Springer Science+Business Media (www.springer.com)

Our families—the (late) Abdulai and
Shamshiry families—and all people-centred
leaders in the world

Foreword

The Muslim world constitutes about one-fifth of the world's population. This means that higher poverty incidence in the Muslim world will contribute significantly to the total poverty incidence in the world. It is against this backdrop that the authors deserve commendations for their attempts to investigate poverty and the ways to reduce poverty in the Muslim world. The increasing incidence of poverty in the developing world has led many individuals, both in the public and private domains, to question the effectiveness of the conventional poverty alleviation strategies, and has led to the growing need to explore alternative policy approaches to alleviate poverty, particularly in the developing countries. This is due to the fact that poverty amidst plenty has been seen as the greatest challenge of the twenty-first century (World Bank 2000/2001: *World Development Report—Attacking Poverty*).

The global picture of poverty is not encouraging. Out of the estimated world's over six billion people, 1.23 billion (21 %) live under US $1 per day, 2.8 billion (47 %) live under US $2 per day. Average income has almost doubled in the developing countries, but widening global disparities have also increased the sense of deprivation and injustice for the poor. Globalization expects to burden the poor more than the non-poor. This scenario has well positioned the state as a key player in poverty alleviation. Even though different countries adopt different policies to eradicate poverty, which is based largely on the economic strength of the individual countries, the main goal of these strategies has been to achieve improved quality of life for their citizenry.

With regard to natural resources, socio-economic development can be improved immensely by the efficient use of the endowment of valuable natural resources, particularly mineral resources, water resources and land. Therefore, utilization of natural resources seeking to achieve socio-economic development must be done in a manner that will not expose the majority of the population to environmental externalities, especially the poor people. It has been acknowledged that poverty and poor environment stewardship reinforce each one. The traditional consensus on poverty and environment is that poverty is both the cause and effect of environmental degradation.

Sustainable utilization of natural resources has crucial implications for poverty alleviation. The reason being that most of the economic costs of environmental degradation generally fall on the poorest due mainly to their inability to take remedial actions, engage in alternative livelihoods, and provide themselves with alternative sources of income and employment. In the developing countries, most of the people live in rural areas and are heavily dependent on natural resource based economy. Livelihoods can be made more resilient and sustainable when good governance becomes the bedrock of natural resources management. This is the subject-matter of this book. It will add value to the literature on natural resources, sustainable livelihoods and governance, at least, in the Muslim world.

Institute for Environment and Development, UKM Prof. Emeritus Chamhuri Siwar
Bangi, Selangor, Malaysia

Preface

In this book, the authors have investigated poverty and its reduction strategies in the Muslim World using, as proxy, selected member countries of the Organization of Islamic Cooperation (OIC). The principal objective in this study lies in exploring the possible channels out of poverty leading to livelihoods sustainability in the Muslim countries. The analysis has, therefore, been patterned along the parameters of natural resource endowments (particularly mineral resources), the level of social and economic development and finally the enabling role of governance in poverty reduction. Again, the significant role of *Zakat* in resources mobilization for poverty reduction has been demonstrated in this book, especially on the urgent need to give Zakat a befitting institutional support. Using linear regression in Chap. 8, the study has discovered an inverse correlation between GDP per capita PPP and poverty reduction. The coefficient of determination (r^2) is .3672, which means 36.72 % of reduction in poverty has been accounted for by the independent variable—GDP per capita PPP performance. Although performance in social and economic development (measured by GDP per capita PPP for the period 1993–2007) has taken a nose-dive except in 2007 for a few of the selected Muslim countries, the study has identified pockets of stronger GDP per capita PPP values with many of the oil-producing Muslim countries compared to the non-oil-producing countries. However, the study has found no correlation between oil-resource endowments (daily oil production) and poverty reduction, as some of the oil-producing countries pose high poverty headcount ratios as in many of their non-oil-producing counterparts. On the other hand, the majority of the oil-producing countries pose quite minimal poverty headcount ratios. This finding seems to suggest that natural resource endowments present mixed blessings if you like, and, to a significant extent, cannot be utterly described as constituting a complete "curse" or "panacea", as portrayed in some quarters of the development literature—at least in the case of the selected Muslim countries. Against this backdrop, the study has recommended, among others, the intensification of collaboration among the Muslim countries to facilitate achieving sustainable development objectives. For that reason, a multi-dimensional development collaboration model called *Development Collaboration Octagon Model* (*DeCOM*) has been developed that seeks to offer an alternative approach to achieving effective collaboration among the Muslim countries and beyond. The model also seeks to fill the loopholes characterizing the existing conventional bilateral and multi-lateral collaborations.

Acknowledgements

We send our praises to Almighty God for enabling us to undertake and finish this book. In addition, we will like to acknowledge our deepest appreciation and profound gratitude to Emeritus Professor Chamhuri Siwar for urging the lead author to write his Ph.D. thesis on natural resources, governance and sustainable livelihoods in the Islamic countries, which has culminated into the writing of this book. We thank Prof. Dr. Mazlin Mokhtar, who is now the deputy vice chancellor of UKM (Research and Innovation), for his leadership as the director of the Institute of Environment and Development at the time we enrolled as Ph.D. candidates. Furthermore, we thank a former colleague of the lead author—Dr. Walid Ahmed Abdu Ali, who is now working with UNDP in Yemen—for his mammoth assistance in the collection of data on Zakat in Yemen and Malaysia.

Many thanks to Mr. Azmir Hashim (Kuala Selangor) for translating some responses given in *Bahasa Malaysia* into English, Ms. Nasyrah Ahmad Damanhuri (Former graduate student at LESTARI, UKM) for interviewing the Zakat recipients in *Bahasa Malaysia*, Abdul-Hamid Abdul-Wahab (Master's degree student in Finance, IIUM) and Emiel Chowdhory (Student of IIS) for checking some of the tables. Our appreciation goes to the editorial team at Springer-Singapore, especially Mrs. Jayanthie Krishnan, Mr. Vishal Daryanomel and Ms. Kanako Tanaka for guiding us through the editorial process and our gratitude to Mr. Prakash Marudhu for his invaluable queries on the manuscript, and to two anonymous reviewers for their constructive comments.

Finally, may God (*the most high*) bless and amply reward everyone who, in one way or another, is connected to the fulfillment of this book. Any shortfalls arising from this book remain the sole responsibility of the authors.

Bangi, Selangor, Malaysia

Abdul-Mumin Abdulai
Elmira Shamshiry

Contents

List of Boxes

List of Figures

List of Photos

List of Tables

Chapter 1
Introduction

Abstract In spite of the abundant natural and human resources coupled with several decades of institutional poverty reduction strategies and programmes in the Muslim world, the Muslim *Ummah* is still bedevilled with abject poverty. There is urgent need to investigate poverty in the Muslim world because poverty is, in all probability, a dehumanising phenomenon. In fact, it is an indictment on integrity and self-esteem. This chapter, therefore, provides background to the issues of poverty and livelihood sustainability investigated in this book. It also examines most of the reasons that make the study of poverty in the Muslim world apt.

1.1 Background

In spite of the abundant natural and human resources coupled with several decades of institutional poverty reduction strategies and programmes in the Muslim world, the Muslim *Ummah* is still bedevilled with abject poverty. In that light, the study has critically examined this nagging phenomenon by placing emphasis on the pathways that authorities in the Muslim world have pursued in order to improve livelihoods in their countries. The study has also examined factors that make the objective to enhance livelihood sustainability a fleeing illusion. The study seeks to achieve this objective by investigating natural resource endowments, levels of social and economic development, and the efficiency of public sector poverty alleviation and livelihood improvement programmes pursued in the Muslim countries to check the upsurge of poverty and deprivation. The study has used selected member countries of the Organisation of the Islamic Cooperation (OIC) as proxy of the Muslim world. As such, this study has used the acronym 'OIC' and the phrase 'Muslim world or countries' extensively.

Undoubtedly, the ability to meet the immediate-, short- to medium- and long-term needs of the poor can bolster the overall development of the economy. In addition, it facilitates reducing particularly the incidence of poverty and its

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7_1,

associated menace. What is poverty then? If one may ask. To give a definitive definition of poverty has never ever been an easy task as poverty comes in different manifestations. Poverty has conventionally been conceived as being a multidimensional phenomenon portraying a multifaceted outlook. Poverty does not only mean the lack of access to income or consumption (i.e. economic valuation) but also includes social, political and psychological deprivations and, of course, issues of human rights. The intricacy of poverty renders it immune to a precise definition. Put differently, the concept of poverty defies a definitive definition. However, one attempt at defining poverty in its entirety relates it to 'a state of economic, social, psychological [and political] deprivations occurring among people or countries lacking sufficient ownership, control of or access to resources to maintain minimal, acceptable standard of living' (Chamhuri et al. 2004, p. 2). It is in this context that most sustainable livelihoods frameworks intend to scale up efforts in poverty alleviation by stimulating an understanding of poverty as a multifaceted phenomenon. For instance, the livelihoods' framework of DFID seeks to stimulate 'thinking about the objectives, scope and priorities for development, in order to enhance progress in poverty elimination. It is a holistic approach that tries to capture, and provide a means of understanding, the vital causes and dimensions of poverty without collapsing the focus onto just a few factors (for instance, economic issues, food security, etc.)' (DFID 1999).

Islamically, the issue of alleviating poverty is steep in the institution of Zakat—a faith-based institution. A cursory look at Zakat brings to mind the poor and the needy (i.e. the underprivileged). In addition, this can serve as policy instrument to enhance progress in poverty reduction and livelihood sustainability. In essence, the institution of Zakat provides the Muslim *Ummah* with a divine blueprint to contain the menace of poverty successfully. Unlike the conventional social security system, the institution of Zakat provides help without requiring contribution from the poor and needy (Wan 2007, p. 7). It simply distributes funds collected from the rich to the poor and the needy. Zakat is, therefore, the first system of social security in human history (ibid) to have these unique characteristics.

However, the intention in Zakat is not to create 'a permanent class of welfare recipients' (Mashour 1998, p. 3). Nevertheless, certain individuals like the aged and the disabled, this current study believes, may become recipients of Zakat for a long time. Indeed, it comes as no surprise that Zakat was effectively utilised in the early days of the Muslim *Ummah* so much so that it became extremely difficult, if not impossible, to locate the poor or the needy for purposes of paying Zakat.

Therefore, the current study examines the role of this faith-based institution in sustaining livelihoods in the selected Muslim nations, as it occupies a central position among the five pillars upon which the edifice of Islam rests. This centrality should manifest in the fight against poverty. In its central position, Zakat should serve as a link between wealth and poverty, between affluence and deprivation, or between the rich (nonpoor) and the poor.

1.2 The Need to Investigate Poverty in the Muslim World

There is the urgent need to investigate poverty in the Muslim world because poverty is, in all probability, a dehumanising phenomenon. In fact, it is an indictment on integrity and self-esteem. This is because the poor feel being excluded or ostracised from the formal and informal institutions (Green and Hulme 2005, p. 871). Such exclusion, Green and Hulme (2005) argue, restricts the poor's access to opportunities and resources, thereby cementing their poverty situation. Most probably, poverty is a root of many evildoings in the society. It challenges the faith of believers and is capable of weakening the faith of many believers (Pramanik 2007, p. 2). With reference to the saying of the Holy Prophet Muhammed (*peace be upon him*), Siddig reiterates that poverty is like a disbelief in God (Siddig 1999, p. 2).

In the context of development, poverty hampers a full-fledged social and economic development of most countries including those in the Muslim world. Effective domestic demand is central to economic growth. Vibrant domestic demand largely attracts foreign direct investments. Obviously if there is widespread poverty, incomes will be low or nonexistent, which can cause weak domestic demand. Under such condition, where can the much-needed strong domestic demand come from? (Wan 2007, p. 1) Perhaps one effective way is to fight the high incidence of poverty to ensure high incomes. Income disparities emanating from high poverty incidence introduce inefficiencies in the economic system (UNDP 2007, p. 3). For instance, taxes and revenues cannot be drawn from unproductive population (ibid). Many forms of inequalities do have costs for the development process (World Bank 2006, p. 129).

Pertaining to environmental sustainability, poverty, among other factors, leads to poor environmental stewardship (World Bank 1992, p. 19). The wanton clearance of valuable forest resources is a manifestation of poor environmental stewardship. The poor usually sustain their livelihoods by engaging in subsistence farming and firewood gathering, and because of the rudimentary nature of their farming methods, it is most likely that they will over-cultivate the land, thereby leading to land degradation. According to Munasinghe, the poor are the immediate victims of pollution and environmental degradation most often caused by the rich (Munasinghe 2007, p. 4). The poor are forced by 'macro-circumstances' whereby the landless poor degrade the environment by encroaching on it (ibid). Again, maintaining overcrowded squatter settlements is one such example. Consequentially, the quality of the immediate environment of the poor (particularly household environment) is deplorable, thereby creating frequent and widespread environmentally related health problems. Under such circumstances, livelihoods of the poor people are highly compromised.

These and a host of other negative attributes render poverty a social menace or canker. Governments, civil societies and individuals alike in the Muslim countries and beyond have been awakened by the menace posed by poverty. For instance, a call made by the former Prime Minister of Malaysia (Abdullah Ahmad Badawi) in

2007, then Chairman of OIC, centred on the urgent need for action to curb widespread poverty, illiteracy and backwardness in the Muslim world (*NewStrait Times* 2007, p. 2). Similarly, many programmes and strategies designed and implemented in the Muslim countries and communities seek to contain and probably obliterate the traces of poverty.

To reinforce these efforts, conferences, seminars and fora are periodically convened, both at the international and national levels, to harness ideas and galvanise strategies to better fight poverty in the Muslim world.[1] Resolutions reached at such gatherings stressed mostly on the dire need for improvement in productivity, human capital development and governance institutions to create an enabling environment for the speedy eradication of poverty in the Muslim world. The realisation of the dire need to implement effective poverty eradication measures in order to scale up livelihoods in the Muslim world has long existed among leaders in the Muslim countries. The first research question that arises is:

1. What then is the scale of poverty in the Muslim world?

Another issue concerns the resources or assets that are deemed essential in poverty reduction. Key resources in poverty reduction identified by DFID (1999) and IFAD (2002) in their sustainable livelihoods frameworks include the following:

(a) *Natural resources* (examples include land, water, forest, wildlife, biodiversity, etc.)
(b) *Human resources* (examples include good health, literacy, skills, etc.)
(c) *Physical resources* (examples include basic social and infrastructure amenities like roads, water supply, electricity supply, schools, etc.)
(d) *Financial resources* (examples are savings, access to credit with reasonable interest rates, etc.)
(e) *Social resources* (examples are family, relatives, nongovernmental organisations (NGOs), community-based organisations (CBOs), institutional support, etc.)

The Muslim world is well endowed with many of the assets or resources that have been identified by the international development community as important in poverty reduction. According to Harun Yahya (n.d.), the majority of the Muslim countries have ‘geostrategic importance as well as rich natural resources’ (p. 1). He argues that the world’s economy is dependent literally on the oil and gas from the Muslim world (ibid). However, these natural resources, this current study believes, may vary in quantity and value among the Muslim countries. Hence, the second research question to be addressed is:

2. To what extent do natural resource endowments and utilisation influence social and economic development, thereby affecting poverty alleviation in the Muslim world?

---

[1] One such conference was convened in Malaysia from 14 to 15 December 2004, with the caption, ‘International Conference on Poverty in the Muslim World: Causes and Solutions’.

The role of governance in poverty reduction is paramount. Corrupt practices tend to block poverty programmes from reaching the targets. As a result, ‘good governance’ has been taken as ‘synonymous with sound development management’ by the World Bank (Potter 2004, p. 379; World Bank 1992, p. 1). As Mashour (1998) argues, the role of government should promote elements of the Islamic system that aim at poverty reduction and social development (p .4). For purposes of this current study, good governance is equated with effective institutional programmes and support for poverty reduction, particularly budgetary allocations. The third research question that arises is as follows:

3. How potent and successful are the public poverty alleviation strategies and programmes pursued in the Muslim countries?

The need to mobilise resources on both local and national fronts to meet the immediate-, short-, medium- and long-term needs of the poor is of paramount importance in reducing the incidence of poverty. In that respect, Zakat (a faith-based institution) is of crucial relevance. It improves livelihoods of the poor (Khan 2006, p. 15; Wan 2007, p. 12). Hence, the fourth question:

4. To what extent has the institution of Zakat been effectively incorporated into the public poverty alleviation strategies in the Muslim countries?

The study is designed to tackle the above-raised questions.

1.3 The Aspects and Scope of Poverty Investigated

Poverty in the Muslim world has been examined in the light of natural resource endowments, social and economic development trends, good governance and sustainable livelihoods. Specifically, the main aspects of poverty investigated in this study include the following:

1. The scale of poverty in the Muslim world
2. The extent to which natural resource endowments stimulate social and economic development that, in turn, impact poverty alleviation in the Muslim countries
3. The success stories of the public poverty reduction strategies and programmes pursued in the Muslim countries to improve livelihoods
4. The potency of and the extent to which Zakat has been incorporated into the government poverty reduction strategies and programmes in the Muslim countries
5. The policy options required to enhance social and economic development that can help pull the poor out of the poverty trap into the mainstream economy in the Muslim countries

For that reason, the focus of the study encompasses the nature and level of poverty in the Muslim world and the role of the state and natural resource endowments in promoting sustainable livelihoods. In addition, it includes the level of social and economic development trends in the Muslim world and the extent to which governments incorporate Zakat (a faith-based institution) in the state poverty alleviation and sustainable livelihood apparatus.

1.4 Determining the Link Between Development and Poverty Variables

In order to determine any associations between development and poverty variables, the following two hypotheses have been set for testing, that is:

1. There is a relationship between growth in GDP per capita PPP and poverty reduction in the Muslim countries.
2. There is a relationship between mineral resource endowment (oil) and the level of poverty reduction in the Muslim countries.

1.5 Significance of the Study

Studies in the poverty literature buttress the fact that despite several decades of persistent efforts to reduce world poverty, the absolute number of poor people (referred to as the underclass) living below the adjusted poverty line of $ 1.25 per day stood at an estimated 1.4 billion as of 2008 (Faiolla 2008, p. 1).[2] However, in the 2006 edition of the World Development report (WDR), the World Bank re-echoed the argument that poverty could largely be reduced to an appreciable level ‘during spells of economic growth’. However, the overall poverty reduction could greatly be enhanced when ‘the redistributive component’ was added to the ‘growth component’ (World Bank 2006, p. 85).

Therefore, the significance of the study inheres in exploring the factors that are most likely to avail the poor of livelihood opportunities and to perpetuate these opportunities for them. Could the share of the poor in natural resources, cultural, human and socio-economic assets explain these factors? That is, their share of the productive assets in their respective countries. Alternatively, could it be the enabling role of the state in pursuing equitable resource redistribution policies or a combination of the afore-listed factors? Investigating such important variables will aid the designing and implementation of appropriate and effective poverty reduction and sustainable livelihood programmes. In addition, the significance lies in examining the redistribution characteristic of Zakat both within geographical boundaries and

---

[2] Anthony Faiolla is a *Washington Post* Staff Writer at the time of writing this book. His news article has been captioned: ‘World Bank Counts More Poor People: New Figure Represents Change in Methods, Not in Fortunes’ Wednesday, August 27, 2008. Available at: http://www.washingstonpost.com.

across these boundaries and the extent to which resource mobilisation and the redistribution features of Zakat have helped the progress of poverty alleviation. Despite the numerous studies that confirmed the significance of Zakat in poverty alleviation through the redistribution of wealth, much emphasis is placed on redistribution within countries. The redistribution characteristic of Zakat transcends national boundaries replicating the transcendental nature of the Muslim Brotherhood. Islam makes it legal to transfer Zakat funds across boundaries when it becomes evident that after distribution of such funds, there is still surplus left or when there are no more needy people residing within the place of origin of the funds.[3]

Resource transfer through Zakat across geographical boundaries to help alleviate poverty is a crucial area that could be exploited to enhance social, political and economic interdependence and synergy among the Muslim countries. Very scanty studies explore this segment of Zakat. The inclusion of this aspect of Zakat makes the current study significant.

1.6 Some Limitations of the Study

The limitations of the study lie in its scope. The Muslim world encompasses all Muslims irrespective of the location and the magnitude of their numerical strength. However, in the current study, the authors concentrate solely on Muslim majority countries, thereby precluding the Muslim communities in non-Muslim countries. The reason is partly due to the interest of the authors to ascertain the role of the state (whereby Muslims are largely in leadership) in the fight against poverty and in promoting sustainable livelihoods. Again, only member countries of the Organisation of the Islamic Cooperation (OIC) are taken to represent the Muslim world. They, undoubtedly, form the cream of the Muslim world for many reasons, especially in terms of natural resource endowments. Nevertheless, these limitations do not detract the usefulness of the study.

1.7 Chapter Organisation

The book has been arranged along the following chapters: This chapter, which is the introduction, provides the background, the reasons for investigating poverty in the Muslim world and the aspects and scope of poverty investigated; determines the link between development and poverty variables; states the significance of the study; and finally provides some limitations of the study. Chapter 2 presents theory and practice on poverty, natural resources and governance nexus. It also in the subtopics contains theoretical framework and other theoretical explanations on the

---

[3] The Maliki and Shafi'i Schools of Law support this view. See Amanullah, Muhammad, 2004, in Chap. 3.

causes of poverty. The chapter also presents other theoretical and empirical studies conducted on poverty, natural resources and governance. Chapter 3 contains the techniques and methods applied in the study. Specifically, it provides the conceptual framework on sustainable livelihoods, examines the role of Zakat in poverty alleviation, offers operational definition of concepts and presents research design, the instruments, methods of data collection and data analysis. In Chap. 4 the incidence and trend of poverty in the Muslim world have been examined. These include poverty indicators, their measurements and the examination of poverty from Islamic perspective.

In Chap. 5, natural resource endowments and development trend in the Muslim world have been examined with emphasis on productivity, manufacturing, investments and savings, trade patterns, human capital enhancement, and the provision of infrastructure and social amenities. In Chap. 6, the authors look at governance and poverty alleviation in the Muslim world. The chapter concentrates on institutional poverty strategies and programmes including planning, implementation and the amount of budgetary support for poverty alleviation. Finally, the strengths and weaknesses of these institutional strategies and programmes are examined. The role of Zakat as alternative policy tool to fight poverty and improve livelihoods in the Muslim world has been discussed in Chap. 7. The effectiveness of Zakat to improve livelihoods has also been assessed using four countries where Zakat has received institutional decree. This chapter also contains the experiences of three recipients of Zakat in Malaysia. In Chap. 8, some pertinent development questions in relation to the Muslim world have been addressed. These questions revolve around the necessity to fight poverty and improve people's livelihoods. Finally, Chap. 9 explores the possible ways towards developing a practicable development collaboration model to enhance sustainable livelihoods and poverty reduction efforts not only in the Muslim world but also in other developing countries.

References

Chamhuri, S., Hossain, Md. E., & Murad, Md. W. (2004, December 14–15). The nature and extent of poverty and its reduction strategies: A comparative study of the experiences from some Asian-Muslim countries. In *Proceedings of international conference on poverty in the Muslim world and communities: Causes and solutions*. International Islamic University Malaysia, Kuala Lumpur, Malaysia.

DFID. (1999). *Sustainable livelihoods and poverty elimination*. http://www.livelihoods. Accessed 29 Dec 2007.

Faiolla, A. (2008, August 27). World Bank counts more poor people: New figure represents change in methods, not in fortunes. *The Washington Post*, p. 1. http://www.washingstonpost.com. Accessed 2 Nov 2009.

Green, M., & Hulme, D. (2005). From correlates and characteristics to causes: Thinking about poverty from a chronic poverty perspective. *Journal of World Development, 33*(6), 867–879.

Harun, Y. (n.d.). *How Islamic union will affect the economic development*. http://www.HarunYahaya-Article. Accessed 21 July 2007.

IFAD. (2002). *Sustainable livelihood approach*. http://www.ifad.org/sla. Accessed 29 Aug 2007.

Khan, F. M. (2006). *Integrating faith-based institutions (Zakah and Awqaf) in poverty reductions strategies*. http://www.irtipms.org. Accessed 28 May 2007.

Mashour, N. (1998, February). Tools and means to alleviate poverty in Islam. *The Crop Newsletter*, *5*(1), 1–4. http://www.svf.uib.no/sif//crop/txtflie/news.htm. Accessed 24 May 2007.

Munasinghe, M. (2007). Economic, social and environmental elements of development. In C. J. Cleveland (Ed.), *Encyclopaedia of earth.* Washington, DC: EIC & NCSE. http://www.eoearth.org/article/Economic,_social. Accessed 17 Aug 2007.

NewStrait Times. (2007, May 31). 12,000 families to be out of poor list by year-end. *NewStraits Times*, p. 4.

Potter, D. (2004). Democratization, good governance and development. In T. Allen & A. Thomas (Eds.), *Poverty and development into the 21st century* (pp. 365–382). Oxford: Oxford University Press.

Pramanik, A. H. (2007, August 2–3). *Islamic view of poverty: The case of institutional and policy failures in the Muslim world*. A paper presented at the international conference on poverty alleviation: Challenges for the Islamic world. University of Malaya, Kuala Lumpur, Malaysia.

Siddig, A. M. S. (1999). *The challenges of poverty alleviation in IDB member countries*. Jeddah: Islamic Development Bank.

UNDP. (2007). *Making globalization work for all.* Annual report. New York: UNDP.

Wan, S. W. Y. (2007, August 2–3). *Modern approach of Zakat as an economic and social instrument for poverty alleviation and stability of ummah*. A paper presented at the international conference on poverty alleviation: Challenges for the Islamic world. University of Malaya, Kuala Lumpur, Malaysia.

World Bank. (1992). *Development and environment* World development report. New York: Oxford University Press.

World Bank. (2006). *Equity and development*. World development report. New York: Oxford University Press.

Chapter 2
Theory and Practice on the Nexus Between Poverty, Natural Resources and Governance

Abstract This chapter is about theory and practice on the relationship between poverty reduction, natural resources and governance. The objective in this chapter is an attempt to offer a systematic explanation to the questions: Why poverty? Can poverty be alleviated? And if yes, by what strategies or how can livelihoods be made sustainable? The underlying objective of any theories is to provide systematic explanation between phenomena or events and their occurrence. Having settled on specific theoretical stance, individuals and/or societies will then embark on implementing such theoretical precepts, hence the practice. Therefore, this chapter incorporates Islamic theoretical stance and other conventional theoretical perspectives on the subject matter.

2.1 Introduction

In this chapter, the authors have reviewed studies so far conducted on the topic. It is done in three separate but mutually complementing ways. In the first part, a theoretical framework that guides the study has been presented. The second part contains a review of scholarly studies conducted theoretically or library research, and the third segment has examined studies conducted empirically or field research.

2.2 Theoretical Framework on the Causes of Poverty

The theoretical framework consists of two main components. The first component presents the Islamic perspective of poverty, while the second component examines the conventional perspective.

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7_2, © Springer Science+Business Media Singapore 2014

2.2.1 Islamic Perspective of Poverty

The basic aim of a theory is an attempt to show a causal relationship between an event or a phenomenon and its occurrence. In other words, it is an attempt to offer a systematic explanation as to why and how a particular phenomenon emerges. In the Islamic doctrine, Allah (*s.w.t.*) is the source of everything. '*To Him is due the primal origin of the heavens and earth: when He decrees a matter, He saith to it: "Be", and it is*' (al-Qur'an, al-Baqarah 2: 117; English translation by Ali 2001). It then follows from this belief that He is the ultimate 'cause and effect'. Put differently, nothing happens or emerges except by His will (*bi isni Allah*). However, certain events or phenomena occur on earth because of the actions or inactions of humankind, probably due to the limited free will Allah (*s.w.t.*) has given man.[1] The Holy Qur'an attests to this argument, '*Whatever misfortune happens to you is because on the things your hands have wrought and for many (of them) He grants forgiveness*' (al-Qur'an, al-shūrā 42: 30; English translation by Ali 2001). This buttresses the fact that the causes of some events or phenomena can be searched for within human actions. The administrative legacy of *Khalifah* Umar (*r.a.*) is a testimony of human actions as underlying causes of some events as far as poverty alleviation is concerned. *Khalifah* Umar bin Abd Aziz (*r.a.*) has exemplified this 'handy' proposition exposed by the Holy Qurán. *Sayyadina* Umar's era (*r.a.*), undoubtedly, has best been described as the glamorous age of Islam after the Holy Prophet Muhammad (*s.a.w.*). As acknowledged in *albalagh*[2] '*Sayyidna* Umar, (*Radi-Allahu anhu*), was a great administrator whose examples are unparalleled not only in Islamic history, but also in the history of modern civilization'.

2.2.1.1 Islamic Public Welfare

Numerous factors collectively earned *Sayyadina* Umar (*r.a.*) an enviable administrative record of accomplishment, as accounted in the preceding section. However, institutionalising and administering the Public Treasury (*Baitul-Mal*) to help curb poverty, squalor and want to the barest level has been of great relevance to this current study. *Sayyadina* Umar (*r.a.*) appointed Abdallah bin Arqram to head this department. Zakat was the prime source of revenue for this Public Treasury. This has been corroborated in the following statements:

1. *Zakat*—2.5 % of wealth for the poor. This was only applicable to Muslims.
2. *Jizya*—defence tax paid by non-Muslims living on Muslim lands (dhimmis).

---

[1] The lead author benefitted immensely from his personal conversations with Professor (retired) Saiyad Fareed Ahmad in Dallas, Texas, USA (my M.A. thesis supervisor) on this subject. For details, see his article entitled 'Why Does God Allow Evil and Suffering?' *Hamdard Islamicus* Vol XXIX, No. 1, 2006: 89–106. See also his book *God, Islam, and the Sceptic Mind: A Study on Faith, Religious Diversity, Ethics and the Problem of Evil.* (2004). Blue Nile Publishing Co-authored with Salahuddin Saiyad Ahmad.

[2] For more information, visit: http://www.albalagh.net/kids/history/administration_umar.shtml

However, the poor, the sick and crippled, women, children, aged, priests, and monks were exempted from the following forms of tax:

3. *Ushr*—a special land tax on especially large holdings (one-tenth of produce)
4. *Khiraj*—a land tax
5. *Ghanimah*—one-fifth of the war booty
6. Tax on non-Muslim merchants and traders (because they did not pay Zakat, while Muslim traders did) (ibid).

The revenue accrued from these sources was spent on the poor and needy. 'The weak and disabled, both Muslims and non-Muslims, were granted allowances. A person who became an invalid or too old to earn his living received maintenance allowance from the *Bait-al-Mal*. Children without guardians were brought up at state expense' (ibid). *Sayyadina* Umar (*r.a.*) also undertook social, public services and projects such as:

1. Establishing military offices
2. Keeping record of the growing population
3. Building many canals in different provinces
4. Planning and developing many cities including Basra, Kufa, Cairo, etc.
5. Providing housing for thousands of people
6. Setting up official governments in all conquered territory
7. Establishing a police force
8. Undertaking nightly patrols himself to check on the safety and needs of the public
9. Building rest houses and wells alongside various routes for the convenience of travellers (ibid)

These services and projects were undertaken solely to improve public welfare and to harness living conditions, especially for the underprivileged poor and needy. The eminent question here is: What prevents the Muslim World (of the twenty-first century) from emulating, by putting into practice, this enviable and virtuous legacy of the glorious days of Islam? This study has sought diligently to find the right answer to this question. It is for this reason that the researcher seeks a systematic explanation on the likely causes of poverty and the suitable measures to alleviate poverty, especially in the Muslim countries. One such theoretical exposition, which appears more suitable for the current study, has been that put forward by Muhammed Abdul Rahman Ibn Khaldun.

2.2.1.2 Social Cohesion

The concept of `*Asabiyya* has a long history dating back to the pre-Islamic era where it was positioned in a context of 'tribalism' and 'clanism'. However, Ibn Khaldun gave an elaborative analysis of the concept in his book entitled '*Muqaddimah*' or the Prolegomena in Latin, which he wrote in 1377. `*Asabiyya* or *asabiyah* is most often construed as social solidarity emphasising 'unity, group consciousness, and social cohesion. This cohesion arises spontaneously in tribes and other small kinship groups; and it can be intensified and enlarged by a *religious ideology*'.[3] Ibn Khaldun gave an account of how `*Asabiyya* could build and destroy dynasties and empires. `*Asabiyya* is explained 'as the fundamental bond of human society and the basic motive force of history'. The concept of `*Asabiyah*, or "social cohesion", seems to anticipate modern conceptions of social capital arising in social networks' (ibid).

What is explicit in the above exposition has been the fact that social cohesion, social solidarity, unity, group consciousness or in whatever term the concept of `*Asabiyya* may be described presupposes togetherness or 'we-feeling' and social inclusion, which stands parallel to social exclusion. Ibn Khaldun's *Asabiyya* has a tremendous influence on the modern and Western analysis of 'social exclusion', which appeared in the literature as recent as in 1974 through the efforts of a French scholar Rene Lenoir (Islam 2005, p. 5). Prior to Rene Lenoir's analysis of social exclusion, however, the German Sociologist called Georg Simmel (1858–1918) gave a coherent explanation of exclusion and inclusion of the individual in the society way back in 1908.

Rene Lenoir, in his analysis, has emphasised the exclusion of individuals from the 'employment-based social security system'. On face value, this kind of security policy apparently suggests that people who may be unemployed are exempted entirely from any social security or safety nets, that is, if this policy remains the only alternative safety net. This situation will further worsen the plight of the hardcore poor.

2.2.1.3 Social Exclusion

Social exclusion gained much currency and gathered momentum in the 1980s in France following widespread social and economic repercussions of 'technological change and economic restructuring', which resulted in widespread unemployment, homelessness, broken homes, etc. (ibid). This theoretical perspective, the researcher believes, seems to be conveying the message that exclusion in whatever form places some individuals at the disadvantage and further makes such people vulnerable to certain social, economic and political shocks in the society. Four factors that determine exclusion are worthy of notice if one may understand exclusion through market institutions, the state and the civil society.

These factors include the following:

1. The transnationalisation of economy, modernisation of society and decreasing role of the nation state
2. Change in the supply and distribution of economic, political and cultural assets in the face of unpredictable change

---

[3] This underscores the important role that Islam can play to forestall poverty, squalor and deprivation among Muslims, if religious solidarity is placed on the right context. For details, visit: "http://en.wikipedia.org/wiki/Asabiyyah".

3. Social and political structures through which power is exercised and relationships among groups and individuals are defined
4. The nature of the state and its role in the process of allocation and accumulation (ibid)

Silver (1996) believes that social exclusion can be explained within three paradigms, which include (1) solidarity, (2) specialisation and (3) monopoly. The first paradigm—solidarity—emanates from the existing moral integration of a society and its cultural cohesion. The absence of this makes exclusion imminent. This paradigm was extensively analysed by Rousseau in his 'Republic' and by Emile Durkheim in his 'Collective Representation'. The second paradigm—specialisation—makes particular reference to liberalism having in mind 'the philosophy of Locke and Madison' in which much emphasis is placed upon interdependence of specialised areas of society in terms of exchange of goods and services (Silver 1996 cited in Islam 2005, p. 6). The most likely end result of liberalism is discrimination leading to exclusion. The final paradigm—monopoly—explains exclusion in terms of creating monopoly groups through the 'mechanisms of class, status and political power'. To avoid this, there should be the practice of participatory democracy and the respect of 'citizen rights'. Silver (1996) bases his analysis of monopoly on the views of Max Weber, Karl Marx and Marshall.

Silver's (1996) analysis of social exclusion may be summarised in three points: (1) morality, (2) liberalism and (3) authority. Based on the current study, it is apparent that alleviating poverty to improve livelihoods is a noble and moral obligation known to every Muslim. For that reason, the institution of Zakat seeks to promote this moral integration. Liberalism, which is understood as individual freedom, is endorsed and granted by Islam. However, there is a limit to the freedom of an individual. This, in effect, is to check the possible misuse of the freedom accorded to man. For instance, an individual may choose to refuse paying Zakat even though his/her acquired wealth is due for Zakat. To check this undue freedom, it is permissible, in this instance, to use reasonable force to collect payment from such individuals, thereby curtailing the elasticity of extreme freedom. Power accompanying authority must be exercised in consultation of the ruled. This will avoid exclusion in all its manifestations. This is why consultation is a crucial element of administration in Islam.

Social exclusion offers a broader picture of deprivation by focusing on societal mechanisms, institutions and strategic factors that cause it (Islam 2005, p. 6). Rogers (1996) posits that social exclusion offers a multidimensional and multidisciplinary view of poverty and allows us to understand poverty as a process (Rogers 1996 cited in ibid). Social exclusion was officially acknowledged at the World Summit in Copenhagen, Denmark, in 1995 as 'a major problem alongside poverty'.

The application of social exclusion theoretical perspective to the study of poverty has widened the scope of poverty analysis from the usual 'goods-centred' approach to include the 'people-centred approach'. In the former approach, attention is placed upon 'the command of commodities that led to greater utility and welfare', while in the latter approach, attention is given to 'human capabilities and their freedom of choice' (Islam 2005, p. 6). It should be stressed, however, that not every exclusion leads to poverty. Nevertheless, this study believes that social exclusion has the highest probability of putting some individuals in difficult conditions, thereby making them vulnerable to any social and economic shocks that may emerge. Moreover, when applied to the already poor, social exclusion worsens their plight.

The researcher prefers this theoretical perspective for one reason; that is, it replicates the Muslim *Ummah* in character as advocating an all-inclusive, closely knit and all-embracing social set-up.

2.3 Other Theoretical Explanations of Poverty

Theories explaining the causes of poverty the suitability of which the researcher assesses include (1) the individualistic theory, (2) culture of poverty, (3) structural theory, (4) geography of poverty and (5) cycle of poverty.

2.3.1 The Individualistic Theory of Poverty

The individual, according to this theoretical perspective, is the cause of her/his poverty because she/he is lazy. This perspective grew out of the belief in the colonial days that poverty was the 'natural result of individual defects in aspiration or ability' (Schiller 1998, p. 3). The individualistic theorists draw on the argument that through hard work and informed choices, the poor could have avoided (and now can remedy) their problems. Others within this theoretical lineage, aside from the laziness labelled against the poor, attribute the cause of poverty to the low intelligence of the poor (Bradshaw 2006, p. 6).

Beliefs of this nature partly accounted for the emergence of the Eugenics Movement or Puritanical Humane Society in the nineteenth century. The Eugenics movement advocated the need to sterilise individuals who possess 'limited abilities' (ibid). Green and Hulme (2005) referred to Douglas's (1991) essay on the link between leprosy and poverty in medieval England when leprosy was regarded as a contagious disease warranting the expulsion of lepers. A belief that was influenced largely by changes in social attitudes, particularly changes in tolerance towards the poor. This is because there was no increase in mortality rates in areas affected by leprosy during this period that warranted the ill-treatment of the lepers (Douglas 1991, p. 731 cited in Green and Hulme 2005, p. 872).

Green and Hulme (2005), therefore, argued that similar ideas about poverty persist in the society where the poor are identified with 'a dangerous moral degradation, as in contemporary United States political mythologies about the 'underclass'' (Green and Hulme 2005, p. 872). The crux of this perspective, which is sometimes referred to as the 'Flawed Characters' was captured in the Puritanical Humane Society's conviction that misery was ordained 'by a just and inflexible law of

Providence' to accompany vice (Schiller 1998, p. 3). The perspective is also known as the Social Darwinian Theory of Poverty, which is grounded in Charles Darwin's evolutionary exposition in which he postulated that creatures that could not withstand the prevailing conditions in the process of their evolution possessed feeble qualities and would eventually die off. Herbert Spencer is believed to have also blamed the poor for their poverty and in such similar line of reasoning coined the phrase, 'The survival of the fittest' (Black's Academy 2002, p. 1).

Assessing this theoretical perspective at this stage reveals its apparent weakness. 'Survival of the fittest' seems to convey the message that animals (including humans) that are unfit to face the stern, competitive conditions of the world die off completely, thereby leaving behind the capable ones. However, in the case of poverty, instead of the poor dying off completely or drastically their number is steadily escalating. This observation lays bare the unsuitability of this theoretical perspective for this current study. Furthermore, the researcher is with the strong conviction that with the appropriate measures, the 'lazy' poor people who are supposedly poor due to their laziness can be purged of their laziness.

Again, this current study believes that individuals who are labelled as being lazy may be lazy because they are socially excluded from the much-needed means, which smothers their innate initiatives, to attain their goals. This issue forms the theoretical premise of the next theory to be discussed—the culture of poverty. In this light, the 'lazy individuals' must be identified and assisted with capital and other essential opportunities to either commence a trade or learn a profession and could be assisted regularly. As noted by Schiller (1998, p. 3), theories of sin and immorality did not fare well in this modern era. For that reason, 'motivation' or 'work ethic' for the poor is much emphasised.

Subjecting the individualistic theory to a theological explanation, some theorists argued that people who found themselves in unfortunate conditions, for instance, the blind, cripple and lepers including the poor, are atoning for the sins or the sins of their parents. Contrasting this, they argued further that those who are wealthy (including, of course, good health) are those favoured by God. In assessing this argument, the researcher agrees that it is true that God favours some above others. However, the so-called favours and misfortunes could be trials in disguise to determine who the genuine servants are among His creatures. In other words, these 'favours' and 'misfortunes' may constitute divine tool most probably to sieve the grains. Man, therefore, must be circumspect in such conditions. Consequently, Allah (*s.w.t.*) exhorts those who have been favoured (in the context of the current study the nonpoor) to share their blessings (wealth) with the less fortunate (the poor).

Still in the individualistic theory, the neoclassical economists argued that all people have their set of abilities to be able to maximise their well-being by investing in those abilities. If some individuals chose and acted otherwise which failed to improve their well-being, then such individuals, according to the economic concept of human capital, should be held solely responsible for their predicament (Schiller 1998, p. 3). For instance, attending college to get the degree has been seen as investing in one's productive capabilities (ibid). As convincing as the human capital theoretical argument may appear, one must not be oblivious of the fact that there is hardly any attempt to level the playing ground both within countries and among countries for individuals to have equal access to livelihood opportunities. This study argues that these socially and economically generated inequalities have largely condemned more people to recurrent poverty. Therefore, there is a dire need to ensure an ethically based redistribution of both the national and global cakes within countries and across countries. How possible can this be? The current study has explored this segment.

2.3.2 The Culture of Poverty

The ‘culture of poverty’ was coined by Oscar Lewis—an American Anthropologist—in 1959 (Islam 2005, p. 3) through a study conducted on the urban poor in Mexico and Puerto Rico. The culture of poverty argues that the poor cultivate certain values and norm that stifle their motivation and desire to escape poverty (Schiller 1998, p. 115). People’s culture is not only about their behavioural aspect but also about the values, norms and aspirations of their behavioural system (ibid). That said, culture of poverty could then be explained as the behavioural characteristics that make it extremely hard for a particular people to escape the clutches of poverty. These characteristics are capable of being transmitted from generation to generation.

Unlike the individualistic theory, theorists who towed the line of the culture of poverty placed the blame squarely upon the dominant culture of society that allows the growing of such subculture. The poor, according to this perspective, are the unwilling victims of a dysfunctional dominant culture. The culture of poverty is nurtured by certain special conditions such as ‘an economic setting of cash economy, a high rate of unemployment and underemployment, low wages, and people with low skills’ (Islam 2005, p. 3). In the absence of any voluntary or state support and stable family, the low-income class tends to develop the culture of poverty against the dominant ideology of accumulation of the middle class (Islam 2005, p. 1). In that light, Leacock (1971) put culture of poverty simply as the ‘mold which produces a uniform set of characteristics in those growing up under its influence’ (p. 13).

People with this culture are more likely to feel marginalised, helpless and inferior and can cultivate a habit for the present (Black’s Academy 2002, p. 2). This is because these people are faced with chronic poverty and have remained poor for a chunk of their life course and may transmit their poverty to subsequent generations (Hulme and Shepherd 2003, p. 405). The main argument in this theoretical perspective may be summarised as follows: the culture of poverty begets perpetual poverty. As evident in Oscar Lewis’ words:

> Once the culture of poverty has come into existence, it tends to perpetuate itself from generation to generation because of its effect on children. By the time slum children are six or seven, they have usually observed the basic attitudes and values of their subculture. Thereafter they are psychologically unready to take full advantage of changing conditions or improving opportunities that may develop in their lifetime. (Oscar Lewis 1966 cited in Schiller 1998, p. 117)

It is observed that people with the culture of poverty are usually passive to most activities going on around them. They hardly take part in community life or in politics. They do not undertake any business transaction banks, attend hospitals, etc. (Black's Academy 2002, p. 12). Literally, the citizenship of the poor is taken away from them because, as Oliveira (2002) contended, citizenship grew out of active participation in civic life (p. 16). Policy implications of this theoretical perspective include the following: (1) the need to surmount obstacles that lie in the way of the poor to bring them closer to opportunities that will engender higher incomes and (2) the need to increase the poor's self-enhancement and citizen rights to enable them function as active and productive members of the society. Until the poor are fully integrated into the mainstream and dominant culture of the society reminiscent of the middle class, the culture of poverty is far from extinction within certain quarters of the society. This is because the culture of poverty embodies attitudes, belief system and values that are born out of prolonged deprivation and neglect.

It is of paramount importance here to mention the institution of Zakat—a faith-based institution through which solace and deep concern are provided mostly to the less privileged. Therefore, with effective public support for a functioning institution of Zakat, the ability to check the upsurge of the culture of poverty within some sections of the populace in the Muslim world can be bolstered.

2.3.3 The Structural Theory of Poverty

To the structural theorists, poverty is due to the structure of the larger socio-economic order. The macrostructure of the society produces inequality, which leads to poverty (Islam 2005, p. 4). Referred to this perspective as 'restricted opportunity', Schiller (1998) argued that the poor are poor because the system has discriminated against them. Such people had little access to education, jobs, housing, etc. They get no tax breaks and many of the public goods and services (p. 4). In the wake of such extreme external barriers or structural bottlenecks, little chance is available for the poor to escape poverty (ibid).

According to Hickey and Bracking (2005), the persistence of poverty is an indication of its institutionalisation within the social and political norms and institutions, and its legitimisation within the political discourse (p. 851). As a remedy, Hickey and Bracking (2005) called for the allocation or reallocation of resources and the shifting of power relations within which chronic poverty is embedded (ibid). With particular reference to rural poverty, Richardson and London (2007) posited that the relationship between poverty and structural inequities is not accidental or incidental but structural and causal (p. 92). For the solution, they called for breaking these barriers first to be followed by building rural economies (ibid, p. 99). However, Oliveira (2002) has made it clear that fighting structural poverty seeks to only strengthen the capacity of the poor to fend for their livelihoods, but not to turn people 'into passive and permanent beneficiaries of assistance programmes' (p. 15).

The structural theory of poverty has its roots in the Marxist doctrine in which the argument that the existence of low-income class is the creation of the capitalist economic system, or the bourgeoisie, as a strategy for dominance. In assessing this perspective from Islamic perspective, it needs to be clarified that private ownership of property is permissible in Islam. However, such properties must be acquired genuinely. This calls for the interventions of governments largely to provide a level playing ground for the equitable and justifiable wealth acquisition and redistribution. This is why the current study has investigated the role of governance in poverty reduction programmes in the selected countries.

2.3.4 Geography of Poverty

Attempts to theorise poverty along the line of geographical disparities led to the emergence of geography of poverty. Referring to Adam Smith's hypotheses in his *Wealth of Nations*, Sachs et al. (2001) noted that in addition to Smith's view that governments must pursue free-market economic policies, he also acknowledged the importance of physical geography of regions in their economic growth. He is believed to have argued that due to easy access to sea trade, the economies of coastal regions relatively performed better than the economies of the inland areas. Empirically testing this hypothesis, Sachs et al. (2001) found positive association between geography and the distribution of 'world income and economic growth' (pp. 1–6).

The use of geographical disparities in poverty analysis presupposes the concentration of poverty in some particular areas, communities, localities within countries and among regions in the world. Some explanations given about the factors responsible for poverty include 'disinvestment, proximity to natural resources, density, diffusion of innovation and other factors' (Morrill and Wohlenberg 1971, pp. 57–64 cited by Bradshaw 2006, p. 12). The economic agglomeration theory explains that 'strong industrial clusters' emerge because of the ability of similar firms in proximity to pull supportive services and markets, which further attracts more firms.

Similarly, the proximity of poverty conditions creates widespread poverty. The attraction of businesses and firms away from other locations to particular locations presupposes the likely impoverishment of the 'other locations'. For example, low housing prices in such impoverished locations may attract more poor people, thereby leading to housing disinvestment by building owners (ibid). In an empirical study entitled *Geography of Poverty and Wealth* in Great Britain, Green (1994) concurred that through the geographical perspective, the salient variations in the *degree* and *extent* of poverty and wealth between different regions and different sizes of urban areas become apparent (p. 55).

Thus far, one can understand quite clearly why the state has to intervene from time to time to ensure that the distribution of industries and firms in the countries is not geographically skewed heavily. This can be achieved by using tax incentives partly to attract some industries to certain areas within the country. A policy can be utilised among the Muslim countries to grant tax reliefs to certain strategic and labour-intensive industries to enable them provide jobs for the unemployed. Most of the poor people would have acquired incomes, thereby escaping the poverty trap.

Lastly, and with particular reference to the Central Place Theory, 'the lack of infrastructure that allows development of human resources [at any given place or area] limits economic activity that might use these resources' (Hassen 1970 cited by Bradshaw 2006, p. 13). It has long since become a conventional belief that 'advantaged areas stand to grow more than disadvantaged areas even in periods of general economic growth'. Solutions suggested to deal with poverty associated with geographical disparities favoured tackling the main factors that precipitate 'decline in depressed areas' (ibid).

2.3.5 The Cyclical Theory of Poverty

The cyclical poverty has been explained as poverty that may be widespread; however, the duration of its occurrence is short-lived (Encyclopædia Britannica 2007). This kind of poverty occurs when individuals or households suddenly are unable to provide for their necessities due to unforeseen circumstances like natural disasters. Pertaining to the causes of cyclical poverty in the traditional and nontraditional societies (or industrial and agricultural societies), the main triggers of cyclical poverty in the traditional societies are natural phenomena and/or poor agricultural planning, which lead to temporary food shortage. In the industrial societies, cyclical poverty is caused mainly by 'fluctuations in the business cycle, with mass unemployment during periods of depression or serious recession' (ibid). The 2008 economic crises, caused by the credit crunch in the USA, is a classical example of such causes of cyclical poverty. Following this economic downturn, most employees who were hitherto living way above the poverty line have been plunged back into poverty.

In his analysis of chronic poverty, Green and Hulme (2005) contrasted implicitly chronic poverty 'with the shorter-term periods of poverty that people may suffer as a result of seasonality, a downturn in the business cycle or temporary household level shocks' (p. 875). Transitory poverty, unlike chronic, is when people move in and out of poverty (Hickey and Bracking 2005, p. 852). Cyclical poverty may partly appear transitory as people who experience it could move in and out at the onset of its triggers. Consequently, when circumstances that lead to cyclical poverty set in, the plight of the already poor becomes worse. It is in that light that some pragmatic policy instruments should be taken, with the state in the lead, to contain the adverse impacts of cyclical poverty and to check the setting in of most triggers of this kind of poverty.

2.4 Theoretical Perspective of Poverty, Natural Resources and Governance

In this section, the authors have reviewed studies that document findings emanating from secondary sources.

2.4.1 Good Governance

Good governance has been highly favoured by almost all the international development agencies, particularly so when it comes to giving out development assistances to the developing economies. For this reason, the World Bank has defined good governance as 'synonymous with sound development management' in four important and complementary spheres, namely:

1. Public sector management, that is, managing financial and personal resources effectively
2. Accountability, meaning government officials must be held accountable for their deeds
3. Legal framework for development, meaning rules must be made known beforehand and must be enforced
4. Information and transparency, that is, availability of information regarding the conduct of economic activities, public policy issues and transparency (Potter 2004, pp. 379–80; World Bank 1992, p. 1)

Therefore, to attempt measuring good governance in its entirety, the concept of good governance has been operationalised in this study as successfully managing socio-economic development, particularly poverty reduction and livelihoods sustainability. In that light, a review of secondary/library/theoretical studies on the role of government or the state in social and economic development has the sole aim to capture good governance.

2.4.1.1 The Role of the State in Economic and Social Development

The role of government/state in economic development is looked into from three perspectives. The first perspective is termed 'government as the prime mover'. The second perspective is described as 'government as a problem or evil government'. The third is the rehabilitating government perspective.

According to Adelman and Yeldan (1999, p. 1), the view of government as a prime mover lasted for more than three decades (specifically from 1940 to 1979). Within this period, the role of government in economic development largely assumed nothing less than an entrepreneur. This perspective of government as a prime mover has its root, particularly in the scholarly works of the pre-Marshallian classical economists and their disciples such as W. Arthur Lewis, Rosenstein Rodan, Nurkse, Singer, Prebish, Hirschman and Leibenstein (ibid). What economic development means in the theoretical standpoint of the above-named group of classical economists is a 'growth process' that needs a systematic coordination most especially in the reallocation of resources. It is the duty of the government, according to this perspective, to ensure that the economy leaps from low productivity to high productivity.

Furthermore, the classical economists viewed economic development as a growth process that needs the systematic reallocation of factors of production from a low-productivity to productivity with increasing returns mostly in the industrial sector (ibid). However, some factors may impede the much-needed resource reallocation. While some of the neoclassical development economists identified these factors as technological and institutional constraints, others, especially the classical economists, associated such constraints with 'investment lumpiness, inadequate infrastructure, imperfect foresight and missing markets'. Coordination failures are imminent in such circumstances mostly described as 'technological external economies in infrastructure and 'basic' industrial projects' (ibid). Nevertheless, Balogh (1966) described as crucial the role of the state as direct initiator of expansion. He contended that the need for diffusion of entrepreneurial spirit, through which creative competition induces changes and growth, made the role of the state in the overall direction and possibly discriminatory tax policy essential (p. 215).

It has also been a tenet in this theoretical perspective that 'long-run economic growth is a highly non-linear process', which is underpinned by 'multiple stable equilibria', of which low-income trap is one. Furthermore, the developing countries are the main culprits here because of the apparent condition of 'minimal levels of physical capital, both productive and infrastructural, low level of production and by Malthusian population growth' (ibid). Also, coordination failures promote 'lower returns from investment…than those that could be realized with coordinated, simultaneous investment programs' (ibid). In the absence of coordination, the argument continues, 'investment would not permit' the intended 'returns to scale and together with low incomes', savings and aggregate demand are severely hampered.

It is against this backdrop that government must act to move the pace of economic and social development 'from the uncoordinated, low-income, no-long-run-growth static equilibrium to the coordinated high-income, dynamic equilibrium golden-growth path' (Adelman and Yeldan 1999, p. 2). Market forces alone, according to this perspective, are not enough to induce economic development. Corroborating this stance, Howe (1979) argued that markets played essential role particularly in the development and allocation of natural resources. However, with the cooperation of government agencies, the true impact of natural resources in development could be assessed (p. viii: the preface).

However, the perspective has attracted a spiral of criticisms. It has been argued that in spite of the appreciable levels of economic growth in the developing countries, 'overt unemployment and underemployment' were rife 'of the order of 20 % of the urban labour force' (ibid). The gap is further widened between 'the owners of capital (the rich), the owners of skills (the professionals and bureaucratic middle class)', on the one hand, and 'the owners of unskilled labour (the poor)', on the other hand. In short, a fertile avenue is staged for 'an unequalizing process of economic growth', the critique concluded. The reason for this scenery has been purported to inhere in the capital-intensive development paradigm of most governments. As a remedy, the proponents of 'government as a prime mover' favoured the government shying away from capital-intensive technology-led development policy to that of labour-intensive technology. Others wanted government to reduce subsidies to industrialisation to ensure that capital is not underpriced while labour is overpriced. The former group is referred to as the 'income distribution school' and the latter group is called 'getting prices right' school.

Thus far, and as the current study is concerned, the role of government should target striking a balance between capital-intensive and labour-intensive policies of social and economic development This is important especially in the face of the increasing need to make essential goods and services accessible to the poor (World Bank 2004). With the capital-intensive development approach, the role of government should also aim at investing in human capital to produce the requisite calibre of work force to sustain the capital-intensive development projects. Labour-intensive yes, especially in some farm and nonfarm businesses like the services sector. The researcher, however, does not buy the idea of giving market forces that heyday to determine and dictate the pace of social and economic development. This is because market forces when directed could be more useful than when left unchecked. A scenario that could be likened to fire—too often a better servant than a master. This observation has been vindicated by the 2008 economic meltdown, which is far from a complete recovery as of 2012.

Most importantly, there is a dire need for a sound mechanism to ensure an equitable redistribution of the fruit of economic growth in order to incorporate the less fortunate poor and other vulnerable groups into the mainstream economy. Hence, there is the need to harness the institution of Zakat to play effectively its role as resource distribution mechanism in the Muslim world.

Under government as a problem or the evil government perspective, the role of governments in economic development is seen as the prime cause of underdevelopment rather than promoting development. This argument is premised on the firm belief that when 'barriers to international trade in commodities' are removed, the economy would automatically proceed on course. International trade, according to the neoclassical trade theorists—Krueger and Bhagwati—can serve a good purpose of substituting for the 'low domestic aggregate demand' (Adelman and Yeldan 1999, p. 3).

As a counter to getting prices right and trade is enough schools of thought, the evil government school argued that government interventions in economic development, specifically in markets, were not necessary as they believed that trade liberalisation could induce development, provide for economies of scale and make industries internationally more competitive. Governments are bloated; they are corrupt, they argued. In the end, economic concessions and privileges are generated as governments intervene in the markets because governments 'operate by distorting market-incentives in mostly unproductive, foolish and wasteful ways' (ibid, p. 4). Besides, government interventions into markets largely promote 'rent-seeking activities by private entrepreneurs, which absorb large fractions of GNP and leads to significant economic inefficiencies' (ibid).

Against this backdrop, the proponents of evil government or government as a problem perspective called for minimal role of government in economic matters. The best action in this situation was for governments to liberalise domestic and international markets, which would ensure economic efficiency and would serve as an 'economic virtue' to attract 'financial support of the international agencies' (ibid).

This perspective was at its peak in the 1980s when the world economics was experiencing a dramatic and general economic slowdown. This particular period in point witnessed a marked 'recession in Japan, Europe and the United States'. Consequently, there was 'a shift from growth-promoting to inflation-fighting policies in the developed countries'. The developing countries were saddled with 'severe debt-crisis', currency devaluation and high world interest rates. Under such conditions of hopelessness, the Breton Wood institutions (the World Bank and IMF) were successful in enforcing their 'evil government' philosophy through their loan conditionality.

However, one may see clearly that the 'evil government' perspective has failed worthily because of the overreliance on market forces. For the purpose of the current study, market, the author contends, is a better servant most times than being a master. Studies abound in literature attesting to the flaws of market forces in development policies. The Marshallian neoclassical economics was never intended to be a growth theory, but only as a theory of static resource allocation. In order for it to become a complete development theory, the Marshallian neoclassical economics must be supplemented by a theory of accumulation and growth (Adelman and Yeldan 1999, p. 5). For that reason, Adelman and Yeldan (1999) concluded that markets might be efficient for static resources allocation, but not for accumulation and growth.

Thus far, it is undoubtedly obvious that sometimes government's periodic interventions into market forces are necessary and still valid even today, particularly following the global economic recession. There is now a strong public support calling for tighter government regulations on economic activities the world over. This will enable governments to step into the development process for purposes of meeting the need for positive discrimination, affirmative policies and progressive, long-term national development agenda. Such reasons are ingrained in the institution of Zakat. For instance, investments undertaken with the proceeds of Zakat in the interest of the poor and needy must be gallantly guarded against the mishap of market forces. Moreover, such investments in the name of the poor and other vulnerable groups are geared towards long-term livelihood approach. This situation underscores the need for government interventions in economic and social development.

The rehabilitating government perspective has taken a number of factors into account and then advocated the need for frantic efforts to ensure efficiency in the role that governments play in social and economic development rather than shrinking such role. An important factor underpinning this argument lies in the economic success story of some East Asian and South Asian economies in the wake of the abysmal economic performances of the majority of the developing countries in the 1980s. In the case of these Asian countries, governments notably played a pivotal role to achieve such successes. Again, the OECD countries in the 1980s experienced ‘slow growth and unemployment against the prevailing evil government philosophy’. Such new developments tended to promote ‘a more activist governmental stance’ (ibid, p. 6).

Following these new developments, the revisionist school of economic development also known as ‘The Post Washington-Consensus School[4]’ strongly favoured a harmonious blend of governments and market interactions, in which the former ‘play significant role in investment, its finance, human capital formation, acquisition of technology, institution-setting, and promotion of policy and institutional reforms’ (ibid). To this end, it appears glaring that the stage is now prepared for strategic, effective and efficient government interventions in the process of development favourably referred to as ‘good governance’.

2.4.2 Natural Resource Utilisation and Development

The awareness about the crucial and complex interrelationship between natural resources and social and economic development of nations started to gather momentum about a decade ago. As Ruddle and Rondinelli (1983) noted, ‘it became more apparent during the past decade that closer attention must be paid to preserving and renewing bio-physical systems and to transforming resources for human development. Both resources and patterns of living must be transformed to meet the needs of the human population in developing countries during the rest of this century’. However, this awareness, in most instances, is yet to be translated into action to meet the development goals in most countries. There is, therefore, the growing need in recent times to devise efficient mechanisms to transform natural resources effectively for human development. Such mechanisms, as conventional wisdom would require, should aim at creating a win-win environment in which economic growth with social equity is achieved within a sustained natural resource base.

Realising the positive effects of natural resources utilisation on socio-economic development of any nation in question is largely explained by the existing ‘technology, capital, resource endowment,…the socio-cultural (particularly the administrative and political) environment’ (Ruddle and Rondinelli 1983, Chapter 7). So, the inability to attain the set objectives of transforming natural resources for socio-economic development is largely blamed upon institutional and administrative lapses. In their seminal work, Ruddle and Rondinelli (1983) argued that to achieve

---

[4] The Washington-Consensus, according to Adelman and Yeldan (1999, p. 5), became the dominant slogan for development policy during the 1980s when the Washington-based international institutions—World Bank and the IMF—successfully imposed their ‘Evil government’ philosophy on the developing countries through their loan conditionality, that is, ‘Marketize, Liberalize and Tighten-your-Belt Policies’.

any results in efforts to transform natural resources for human development, then governments would have to understand the existing environmental and resource conditions. Insufficient or lack of knowledge about the conditions and elements of environmental resources hindered achieving the objectives of transforming environmental resources for human development. This argument has been buttressed in a recent study quoted by Ruddle and Rondinelli (1983), which argued that:

> There are significant gaps in our understanding of natural systems. Of the estimated 5 to 10 million plant and animal species in the world, for example, only about 1.6 million have been named; a much smaller number is completely known. In addition, while our understanding of the dynamics of ecosystems is improving rapidly, there is still much to be learned, particularly in tropical and subtropical ecosystems. Given that level of ignorance, human activities, which modify natural habitats and threaten the survival of species, carry with them potential risks of unknown magnitude.

To narrow this knowledge gap will require the strengthening of administrative and institutional capacities, which includes training of personnel engaged in resources utilisation, researching and dissemination of research findings on emerging resource transformational techniques and technicalities. Increasing the administrative capacity of agencies and institutions charged with resource planning and environmental management is essential to making transformational approaches to development operational (ibid).

Therefore, effective and efficient resource utilisation requires improvement of institutions and agencies in collecting, analysing and the use of information about the immediate- and long-term effects of development policies and programmes on the resource systems and environments, especially on marginal areas within developing nations. It also requires mobilising, budgeting and allocating financial resources for transformational programmes that develop human potential, especially in the marginal areas (ibid). Here, the importance of Zakat resurfaces as the need for mobilising financial resource becomes eminent. Effective administration of Zakat undoubtedly engenders solid ground for resource mobilisation in various ways.

In this regard, appropriate institutional arrangements and technologies are widely considered effective for transforming natural resources for developing, enhancing and unleashing the potentials of the poor people. The importance to tailor-suit natural resource utilisation for the poor majority has been highlighted in a study conducted by USAID (1979), which argued that:

> Because many of the most serious environmental and natural resource problems of developing countries relate directly to the activities of low-income groups, both rural and urban, the ability of a government to manage environmental resources effectively is likely to depend in large measure on its abilities to reach the poor majority. Western administrative institutions may not in fact be the best models in such circumstances, and alternative approaches warrant greater study.

It has also long been favoured in line with the principle of ‘equity and basic needs’ that much attention be paid to the factors that facilitate and those that deny poor people’s access to the resource system, most especially in the marginal areas. In short, there is the need to reconcile natural resource systems with the social system to facilitate transforming natural resources for human development. This has been the importance of natural resources in socio-economic development, if professionally and tactfully utilised. The current study has examined the tactful and professional natural resource utilisation in transforming human development in the Muslim nations.

2.4.3 Poverty Alleviation and Redistributive Justice

It is clear that the conventional distribution of income largely assumes the pattern of labour or employment and remuneration. In other words, income distribution has often been conducted in the form of wage labour. It is also evident that this form of income distribution (i.e. wage labour) does not cover two-thirds of the poor people. For this reason, the majority of the poor people can be described as 'independent workers' in production, as they are self-employed with extremely low incomes (Ahluwalia 1974, p. 22).

Against this backdrop, it is conventionally appealing to ensure redistributive justice by considering 'what determines the patterns of concentration in income and to what extent they can be influenced through government policy' (ibid, p. 16). Such determinants of income inequality include structural factors like the level of per capita income, the share of agriculture in GDP, the rate of economic growth and other factors like rates of school enrolment, institutional and market failures. Utilising a cross-country data of some Latin American, African and Asian countries, Ahluwalia (1974, p. 17) found that income inequality initially increased and later decreased with development confirming Kuznets' (1955) inverted 'U' hypothesis. Again, using education as a variable, Ahluwalia (1974, p. 17) found a positive relationship between equity in income shares of the lowest 40 % and the middle 40 % of the population.

Building on the aforementioned findings, Ahluwalia and Chenery (1974) argued that income inequality was largely determined by ownership of a variety of assets, which include 'land, privately owned capital, access to public capital goods, and human capital embodying varying degrees of skills' (ibid, p. 43). The distribution of these assets, according to Ahluwalia and Chenery (1974), is more concentrated than incomes. It is, therefore, important that such determinants of income equality and concentration of wealth be taken into cognizance before any meaningful redistributive mechanisms can be ensured.

Policy interventions should target 'altering over time the underlying pattern of concentration of both physical and human capital' (ibid). This is intended to ensure that a level playing field is staged for the acquisition of private property and access to public facilities on equitable basis. This, also, requires reallocating public investment in the target groups, especially the poor people. Such investments may assume the form of making land accessible to the landless peasant farmers, implementing property rights, increasing access to credit, technical know-how, especially to the peasant artisans, craftsmen, etc., in the rural areas. Also, in the urban centres, public investment should focus on target groups like unskilled workers and should increase the rates of school enrolment among such groups, increasing vocational and technical training as well. This is a possible policy intervention that is very capable of appropriating labour for higher wages. Just and effective redistribution of production assets is capable of raising the levels of production in the various occupations.

The above-stated redistributive strategy appears quite convincing. This underscores the need for investigating whether or not the redistribution mechanism afore-discussed is pursued in Muslim nations. Moreover, the intention of examining Zakat as an alternative tool for poverty alleviation is reinforced by the uncertainty in the literature about income redistribution using 'tax-financed transfers from the rich to the poor'. As evident in the observation of Ahluwalia and Chenery (1974), tax-financed transfers would improve the incomes of the poor. However, if such transfers affect the ability of the rich to save and accumulate capital, then in the end this would lower the income of the poor people. The institution of Zakat is devoid of such uncertainty. There is fixed limit below which Zakat is not due. Again, there are varieties of items, belongings and wealth exempted from Zakat as well. This characteristic of Zakat will not diminish the ability of the rich to save and accumulate.

2.4.4 Poverty in Muslim Countries

According to Ahmad Mohamed Ali (2006),[5] the incidence of poverty has decreased in many Islamic Development Bank (IDB) member countries.[6] However, the trends of poverty and other social indicators in some member countries raise a cause for alarm. What is more worrisome is that 'there are pockets of extreme poverty in the depressed areas of even those member countries who are posting robust economic growth'. On the millennium development goals (MDGs), 13 member countries, as of 2006, were deemed unlikely to achieve the target of halving the number of people living below $1-day by 2015.

In the 2007 UNDP human development index (HDI), there was no Muslim nation among countries occupying the upper or first quartile of the index, that is, 0.900+. In the second quartile, that is, 0.800+, there were only ten Muslim nations. Brunei was first with 0.894 and had been placed 30th in the world ranking. Among the countries with the lowest human development indices, 11 were Muslim countries (UNDP 2007). The importance of this index cannot be underestimated as it has been worked out on such important human development

---

[5] Dr. Ahmad has been the sitting President of the Islamic Development Bank (IDB) group, as of 2012 [when] this study was undertaken. These observations were made by him at the second World Islamic Economic Forum held in Pakistan, Islamabad, in November 2006.

[6] I am using IDB member countries here because IDB is the financial wing of the Islamic countries, particularly the OIC.

indicators as literacy, education, life expectancy and standard of living measured by standards such as income inequality, poverty rate, real (i.e. inflation adjusted) income per person.[7]

In his speech entitled: 'IDB Approach o Poverty Alleviation' delivered at a conference on 'Poverty Alleviation: Challenges for the Islamic World', which was organised by the Centre for Poverty and Development Studies (CPDS), University Malaya, 2–3 August 2007, the resident coordinator of IDB in Malaysia noted that despite the efforts marshalled in fighting poverty, the challenges were daunting. He cited the following as examples:

1. About 40 % of the world's absolute poor live in 31 of the IDB member countries. That, succinctly, is the measure of the overall challenge facing the IDB Group in its poverty reduction.
2. In absolute and relative terms, five of the 31 countries accounted for about 63 % of the absolute poor (Bangladesh, Indonesia, Nigeria, Pakistan and Sudan).
3. Again in relative figures (i.e. expressed as a percentage of national population), nine IDB member countries are estimated to have more than 50 % of their population in extreme poverty (these countries are Sierra Leone, Sudan, Niger, Mali, Gambia, Guinea-Bissau, Somalia, Afghanistan and Mozambique).

Generally, a host of factors account for the prevailing levels of poverty in the Muslim nations. These factors are both internal and external. Internal factors like civil strife, sectarianism, racial and political acrimony, 'low productivity, mismanagement and corruption' (Ahangar and Altaf 2004, p. 343) are more likely to cause extreme poverty. External factors include unlevelled playing ground for international trade, embargoes, sanctions 'foreign interference', debt burden, little cooperation among Muslims, unstable export earnings, etc. (ibid).

In the face of such factors that seem to be reinforcing one another, what role have natural and human resource endowments and utilisation in the Muslim nation played in the fight against poverty? What enabling environment has been created by the state in the Muslim nations? In addition, what alternative policy interventions have been explored and effectively utilised (i.e. faith-based policies, e.g. Zakat which has been examined partly by this study) to combat the spread of poverty? Answers to the above-mentioned queries will enrich the poverty alleviation literature in the Muslim world. The current study has sought to achieve this target.

2.5 Empirical Perspective of Poverty, Natural Resources and Governance

Under this section, the authors have reviewed studies that document findings emanating from fieldwork or studies that have empirically been conducted.

---

[7] For details visit: http://en.wikipedia.org/wiki/List_of_countries_by_Human_Development_Index. Accessed 13 March 2008.

2.5.1 Good Governance

The authors have chosen to work with operational definition of good governance as successfully managing socio-economic development, leading to poverty reduction and livelihoods sustainability. A review of empirical studies on the role of government or the state in social and economic development has sought to capture good governance in this regard.

2.5.1.1 The Role of the State in Economic and Social Development

It is an undeniable fact that countries vary in their contemporary social and economic development. This reflects the ‘differing…technological, demographic and political contexts in which historical and contemporary growth take place’ (Adelman and Yeldan 1999, p. 7). Taking the role of the state in economic development back in history, Morris and Adelman (1988) conducted comparative quantitative analyses of empirical economic development of 23 countries. They found that the ‘extent of domestic economic role of governments explained significant portions of cross-country variance within groups similar in their initial conditions and in their choice of development paths’. Specifically, they found that:

1. ‘Fifty per cent of the variance among countries in patterns of industrialisation was explained by intercountry differences in the extent of government-sponsored investment in infrastructure and industry
2. Twenty-eight per cent in intercountry differences in the extent of expansion of market institutions
3. Thirty-three per cent in the patterns of foreign economic dependence
4. Thirty-five per cent of intercountry variance in the course of poverty
5. But only 11 % of variance in patterns of agricultural expansion’ (ibid).

The crux of this current study centres partly upon the importance of government’s role in economic and social development, thereby leading to livelihood sustainability. Still on historical perspective and based on the same comparative study, Adelman and Yeldan (1999, p. 7) noted that the degree of government promotion of industrialisation in nineteenth-century Europe largely accounted for the gap that existed between Great Britain and other countries. Government’s role in the nineteenth century was key and pervasive ‘in establishing the economic and institutional conditions necessary for the occurrence of the Industrial Revolution’ (ibid). An important lesson associated with the nineteenth-century development is that the development process requires time and institutional commitment.

As aforementioned, countries vary in their contemporary social and economic development reflecting, though contestable, the substantial role of their respective governments, at least, in some point in the economic growth processes of these countries. On that basis, some countries are classified as developed, some classified as developing and others as underdeveloped, which are often described as having the characteristics of fourteenth-century Europe (ibid). Such comparisons justify the need for government interventions to lead and chart the path for economic and social development in these economies, particularly in the developing economies, constituting the majority.

Even in the so-called developed countries, especially the United States and Europe, 'pursuing purely neo-liberal policies' is completely out of the question. The Clinton administration, according to Adelman and Yeldan (1999), had pursued an activist industrial policy, which aimed to speed up a shift into a high-tech and service economy. The Clinton administration had pursued an interventionist trade policy, which aimed to push agricultural, service and technology exports through its bilateral and multilateral negotiations with other countries and through its participation in global institutions and had promoted a human resource development policy so as to provide human capital needed by high-tech industries.

The notion that the majority of countries are described as underdeveloped or developing appropriates the castigation of the advocates of free trade and less government intervention policy. Adelman and Yeldan (1999) observed that: 'It is somewhat ironic in this context that the strongest advocates of free trade, Victorian Britain and post[-war] US were strongly protectionist during their own early development'.

Against this backdrop, the current study critically examines the role of the state in creating an enabling environment for economic and social development in the Muslim world. In the case of Malaysia, the available literature points to the strong and determined role of the state as an enabler of economic and social growth. The Government of Malaysia has demonstrated how significant the role of a state can be in economic development by working tirelessly to temper growth with equity. With pragmatic policies, the economy of Malaysia is steadily growing in strength to the admiration of the international community. Balancing market-driven and interventionist policies and strategies, the government of Malaysia has been very much successful in reducing poverty drastically.

The total incidence of poverty in Malaysia at the household level was 3.6 % in 2008, down from 6.1 % in 1997. Similarly, the incidence of hardcore poverty at the household level stood at 0.7 % in 2008, down from 1.4 % in 1997 (EPU 2008).[8] Furthermore, a news item captioned '12,000 families to be out of poor list by year-end' reported on the success story of the federal and state governments' concerted efforts to eradicate extreme (hardcore) poverty by 2010. As noted by Datuk Zainal Abidin Osman, Deputy Minister of Rural and Regional Development, the Government of Malaysia had set aside RM 125 million (Malaysian Ringgit) for 190 local community development programmes (PPMS) under the Ninth Malaysian Plan, from the RM 604 million allocated to eradicate abject poverty. In light of this development, the current study has examined the momentum of such state commitment and resilience across the Muslim nations.

---

[8] This is contained in the Malaysian Quality of Life Index prepared by the Economic Planning Unit in partnership with other Departments and Ministries such as the Department of Statistics, Ministry of Women, Family and Community Development, Ministry of Education and Ministry of Higher Education.

2.5.2 Natural Resource Utilisation and Development

Applying the transformational development approach to the utilisation of natural resources for human development, particularly for marginal areas, will more likely yield positive results. According to Ruddle and Rondinelli (1983), the main principles of transformational development approach 'are that development efforts never start with a clean slate, nor do they exist within a vacuum'. They further argued, 'established patterns of man-resource-environment relationships exist because they have evolved over time as successful adaptive mechanisms within given socio-cultural and biophysical conditions, and therefore must be used as the base for future development' (Ruddle and Rondinelli 1983).

For this reason, Shyamsundar et al. (2005) have argued strongly in favour of the increasing rights of individuals and local communities to natural resources and have even gone extra miles to show its development benefits, especially in poverty reduction. Shyamsundar et al. (2005) saw the increasing rights of individuals and communities to natural resources as imbedded in 'power-sharing agreements with the state, increased legal [backing]… or decentralization within national agencies' (ibid, p. 1). Consequently, people who are involved in the management of these natural resources would be self-employed with possible incomes. For instance, in wildlife conservation programmes in some African countries, many people have been employed as tourist guides and in other related job areas, aside from those directly employed in the conversation programmes. The benefits at the community level include infrastructural facilities such as roads, water supply system, schools, etc., often built to support the running of such programmes.

As corroborated by Bray et al. (2002), community forestry in Mexico had enabled communities to build 'assets such as potable water networks, schools, clinics, public buildings and social service safety nets …' (Shyamsundar et al. 2005, p. 7). Finally and most importantly, the people feel empowered when their rights to natural resources are increased and therefore are more likely to work so hard to ensure the sustainability of the natural resources under their jurisdiction. In addition, sources of government revenue may increase out of the sustainable management of these resources.

In support of the role of technologies, techniques and institutions in transforming natural resources for development, the transformational development perspective has argued as follows:

> …directed change in resource use must be appropriate to existing local systems, and should aim at finding critical points and processes within these systems that can benefit from and sustain specific changes; and [that] prior to formulating and instituting change, more sensitive forms of socio-cultural and environmental 'impact' assessment are needed (ibid).

Citing the case of palm sago in East Malaysia, Ruddle and Rondinelli (1983) contended how transformational approach to natural resources utilisation had created and improved livelihoods of the majority poor people. Sago is a starch mainly produced out of the stem of many genera palms. 'Many Asian and Melanesian populations living in tropical, freshwater swamp areas', Ruddle and Rondinelli (1983) concurred, had long used this carbohydrate staple.

Of recent, the use of sago has been revolutionalised as modern industrial raw material. It has now a variety of uses such as ‘oil-drilling and other lubricants, specialized glues, as filler for biodegradable plastics, and in the manufacture of pharmaceuticals’ (ibid). In the production of palm sago, the principal genera exploited include Metroxylon, Arenga, Caryota, Eugeissona and Corypha. Small-scale commercial production of sago is highly developed and well documented for the swampy coastal lowlands of Sarawak, where it has been traditionally associated with the Melanau community.

In spite of its potentials, sago industry was confronted by technological inefficiencies of which most could be easily corrected. The main problems, according to Ruddle and Rondinelli (1983), include:

> Excessive, continuous pumping of river water and incomplete extraction of starch from the pith. Wire sieves are too coarse and cause a high fibre content in the finished product. Excessive starch loss in overflow water from sedimentation tanks, the loss of “dead” crude starch, and loss of flour during drying by wind and through poor covering of the drying floor.

The quality of the product is compromised under such conditions:

> with spot samples having up to 20 per cent moisture content, 62-82 per cent pure starch, 0.1-0.9 per cent ash, and 1.3-18 per cent fibre. This is unacceptable compared to the starch trade’s usual requirement of 14 per cent or less moisture content. The cumulative losses to the traditional industry through inefficiencies in organization, technology and mill layout are considerable. (Ruddle and Rondinelli 1983, p. 47)

Despite these lapses, ‘the combined employment potential of the small, traditional, labour intensive mills, Ruddle and Rondinelli (1983) contended, is considerable… [with] 65 small mills employed some 620 full-time workers and their families’ (ibid). This calls for strengthening of institutions, which directly deal with sago palm production. Technology must be appropriate. More researches are needed and the personnel need to be taken through periodic refresher training. Overall, it must be noted, as Ruddle and Rondinelli (1983) warned, that ‘Any scheme to upgrade mill operations and technology should not significantly upset their capacity to generate employment’. This observation reiterates the need to consider the appropriateness and the suitability of programme and project plans and the requisite technologies in transformational development approach. The current study investigates this element using natural resources in the selected Muslim nations as a case in point.

2.5.3 Poverty Alleviation and Redistributive Justice

Using a cross-country data on Argentina, Chile, Taiwan and Israel, on the one hand, and Dahomey (now Benin), Chad and Niger, on the other hand, Adelman and Morris (1973) added their voice to the growing concern that strongly questioned the utopian assumption of the ‘trickle-down effect’ of economic growth to the poor. They argued in this study that the ‘relationship between level of economic development and income share of the poorest 60 % of the population is asymmetrically U-shaped’ (ibid, p. 188). This observation seems to have corroborated the hypotheses put forward by Simon Kuznets and Gunner Myrdal in the 1950s.

In Adelman and Morris' study, an equitable income levels were found to be associated with a lower level of development. Against this finding, Adelman and Morris (1973) concluded that the 'process of economic modernization shifts the income distribution in favour of the middle and upper income groups and against lower income group' (ibid). Buttressing this argument, the findings also showed that economic development was positively related to more equal income distribution only among the upper income group of the population in the underdeveloped countries, for instance, in Benin, Chad and Niger.

This exposition on the skewed effects of economic growth in the early stages on income distribution lends credence to the need for administrative and institutional mechanisms to bring about a more reasonable degree of income distribution. In other words, there is a dire need to emphasise redistributive justice so as not to allow the entrenchment of any income inequalities. Pursuing affirmative policies and positive discrimination should emphasise human resource improvement of the poor people. This will empower the poor to rise on the income ladder. To what extent has this important strategy been pursued in the Muslim world? The current study explores this segment.

Justice is a value well cherished in Islam. Justice comes in two forms, complementing each other. One form of justice is distributive justice, and the other is dispensing justice on disputes. Distributive justice emphasises equity in the distribution of resources (*al-Qist*) and the 'just disposition of disputes (*al-Adl*)' (Ansar 2007, p. 2). Distributive justice is paramount to social justice. Allah (*s.w.t.*) said (in *Sura al-Hadid*: 25) that He sent the book to the Messengers in order that they would maintain balance (in distribution of resources) and to lead people with justice (ibid).

As *Khalifah* or vicegerents of Allah, humans must pursue justice in all its manifestations, especially those placed in authority. The Holy Prophet (*p.b.u.h*) is reported to have said, 'There is no governor, who rules Muslim subjects and dies, having played foul with them, but Allah (*s.w.t.*) will forbid him Paradise' (Al-Buraey 2007, p. 5). It is counted as a feature of good governance in Islam that a ruler strives to ensure the welfare of his subjects. As captured in the following Prophetic injunction: 'If he does not strive diligently to promote their welfare, he will not enter Paradise with them' (ibid).

On this basis, Islam abhors a heavily skewed distribution of wealth. It detests the concentration of wealth in some few pockets of the society. This explains why Islam shuns hoarding and similar commercial malpractices. Islam does not discourage personal ownership of property or private property, but it does encourage individuals having resources beyond and above their needs to show compassion to the less fortunate ones by redistributing their excess wealth. Islam frowns upon the practices of certain wealthy individuals who care very little about the poor in the society and continue to amass wealth in a way that deprives many others in the society of their livelihood chances.

Therefore, the wisdom behind Zakat in particular and other charitable acts in general seeks to ensure redistribution of livelihood assets and livelihood chances.

Avoiding leading ostentatious lifestyle is to avoid squandering for '…Allah (*s.w.t.*) does not like squanderers' (*Suratul Al An-am*: 141). In a similar vein, having wealth is considered a trust (*amanah*), in which the holder of this trust is not the sole beneficiary. There is the need to redistribute this wealth to fulfil the rights of others who have stake in this wealth (Ansar 2007, p. 5). For whatever Allah (*s.w.t.*) has created between the skies and the earth are for the benefit of humanity (*not for a specific kind of humanity*). Redistribution with growth is part of Islamic ideals, which aims at fighting poverty and deprivation. The current study examines this aspect in the selected Muslim nations.

2.5.4 Poverty in Muslim Countries

Empirically speaking, some few countries in the Islamic World have achieved great success in alleviating poverty. Malaysia is one of such examples. Although, there could be some pockets of poor people, especially in the underdeveloped areas (Chamhuri et al. 2004; Chamhuri 2008), the incidence of poverty, undoubtedly, has reduced drastically at the household level from 6.1 % in 1997 to 3.6 % in 2008. Extreme poverty at the household level, also known as the hardcore poverty and measured as half of the poverty line income (PLI), has been reduced to 0.7 % in 2008, down from 1.4 % in 1997 (EPU 2008).[9] The role of government behind the success story of the Malaysian economy has been tremendous. Malaysia is a private-sector-driven economy; the role of government in creating the enabling environment can never be overemphasised (Chamhuri et al. 2004, p. 5). This has been reflected by the magnitude of public sector expenditure. Poverty reduction has featured prominently in the national economic plans. The successful reduction of poverty in Malaysia has been underscored by strategising along the following pathways:

1. Increasing productivity through new and modern techniques
2. Shifting the economy from low- to high-productivity sectors and activities
3. Improvement of quality of life through various assistance programmes (ibid, p. 6)

Putting Pakistan under the spotlight shows high incidence of poverty. As of 1999, 32.6 % of the population lived below the national poverty line up from 28.6 % in 1993 (World Bank 2006, p. 279). The trend seems to be far from turning for the better as 85 % of the population were estimated to be living below US$2 per day in 2007 (Siddiqui 2007, p. 1). The strategy adopted to tackle poverty in Pakistan assumes the following dimensions:

---

[9] This has been obtained from the Malaysian Quality of Life Index prepared by the Economic Planning Unit in partnership with other Departments and Ministries such as the Department of Statistics, Ministry of Women, Family and Community Development, Ministry of Education and Ministry of Higher Education.

1. Accelerating economic growth and maintaining macroeconomic stability
2. Investing in human capital
3. Augmenting targeted intervention
4. Expanding social safety nets
5. Improving governance

Aside from this, there are four programmes designed to combat poverty. These include the following:

1. Small and medium enterprise promotion programme
2. Rural development programme
3. Microcredit programme
4. *Khushal* Pakistan programme

In spite of the existing poverty reduction programmes and strategies, the incidence of poverty is quite high. Siddiqui's (2007) study has determined the factors that contribute largely to the high poverty incidence. The prime factors have been illiteracy and lack of skills. For this reason, increasing the level of education and vocational training has been recommended. Again, increasing access to health facilities and infrastructure will enhance livelihood opportunities for the majority of the population. These strategies require efficient resource utilisation, institutional commitment and resilience. With this in mind, the current study has examined these important determinants of successful poverty reduction in the selected Muslim countries.

The story is not anything different in Bangladesh. The country is among the poorest nations on the planet. Although Bangladesh has managed to reduce poverty incidence to 49.8 % in 2000 at the national poverty line, down from 51.0 % in 1996, the prevalence of poverty is still unacceptable. On US$2 per day, 82.8 % of the population were poor as of 2000 (World Bank 2006, p. 279). The factors identified for this scenario include population pressure, limited per capita natural resource endowment, illiteracy, bad governance, ill health, among others (ibid). Has the situation changed for better now? The current research investigates the current poverty situation in the selected Muslim nations including Bangladesh.

In Nigeria, 34.1 % of the population were below the national poverty line in 1993, down from 43.0 % in 1985. However, 70.8 % and 92.4 % of the population as of 2003 were living below the US$1 and US$2 per day, respectively (ibid). Another study put the figure at 54.4 % poverty rate as of 2004.[10] All the same, the rate is quite high for Nigeria, which is among the top ten oil-producing countries in the world. In addition, Nigeria is a member of the organisation of oil-producing countries (OPEC). The likely factors for this poverty scenario could be the lack of commitment to poverty reduction, inefficient poverty reduction strategies, poor governance and rampant corruption. How pervasive are these development-stifling attributes across the selected Muslim countries? The current research looks at such loopholes.

---

[10] This poverty rate is contained in a paper presented by Abdul-Ganiyu Obatoyinbo, Secretary of the Nigerian's National Poverty Reduction Programme at the *International Conference on Poverty Alleviation: Challenges for the Islamic World.* University of Malaya, 2–3 August 2007.

Yemen is not also spared of this menace. Yemen is not a severely resource-constraint country, as oil was discovered in the 1980s. However, the incidence of poverty stood at 41.8 % as in 1998 measured by the national poverty line. Going by the international poverty lines of US$1 and 2 per day, the incidence of poverty stood at 15 % and 45 %, respectively, in 1998 (Chamhuri et al. 2004). Yemen is among the lowest resource per capita countries in the world in terms of land available for agriculture, water, etc. It is against this background that the current study has critically looked into resource endowments and utilisation coupled with institutional commitment and resilience in the fight against poverty in the Muslim world, concentrating on some selected Muslim countries.

References

Adelman, I., & Morris, C. T. (1973). *Economic growth and social equity in developing countries*. Stanford: Stanford University Press.

Adelman, I., & Yeldan, E. A. (1999). *The role of government in economic development* (*Working Paper No. 890*). California Agricultural Experiment Station and Giannini Foundation of Agricultural Economics. http://are.berkeley.edu/~adelman/finn.pdf. Accessed 27 July 2007.

Ahangar, M., & Altaf H. (2004, December 14–15). Poverty among Muslims in Kashmir: An analysis. In *Proceedings of international conference on poverty in the Muslim world and communities: Causes and solutions* (pp. 339–366). Kuala Lumpur: International Islamic University Malaysia.

Ahluwalia, M. S. (1974). Income inequality: Some dimensions of the problem. In H. Chenery et al. (Eds.), *Redistribution with growth*. Oxford/London/New York: Oxford University Press.

Ahluwalia, M. S., & Chenery, H. (1974). The economic framework. In H. Chenery et al. (Eds.), *Redistribution with growth*. Oxford/London/New York: Oxford University Press.

Al-Buraey, A. M. (2007, December 3–6). *Good governance and corporate social responsibility: A critical view*. Paper presented at the seventh international business research conference, Sydney, Australia.

Ali, A. Y. (2001). *The holy Qur'an: Original Arabic text with English translation and selected commentaries*. Kuala Lumpur: Saba Islamic Media.

Ali, A. M. (2006, November 5–7). *Challenges of social development to Islamic world*. A speech delivered at the Second World Islamic Economic Forum, Islamabad, Pakistan.

Ansar, A. H. (2007, August 2–3). *Distributive justice in Islam: An expository study with special reference to Zakah*. Paper presented at the international seminar on poverty alleviation: Challenges for the Muslim world. Organized by Centre for Poverty and Development Studies (CPDS) University of Malaya, and Islamic Development Bank.

Balogh, T. (1966). *The economics of poverty*. London: Weidenfild & Nicolson.

Black's Academy. (2002). *Theories of poverty*. http://www.blacksacademy.com. Accessed 3 July 2007.

Bradshaw, T. K. (2006). *Theories of poverty and anti-poverty programs in community development* (RPRC Working Paper No. 06-05). http://www.rprconline.org. Accessed 3 July 2007.

Bray, D. B., et al. (2002). Mexico's community-managed forests as a global model for sustainable landscapes. *Conservation Biology, 17*(3), 672–677.

Chamhuri, S. (2008). Governance and poverty: The role of the state, good governance and enabling policy framework for poverty alleviation in Malaysia. In S. Chamhuri et al. (Eds.), *Linking rural poverty and environment: Governance and sustainable development policies*. Bangi: LESTARI/UKM.

Chamhuri, S., Hossain, Md. E., & Murad, Md. W. (2004, December 14–15). The nature and extent of poverty and its reduction strategies: A comparative study of the experiences from some

Asian-Muslim countries. In *Proceedings of international conference on poverty in the Muslim world and communities: Causes and solutions*, International Islamic University Malaysia, Kuala Lumpur, Malaysia.

Douglas, M. (1991). Witchcraft and leprosy: Two strategies of exclusion. *Man, New Series, 26*(4), 723–736.

Economic Planning Unit, Malaysia. (2008). *Malaysia: Measuring and monitoring poverty and income*. Kuala Lumpur: UNDP.

Encyclopædia Britannica. (2007). *Economic development*. http://www.britannica.com/eb/article-9061107. Accessed 27 July 2007.

Green, A. E. (1994). *The geography of poverty and wealth, 1981–1991*. York: JRF.

Green, M., & Hulme, D. (2005). From correlates and characteristics to causes: Thinking about poverty from a chronic poverty perspective. *Journal of World Development, 33*(6), 867–879.

Hassen, N. (1970). *Poverty and urban crisis*. Bloomington: Indian State University.

Hickey, S., & Bracking, S. (2005). Exploring the politics of chronic poverty: From representation to a politics of justice? *Journal of World Development, 33*(6), 851–865.

Howe, C. W. (1979). *Natural resource economics: Issues, analysis and policy*. New York: Wiley.

Hulme, D., & Shepherd, N. (2003). Conceptualizing chronic poverty. *Journal of World Development, 31*(3), 403–423.

Islam, A. S. (2005). Sociology of poverty: Quest for a new horizon. *Bangladesh e-Journal of Sociology*, *2*(1), 1–8.

Kuznets, S. (1955). Economic growth and income inequality. *American Economic Review, 45*, 1–28.

Leacock, E. B. (Ed.). (1971). *The culture of poverty: A critique*. New York: Simon & Schuster.

Morrill, R. L., & Wohlenberg, E. H. (1971). *The geography of poverty*. New York: McGraw Hill.

Morris, C. T., & Adelman, I. (1988). *Comparative patterns of economic development, 1850–1914*. Baltimore: Hopkins Press.

Oliveira, M. D. (2002). Citizen participation and social capital formation: Resource mobilisation for social development: The experience of comunidade solidária in Brazil. In *Proceedings of a symposium on social capital formation in poverty reduction: Which role for the civil society organizations and the state?* (pp. 15–19). Geneva, Switzerland, 28th June 2000. http://www.unesco.org/most/soc_cap_symp.pdf. Accessed 22 June 2007.

Oscar, L. (1966). *La vida*. New York: Random House, Inc.

Potter, D. (2004). Democratization, good governance and development. In T. Allen & A. Thomas (Eds.), *Poverty and development into the 21st century* (pp. 365–382). Oxford: Oxford University Press.

Richardson, J. A. J., & London, J. K. (2007). Strategies and lessons for reducing persistent rural poverty: A social justice approach to funding rural community transformation. *Journal of the Community Development Society, 38*(1), 92–107.

Rogers, G. (1996). What is special about social exclusion approach? In G. Rogers, C. Gore, & J. B. Figueredo (Eds.), *Social exclusion: Rhetoric, reality and responses*. Geneva: ILO.

Ruddle, K., & Rondinelli, A. D. (1983). *Transforming natural resources for human development: A resource systems framework for development policy* (Resource systems theory and methodology series, no. 1). Tokyo: United Nations University Press.

Sachs, J. D., Mellinger, A. D., & Gallup, J. L. (2001, March: 1–6). The geography of poverty and wealth. *Scientific American Magazine*, pp. 1–6.

Schiller, B. R. (1998). *The economics of poverty and discrimination*. Upper Saddle River: Prentice Hall.

Shyamsundar, P., Araral, E., & Weeraratne, S. (2005). *Devolution of resource rights, poverty, and natural resource management: A review* (Environmental economic series. Paper No. 104). Washington, DC: World Bank.

Siddiqui, M. A. (2007, August 2–3). *Poverty alleviation: Pakistan's experience*. A paper presented at the international conference on poverty alleviation: Challenges for the Islamic world, University of Malaya.

Silver, H. (1996). Reconceptualizing social disadvantage: Three paradigms of social exclusion. In G. Rogers, C. Gore, & J. B. Figueredo (Eds.), *Social exclusion: Rhetoric, reality and responses*. Geneva: ILO.

UNDP. (2007). *Making globalization work for all* (Annual report). New York: UNDP.

US Agency for International Development. (1979). *Environmental and natural resource management in developing countries* (Vol. 1). Washington, DC: USAID.

World Bank. (1992). *Development and environment.* World development report. New York: Oxford University Press.

World Bank. (2004). *Making services work for poor people.* World development report. New York: Oxford University Press.

World Bank. (2006). *Equity and development*. World development report. New York: Oxford University Press.

Chapter 3
Techniques and Methods Used to Investigate Poverty in the Muslim World

Abstract This chapter discusses the techniques and methods used to investigate poverty, natural resource endowments and governance in the Muslim world. A sustainable livelihood framework has been presented in this chapter with emphasis on the types of resources that are deemed essential in scaling up livelihoods and reducing poverty. It also highlights factors that can constrain livelihood sustainability, the measures to ameliorate these inhibiting factors and sustainable livelihood outcomes that countries should strive to achieve. Furthermore, most of the key concepts used in this book have been operationally defined to shed more light on the exact meanings as used in this book.

3.1 Conceptual Framework

This chapter commences with conceptual framework, which outlines the various components of sustainable livelihood essential in poverty reduction. It also highlights the Islamic approach to poverty reduction.

3.1.1 Sustainable Livelihood Framework

For the fact that it has broadened the horizon of livelihood analysis and adopted the ‘people-centred approach’, the sustainable livelihood frameworks propounded by the UK Department for International Development (DFID 1999) and the International Fund for Agricultural Development (IFAD 2002) have gained much currency. The core issue has been the ‘poor’ taken as the subject of development. In a similar manner, the current study has worked out a specific framework that attempts to capture holistically the livelihood aspirations of the poor and factors

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*, DOI 10.1007/978-981-287-053-7_3,

that may enhance (or affect adversely) the measures put in place to assist the poor achieve their livelihood aspirations. The framework also shows how these mediating factors relate to one another. The need to understand the variables affecting poverty from the perspectives of the poor people is crucial. As reiterated in some studies, the poor people understood poverty in a much more complex way than development professionals. Likewise, their priorities and the strategies they adopted are at variant with that mostly prescribed by development professionals (Parkinson and Ramirez n.d., p. 3).

Nevertheless, there are other known variables, both at the global and the local levels, which are apparently more likely to impact adversely poverty reduction and sustainable livelihood efforts. The framework designed for the study, therefore, examines resources that are at the disposal of the poor and the factors that influence their ability to access and use these resources. However, the livelihood resources used in this study are much the same in nature as the livelihood 'assets' or 'capital' identified by DFID and IFAD. But the difference in this current study, concerning the resources, has been the differentiation of the livelihood resources into material and nonmaterial resources. Also, cultural resources have been added, separate from social resources. It is the belief of the author that these separations will facilitate the designing of poverty reduction and sustainable livelihood policies and strategies that are appropriate and unique for each situation and the category of poverty.

3.1.1.1 Livelihood Resources

The resources that are of crucial importance to sustainable livelihoods are imbedded in the framework include the following: (1) *natural resources* (examples include land, water, forest, wildlife, biodiversity, etc.), (2) *human resources* (examples include good health, literacy, skills, etc.), (3) *physical resources* (examples include basic social and infrastructure amenities like roads, water supply, electricity supply, schools, etc.), (4) *financial resources* (examples are savings, access to credit with reasonable interest rates, etc.), and (5) *social resources* (examples are family, relatives, nongovernmental organizations (NGOs), community-based organizations (CBOs), institutional support, etc.). Network and relationships are important in the livelihoods of the poor. Informal and formal social linkages are believed to provide social safety net in difficult times and provide emotional and psychological security, reciprocal obligations and support in times of need. Social organizations (self-help and pressure groups) play a significant role in helping the poor and enabling them to make their voices heard. As being the case, such social organisations are largely influenced by the existing cultural values and norms. For this reason, there is a need for (6) *cultural resources*, which have been conceptualised in this study as the traditional values influencing livelihood practices, that is, the traditional or cultural rules and regulations governing behaviours and practices underpinning livelihood sustainability.

3.1.1.2 Constraining Factors

The study has categorized factors identified as constraining livelihood chances and outcomes as follows:

Macro-level Factors

These factors include globalisation, unstable market prices, trade regulation, etc. There could be many constraining factors at the macro level, but those factors identified above are among the major factors. Although there may be some advantages associated with globalisation, the sweeping forces accompanying globalisation have adverse impacts on many a nation's ability to scale up livelihoods. Many countries, particularly in the developing world, are grappling with the fast sociocultural, economic and technological changes in the wake of globalisation. The Muslim countries are no exception. If there is any hope in the near future that the adverse impacts accompanying globalisation can be contained, then many developing economies will have to wait long a time for the realisation of such dream. This is so because proper mechanisms and structures have not been designed to contain such negative effects in the developing economies. A case in point has been the dismal performance of most developing economies in the fight against poverty as enshrined in the millennium development goals (MDGs).

Furthermore, the unreliable nature of market forces all too often leads to unstable export prices that may hamper productivity in the end and subsequently the acquisition of foreign exchange revenues. Under such conditions, economic growth cannot be sustained. Without sustained economic growth, there will be nothing to redistribute, and poverty reduction and sustainable livelihood goals will be miles away from being realised. In the same vein, trade deregulation has not been completely practiced by many countries, particularly the developed economies. Under subtle, but dubious quality standards, most developed economies have succeeded in closing their domestic markets to exports from other countries, thereby perpetuating trade protectionism.

Micro-level Factors

Factors such as lack of technology, low productivity, lack of property rights, bad governance, etc., are some of the important micro level factors that can constrain poverty reduction and livelihood sustainability. Without the technical expertise, productivity cannot be bolstered. Moreover, with low productivity and growth, redistribution strategies and programme can yield no benefits. Furthermore, lack of access to livelihood resources or the lack of property rights can defeat the very purpose of working to achieve the livelihood aspirations and outcomes. Worst of all, bad governance or corrupt public sector will obstruct poverty reduction resources from reaching the target groups, as these much-needed poverty reduction and sustainable livelihood resources would have been diverted for private, parochial gains.

3.1.1.3 Intervention Measures

Against this backdrop, effective intervention measures must be designed to improve the poverty reduction and sustainable livelihood programmes in the Muslim countries. Some of the most crucial intervention measures proposed in this study include the following:

1. Designing and implementing pragmatic socio-economic and fiscal policies that can help maximise the benefits (profits) associated with globalisation while minimising the negative impacts (costs).
2. Lobbying at the world trade organisation (WTO) for the strict observance and implementation, by the signatory countries, of the terms and conditions governing trade liberalisation. It is true that free trade may have its negative side (especially the environmental cost); nevertheless, free trade will open new markets for export commodities of many countries, especially the developing countries where poverty is endemic.
3. At the domestic level, investing in technology appropriate for boosting domestic productivity will serve as an effective measure to socio-economic growth and, all things being equal, to effective poverty reduction and livelihood sustainability.
4. Increasing access to livelihood chances and resources coupled with ensuring property rights can enhance poverty reduction and livelihood sustainability efforts. This can also enhance environmental stewardship, as the property rights of environmental resources will increase the sense of ownership among the people.
5. Institutional support for the administration of Zakat, which is a faith-based poverty reduction mechanism, will strengthen its poverty reduction and sustainable livelihood impacts.
6. Finally, practising good governance, that is, public sector that is devoid of corruption and malfeasance can facilitate the efficiency and effectiveness of socio-economic development as a whole and poverty reduction and livelihood sustainability in particular.

On the one hand, without effective intervention measures, the livelihood resources will fail to salvage the poverty situation, thereby creating cycle of increasing poverty amid depleting livelihood resources and ineffective intervention measures. The dashed lines in Fig. 3.1 represent this argument. On the other hand, effective policy intervention measures can move the poor quickly towards realising and meeting their livelihood aspirations and outcomes, respectively.

3.1.1.4 Livelihood Outcomes

Some important livelihood outcomes considered in this study are as follows: (1) reliable sources of income; (2) high literacy rates; (3) access to land and credit; (4) ensuring property rights; (5) access to social and public services like good and reliable healthcare system, drinking water, sanitation, etc.; (6) market availability/

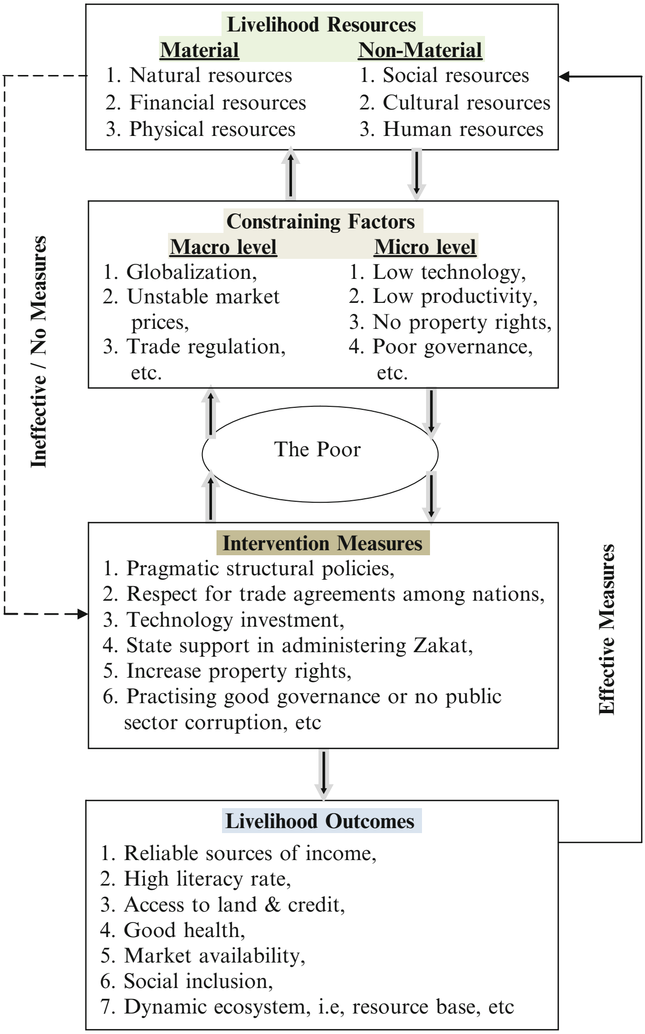


Fig. 3.1 Sustainable livelihoods framework (Source: Modified version of DFID (1999) and IFAD's (2002) frameworks)

accessibility; (7) social inclusion or solidarity; and (8) dynamic ecosystems (see Fig. 3.1). Attaining the livelihood aspirations or outcomes such as the afore-listed is largely determined by the existing intervention measures. It is against this backdrop that frantic efforts (i.e. effective intervention measures) must be made to understand what goes into making achieving the much-cherished livelihood outcomes feasible.

3.2 Zakat and Poverty Alleviation

1. There is no unanimity as to whether Zakat should be distributed to all the eight recipients mentioned in the Holy Qur'an (*Surat al Tawba*h, 9: 60). One school of thought—Imam Shafi'i (*r.a.*) —maintains that if all remains the same, all the eight recipients identified in the Qur'an must be given the proceeds of Zakat. Imam Shafi'i draws on the Prophet's (*s.a.w.*) saying that, 'Surely regarding *sadaqat* (Zakat) Allah is satisfied with the ruling of neither a prophet nor anyone other than him unless he issues his ruling and divides it into eight portions…' (Abu Daud in Makki 239–471 cited by Amanullah 2004, p. 528). Imam Shafi'i clarifies further that in the case where the owner is distributing his or her Zakat, the recipients are narrowed down to seven, i.e. by excluding the share of the Zakat collectors.
2. However, the majority of the jurists argue in favour of giving Zakat solely to the poor and needy (Amanullah 2004, p. 514). They based their argument on the Qur'anic verse in which Allah (*s.w.t.*) says, *'Disclosure of your sadaqah (Zakat) is good, but your hiding of it and giving it to the destitute are good'* (al-Qur'an, *Al-Baqarah 2: 271*). Also, on the advice of the Prophet (*s.a.w.*) to Mu'adh ibn Jabal that, 'Surely, Allah (*s.w.t.*) made payment of *sadaqah (Zakat)* obligatory for them, which should be collected from their rich and distributed to their poor'(al-Bukhari and Muslim cited in Amanullah 2004, p. 514; al-islami.com 2006 on-line, p. 2). Based upon the above viewpoints, the following observations ensue that:

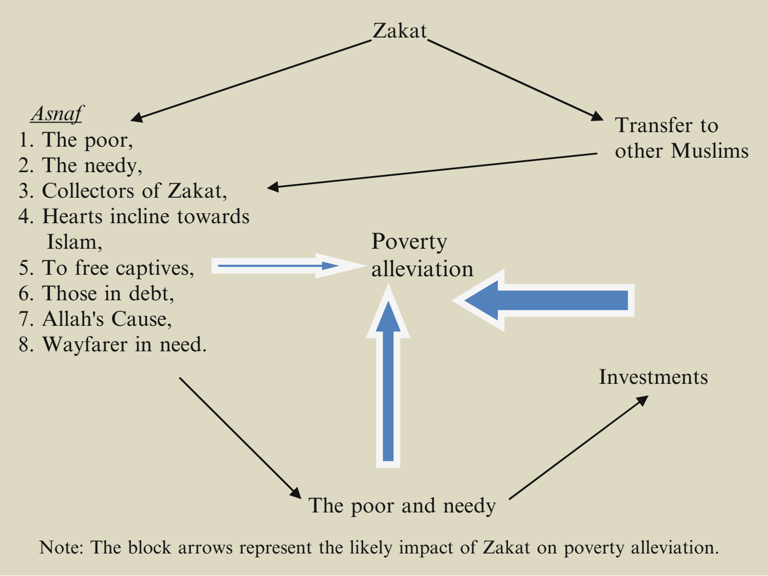
    (a) If Zakat is distributed according to the first viewpoint, the poor and needy still occupy prominent position. If distributed based on the second point of view, then the poor and needy are the sole winners here. The result will then have a significant impact on the reduction of absolute poverty. Again, going by the *Shafi'i's* school of thought (*Madhahab*), it becomes difficult, but not impossible, to locate the fifth category in recent times (i.e. the slaves) in order to secure their freedom. In that scenario, it is agreed that the share of slaves must go to the poor and needy.

    (b) Zakat could be invested. If invested, it must be done under the name of the poor. It must be invested in viable and wholesome business ventures. It must be invested with caution to avoid losses. In addition, Zakat could be used to provide facilities like schools, clinics, or vocational training centres, etc., solely to be used by the poor. Any category of people other than the poor must pay if they intend to use such facilities. Here, there will have been sustained and profound impact on poverty alleviation. The block arrow with the largest width depicts this reasoning.

    (c) Moreover, it has been agreed among the Islam Jurists that Zakat could be transferred from one geographical area to another under the following conditions: (1) when there is surplus of Zakat left after distribution, (2) if there are no poor and needy people at its place of origin[1], and (3) if a person wishes to

---

[1] This is possible because many of the rich Muslim countries such as the leading oil-producing Muslim countries would have less number of poor people relative to their resource-constrained



Note: The block arrows represent the likely impact of Zakat on poverty alleviation.

Fig. 3.2 Zakat and poverty alleviation (Source: Authors' research)

> give his/her Zakat to a relative elsewhere. Giving Zakat to relatives excludes those relatives one is duty bound to cater for. For instance, one's offspring, parents and grandparents (Islam n.d., p. 3). The legality surrounding the transfer of Zakat funds appears to widen its coverage and boosts its global poverty alleviation efficacy. This will incorporate those resource-poor Muslim neighbours (Fig. 3.2).

The overriding intent in Zakat is to bring solace to the financially handicapped and distressed and to especially kick the poor and needy permanently out of poverty. Its distribution is done with the sole aim that the poor and needy will, all things being equal, not revert to poverty in their entire life, as they will be empowered to become productive citizens. Nevertheless, it must be noted beforehand that the poor who leave the poverty trap (herein referred to as 'Poverty Graduans'), as illustrated in Fig. 3.3, will never be at par in affluence. In Fig. 3.3, we could see that the arrows symbolising 'poverty graduans' are composed of longer and shorter arrows. This portrays hypothetically the varying status of those leaving poverty. All the same, the poor would have been freed from the shackles of poverty.

---

counterparts. In addition, the proceeds of Zakah collected in such countries may be more when compared to those collected in the resource-poor counterparts. That is, if the collection of Zakah has been institutionalized and/or given state's administrative support in these poor countries, as many Muslim governments do not see the need and wisdom behind the state actively involving in the collection of Zakah.

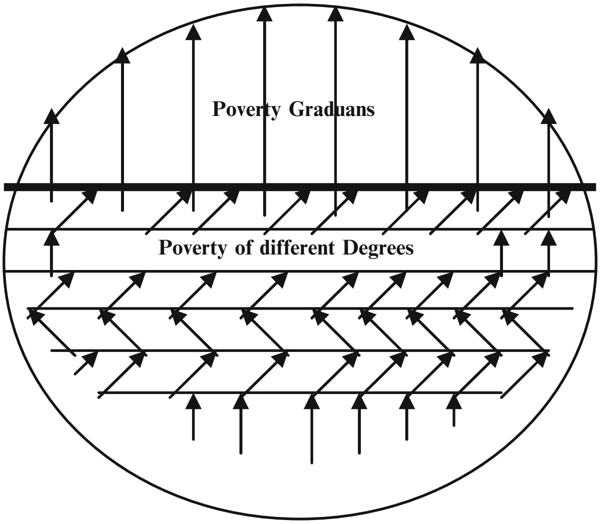


Fig. 3.3 Impact of Zakat on poverty (Source: Authors' sketch)

3.3 Operational Definitions of Concepts

3.3.1 Poverty

The complexity of poverty renders it a difficult concept to define. That poverty transcends income and consumption has been widely acknowledged. However, income and consumption are still relevant in determining poverty threshold. With this in mind, attempts to define poverty seek to capture the concept in its entirety. The World Development Report understands 'Poverty as the inability to attain a minimal standard of living' (World Bank 1990, p. 26). The standard of living in that report is measured by 'household incomes and expenditure per capita'. In a similar vein, in his attempt to give an all-inclusive definition, Khan defines poverty in basic economics terms as the insufficiency of 'means to meet an individual's ends' (Khan 2004, p. 156). Definitions such as those given above that carry high economic undertone tend to be much concerned with the material needs of the poor, thereby trading in their physiological needs. This makes such definitions not comprehensive.

However, some attempts have been made taking into account some of these demands. Chamhuri et al. defined poverty as 'A state of economic, social, psychological deprivations occurring among people or countries lacking sufficient ownership, control of, or access to resources to maintain minimal acceptable standard of living' (Chamhuri et al. 2004, p. 2). Mashour (1998), in analysing poverty from Islamic perspective, has understood poverty as the inadequacies that did not support

Fig. 3.4 Member states of OIC used as proxy of Muslim world are shown in *dark colour* (Courtesy: OIC. http://www.oic-oci.org/oicv2/home/)

not only 'survival' but also 'healthy and productive survival' (Mashour 1998, p. 1). In its totality and for purposes of the current study, poverty has been conceptualised as a variety of deprivations—economic, social, political, cultural, physical and spiritual— which smother an individual's potentials to live a meaningful life (to function) and be productive in the society.

3.3.2 Muslim World

A Muslim is one who adheres to, or believes in, the Islamic religion. A Muslim willingly submits totally to the Will of Allah (*s.w.t.*) and professes that Prophet Muhammad (*s.a.w.*) is a Messenger of God like other Messengers who came before him. He or she abides by all the tenets of Islam. Settlements inhabited by such individuals as described above are referred to as Muslim countries or communities. Muslim countries are those countries in which Muslims are in the majority and the leadership of such countries is perhaps the sole preserve of the Muslims. Muslim communities refer to countries where Muslims constitute the minority and the leaders of such countries are non-Muslims. The Muslim world, therefore, is the aggregate of the Muslim countries and communities.

However, for the purpose of the current study, the Muslim world is pruned to include only those countries where the presence of Muslims is acknowledged and felt, as they will be part of the leadership of the country. To clarify and to demarcate the scope of the study area, member countries of the Organization of Islamic Cooperation (OIC) have been largely used as proxy of the Muslim world. Therefore, the OIC member countries have been used interchangeably with Muslim countries (Fig. 3.4).

3.3.3 Resources

Resources are defined in the Merriam-Webster's Collegiate Dictionary as '… natural source of wealth or revenue'. It also means '…natural feature(s) or phenomenon (na) that enhances (or enhance) the quality of the human life'. Resources in some quarters are referred to 'The machines, workers, money, land, raw materials and other things that a country can use to produce goods and services and to make its economy grow' (WikiAnswers.com 2007).

Resources have been classified into two main types, though not exclusively. These include *natural* and *human* resources. Natural resources are 'Materials that occur in nature and are essential or useful to humans, such as water, air, land, forests, fish, wildlife, topsoil and minerals' (ibid). Natural resources are further grouped into two: *renewable* and *non-renewable* resources. Renewable resources are those resources that are capable of restocking or replenishing through natural means or process. Examples include thermal energy, forest, fisheries, etc. Non-renewable resources refer to those natural resources that are exhaustible when extracted. This is so because such resources are fixed naturally in quantity. Examples include minerals, like gold, diamond, copper, etc., and fuels like petroleum. Human resources, on the other hand, refer to 'human wisdom, experience, skills and enterprise' (Cunningham et al. 2003). The current study draws on the combination of the two broad categories of resources afore-described, with particular interest in *natural resources*. Therefore, resources have been conceptualised as anything of material or nonmaterial nature, which is used to benefit humanity at large.

3.3.4 Development

The term development is defined as 'The act, process, or result of developing' in the Merriam-Webster's Collegiate Dictionary. The word 'developing' may be explained further as something increasing, on the increase, upward, rising, mounting, on the rise, etc. Applied to social and economic spheres, which constitute the interest of the current study, social and economic development, crudely put, refers to the increase or rise in social and economic prosperity. Thus, social and economic prosperity is on the increase or it has taken an upward move.

Following this notion, economic development is defined in the Encyclopædia Britannica as 'The process whereby simple, low-income national economies are transformed into modern industrial economies'. The term 'economic development' is often interpreted as synonymous with economic growth. However, the former is used to 'describe a change in a country's economy involving qualitative as well as quantitative improvements'. Here, one may decipher from the term 'qualitative improvements' as referring to social improvements as well. A mere rise in economic figures (like GDP per capita) alone does not suffice the criterion of economic development. This means the rise should reflect in real-life situation not only theoretically or on paper.

Social and economic development, most particularly the economic aspect, is measured by using the per capita income, which is explained as 'The value of goods and services available, per person, to the society per year' (Encyclopædia Britannica 2007). This is arrived at by dividing the gross national income (GNI) by the total population of a country. However, the current study has relied heavily on the gross domestic product (GDP) per capita PPP to measure performances in social and economic development in the selected countries. In addition, the access rates of social and public goods and services to the populace have been examined.

3.3.5 Governance

In the Merriam-Webster's Collegiate Dictionary, governance is defined as 'The act or process of governing'. It also means the 'Authoritative direction or control; to control and direct the making and administration of policy in' a society or country. Governance, as defined by the World Bank, is 'the means in which power is exercised in the management of a country's economic and social resource for development' (Potter 2004, p. 379; World Bank 1992, p. 1). Governance, as a concept, appears much broader than government. In this study, however, the interest lies squarely upon 'good governance'.

The World Bank defined 'good governance' as 'synonymous with sound development management' (ibid.). In this current study, 'good governance' has been conceptualized as the institutional commitment over time to its efficiency and professionalism in delivering on development policies or programmes. In political science, governance has generally been described as the act of deciding 'who gets what, how and when'. Even with this definition, the efficiency and professionalism in deciding 'who gets what when and how' are of paramount importance. Likewise, there is the need for commitment to ensure that this decision of 'who gets, what, when and how' is sustainable.

3.3.6 Sustainable Livelihoods

The UK's department for international development (DFID) sees sustainable livelihoods (SL) as:

> A way of thinking about the objectives, scope and priorities for development, in order to enhance progress in poverty elimination. It is a holistic approach that tries to capture, and provide a means of understanding, the vital causes and dimensions of poverty without collapsing the focus onto just a few factors (e.g. economic issues, food security, etc.). It also tries to sketch out the relationships between the different aspects (causes, manifestations) of poverty, allowing for more effective prioritisation of action at an operational level. The SL approach (or approaches—given that there is no set way of doing things) aims to help people achieve lasting livelihood improvements measured using poverty indicators that they, themselves, define. This, in turn, helps to combat exclusion. It is people-centred. (DFID 1999)

According to the Stockholm Environment Institute (SEI) in Sweden, sustainable livelihoods refer to:

> The creation of conditions that are (self-) supportive of sustainable development in human, natural and economic systems, which, whilst safeguarding resources and opportunities for future generations, provides individuals with means to provide themselves with food, shelter and acceptable quality of life…. (SEI n.d.)

The International Institute for Sustainable Development (IISD) conceives sustainable livelihood as being:

> …Concerned with people's capacities to generate and maintain their means of living, enhance their well-being, and that of future generations. These capabilities are contingent upon the availability and accessibility of options, which are ecological, socio-cultural, economic, and political and are predicated on equity, ownership of resources and participatory decision-making. (Singh and Titi 1994)

Widening the scope of sustainable livelihoods above basic needs, Chambers and Conway (1991) defined sustainable livelihoods as comprising 'people, their capabilities and their means of living, including food, income and assets. Tangible assets are resources and stores, and intangible assets are claims and access'. Linking sustainable livelihoods to the environment, Chambers and Conway (1991) observed that 'a livelihood is sustainable (both environmentally and socially) when it can cope with and recover from stresses and shocks, and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resources base'.

Finally but importantly, the UNDP (n.d.) defined sustainable livelihoods as livelihoods which 'provide meaningful work that fulfils the social, economic, cultural and spiritual needs of all members of a community—human, non-human, present and future—and safeguard cultural and biological diversity'. The aforementioned definitions are relevant to the sustainable livelihoods that this current research has examined.

3.3.7 Zakat

In Arabic, 'Zakat' means 'purification' and 'growth'. It is a tenet in the Islamic doctrine that wealth is held in trust by man as everything on earth belongs to Allah (*s.w.t.*). '…Wealth is purified by setting aside a proportion for those in need, and like pruning of plants, this cutting back balances and encourages new growth in our wealth'.[2] This is evident in the Holy Qur'an as Allah (*s.w.t.*) said, '*…And whatever you spend of anything (in Allah's cause), He will replace it. He is the Best of those who grant Sustenance*' (al-Qur'an, *Saba'* 34:39). As the theory of 'reward and punishment' dwells in Islam, a warning is given in the Holy Qur'an in which Allah (*s.w.t.*) said (Table 3.1):

---

[2] For further clarifications visit: http://www.al-islami.com/islam/islam_solves_poverty.php

Table 3.1 Type of wealth on which Zakat is due, its rate (*Nisab*)

Type of wealth	Rate, *Nisab* and comments
Cash	2.5 %
Bank deposits	2.5 % (the *Nisab* is the same as cash)
Stocks in trade	10 %
Agricultural produce	5 %, if investment is made in inputs and irrigation; 10 %, if there is no cost of inputs (the Nisab is 653 kg)
Real estate	2.5 %, from their income
Professionals	2.5 %, from their income after deduction cost
Shares/stocks	10 %, when dealing in the trading of shares 2.5 %, from income if not for purpose of investment

Source: Khan (2006, pp. 6–7) modified

> …And those who hoard up gold and silver (the money, the Zakat of which has not been paid), and spent it not in the way of Allah, announce unto them a painful torment. On the Day when that (money, gold, silver etc., the Zakat of which has not been paid) will be heated in the fire of Hell and with it will be branded their foreheads, their flanks, and their backs (and it will be said to them): 'This is the treasure which you hoarded for yourselves. Now taste of what you used to hoard'. (*al-Qur'an, Al-Tawbah, 9: 34–35*)

For this reason, and a host of others not enumerated here, Zakat is made mandatory on Muslims whose accumulated wealth reaches a certain limit (the *Nisab*). From this premise, Zakat can be defined as a compulsory 'tax' levied on Muslims whose accumulated wealth is within a certain limit (the *Nisab*) and has been in their possession for a period of 1 year. This implies Zakat is due on excess or surplus wealth, which is in one's possession for a period of 1 year. The prescribed limit (the *Nisab*) at which Zakat is due includes:

1. Gold : 3 oz (85 g)
2. Silver: 21 oz (595 g)
3. Cash: Equivalent to gold or silver
4. Stock and Merchandise: Same as for cash

The following constitute the categories of wealth on which Zakat is due if they meet the *Nisab:*

1. The produce of earth like grains and fruits
2. The grazing animals
3. Gold, silver, cash
4. Commercial commodities or stocks in trade (Islam n.d., p. 1).

3.3.7.1 Zakat on Grazing Animals

'Grazing camels, grazing cows and grazing sheep and goats are eligible for Zakat payment. Each category of the above mentioned livestock animals has a set *Nisab* amount based upon the number of animals owned' (Hidaya Foundation n.d.).

Table 3.2 Zakat on sheep and goats

Number	Zakat (1 year old)
40–120	1 animal
121–200	2 animals
201–399	3 animals
400	4 animals

Source: Hidaya Foundation (table has been modified)

Table 3.3 Zakat on cattle and water buffaloes

Number	Zakat (1 year old) (2 years old)
30–39	1 animal
40–59	1 animal
60–69	2 animals

Source: Hidaya Foundation (table has been modified)

3.3.7.2 Goats and Sheep

‘The *Nisab* when Zakat becomes applicable is forty animals which are more than twelve months old. There is no Zakat if the number is less than forty’ (ibid) (Table 3.2).

Thereafter, for each additional hundred, one sheep that is 1 year old must be given as Zakat.

3.3.7.3 Cattle and Water Buffaloes

The *Nisab* when Zakat becomes applicable for cattle, water buffaloes and camels is 30 animals. There is no Zakat if the number is less than 30 (Table 3.3).

Thereafter, in every 30 animals, one 1-year-old animal should be given, and in every 40, a 2-year-old animal should be given as Zakat.

3.3.7.4 Things upon Which Zakat Is Not Required

The things upon which Zakat is not required include the following:

1. The money that does not reach the amount of *Nisab*
2. Servants, horses, mules and donkeys
3. Any property that is not used for business purposes
4. Products not of productive nature
5. Deposits and pledges
6. Other assets exempt from Zakat (Hidaya Foundation n.d.)

3.3.7.5 Recipients of Zakat (Asnaf)

The recipients of Zakat mentioned in the Qur'an *Surat al-Tawbah*, 9: 60 include:

1. The poor
2. The needy
3. Those employed to collect Zakat
4. To attract the hearts of those incline towards Islam
5. To free the captives
6. For those in debt
7. For Allah's cause
8. For the wayfarer (traveller in need)

3.4 Research Design

This is a cross-country research in which data of the selected Muslim countries has been assembled and analysed using percentages, indices, linear regression and diagrams. This has facilitated capturing the true picture and the varying nature of the current status of poverty and deprivations in the Muslim world.

3.5 Source of Data

Data have been resourced from both primary and secondary sources. The primary source refers to interviews, that is, through personal interviews and structured questionnaires, while the secondary source refers to reports, data bank of national and international organizations, libraries, the internet and the respective countries' national archives.

3.6 Research Instruments

The research instruments include country-specific socio-economic development indicators like GDP per capita PPP, poverty headcount rates, literacy level, secondary and primary school enrolment rates, access rates of social amenities and infrastructure such as good-drinking water, health care services, rural electricity coverage, roads, etc. Again, government institutions responsible for the administration of Zakat in the case-study countries of the Muslim world—Malaysia, Pakistan, Sudan and Yemen—constituted part of the research instruments.

3.7 Methods of Data Collection

Both published and unpublished data on the selected countries from 1980 to 2007 have been collected from libraries and both the print media and electronic search engines. Structured questionnaire has been used to collect data from government officials responsible for Zakat and/or welfare and poverty alleviation programmes in the case-study countries of the Muslim world.

3.8 Methods of Data Analysis

The data have been analysed by using percentages, indices, diagrams and linear regression tracking the trends of poverty in the Muslim counties using the conventional poverty indicators such as the headcount index (HI), poverty gap index (PGI) and severity of poverty. Second, the Muslim countries have been classified according to their natural resource endowments. Thus, the oil-producing countries are lumped together against the non-oil-producing countries in which mineral and agricultural resources are considered. Third, social and economic development in the Muslim countries is analysed in the light of productivity measured by gross domestic product (GDP per capita PPP), manufacturing and investment patterns within and among the countries and human capital enhancement like education, health care, housing and infrastructure.

Analysing governance focuses primarily on good governance, that is, the role of the state in terms of budgetary allocation to poverty alleviation and instructional support and the efficiency and potency of the institutional poverty alleviation strategies and programmes. To achieve this goal, data on existing programmes and strategies and the duration of their operation were matched against the national poverty reduction targets.

Furthermore, data on Zakat have been looked at in the following spheres: (1) in absolute figures, the amount raised through Zakat annually, (2) its percentage of GDPs of the respective case-study countries, (3) its pattern of distribution and utilization and the degree of emphasis placed on the poor and the needy, and (4) the role of government in the mobilisation and disbursement of Zakat in these selected countries and the overall impact assessment of Zakat on poverty levels in these countries.

References

Amanullah, M. (2004, December 14–15). Role of Zakah to reduce poverty: A case study of Pusat Zakat Selangor, Malaysia. In *Proceedings of international conference on poverty in the Muslim world and communities: Causes and solutions* (pp. 508–529). Kuala Lumpur: International Islamic University Malaysia.

Chambers, R., & Conway, G. (1991). *Sustainable rural livelihoods: Practical concepts for the 21st century* (IDS Discussion Paper 269). Brighton: IDS.

Chamhuri, S., Hossain, M. E., & Murad, M. W. (2004, December 14–15). The nature and extent of poverty and its reduction strategies: A comparative study of the experiences from some Asian-Muslim countries. In *Proceedings of international conference on poverty in the Muslim world and communities: Causes and solutions* (pp. 1–13). Kuala Lumpur: International Islamic University Malaysia.

Cunningham, W. P., Cunningham, M. A., & Saigo, B. W. (2003). *Environmental science: A global concern*. Glossary E-L. http://www.highered.mcgraw-hill.com/sites/007029427/student. Accessed 19 May 2007.

DFID. (1999). *Sustainable livelihoods and poverty elimination*. http://www.livelihoods.org. Accessed 29 Dec 2007.

Encyclopædia Britannica. (2007). *Economic development*. http://www.britannica.com/eb/article-9061107. Accessed 27 July 2007.

Hidaya Foundation. (n.d.). *Zakat on animals*. http://www.hidaya.org/publications/zakat-information/13.0.-what-kinds-of-things-do-not-require-paying-zakat-on-them.html. Accessed 20 Aug 2007.

IFAD. (2002). *Sustainable livelihood approach*. http://www.ifad.org/sla. Accessed 29 Aug 2007.

Islam, Z. (n.d.). *Zakat: A solution for Muslim poverty*. (online). http://www.contactpakistan.com/news/news188.htm. Accessed 6 June 2007.

Khan, A. I. (2004, December 14–15). Fatalism as a factor for economic complacency: A reflection on its pros and cons from Islamic standpoint. In *Proceedings of international conference on poverty in the Muslim world and communities: Causes and solutions* (pp. 156–174). Kuala Lumpur: International Islamic University Malaysia.

Khan, F. M. (2006). Integrating faith-based institutions (Zakah and Awqaf) in poverty reductions strategies (PRSP). http://www.irtipms.org. Accessed 28 May 2007.

Mashour, N. (1998, February). Tools and means to alleviate poverty in Islam. *The Crop Newsletter*, *5*(1), 1–4. http://www.svf.uib.no/sif//crop/txtflie/news.htm. Accessed 24 May 2007.

Parkinson, S., & Ramírez, R. (n.d.). *Using a sustainable livelihoods approach to assessing the impact of ICTs in development*. http://ci-journal.net/index.php/ciej/article/view/310/263. Accessed 27 Dec 2007.

Potter, D. (2004). Democratization, good governance and development. In T. Allen & A. Thomas (Eds.), *Poverty and development into the 21st century* (pp. 365–382). Oxford: Oxford University Press.

Singh, N., & Titi, V. (1994). *Adaptive strategies of the poor in arid and semi-arid lands: In search of sustainable livelihoods*. Winnipeg: The International Institute for Sustainable Development (IISD).

Stockholm Environment Institute. (n.d.). *What is sustainable livelihood?* http://www.york.ac.uk/ins/sei/sustainability/livelihoods. Accessed 6 Nov 2007.

UNDP. (n.d.). Sustainable livelihoods. http://www.undp.org/sl/overview/activities.htm. Accessed 6 Nov 2007.

WikiAnswers. (2007). What does the word resources mean? http://wiki.answers.com/Q/What_does_the_word_%27%27resources%27%27_mean. Accessed 25 May 2007.

World Bank. (1990). *Poverty*. World Development Report. New York: Oxford University Press.

World Bank. (1992). *Development and environment*. World Development Report. New York: Oxford University Press.

Chapter 4
The Incidence and Trend of Poverty in the Muslim World

Abstract This chapter examines the indicators of poverty and the measurement of these indicators. The authors have examined both the conventional and Islamic perspectives of poverty and the various dimensions of poverty in this chapter. Finally, the trend of poverty has been looked at using the poverty headcount, poverty gap and squared poverty gap indexes within the three regions into which the Muslim world has been categorised.

4.1 Introduction

This chapter has examined the incidence and trends of poverty in the Muslim world. To achieve this goal, the Organisation of Islamic Cooperation (OIC) member countries have been segregated as the African region; Middle East and Central Asian region; and finally East Asia, the Pacific and South American region, thereby earmarking the oil-producing countries from the non-oil-producing countries. In all 24 countries have been used out of the 57 OIC member countries based on the availability of poverty data. This perhaps will help capture the glaring picture of the current poverty incidence and trends in the Muslim world.

4.2 Poverty Indicators and Measurement

The indicators of poverty are better determined by using both the national and the international poverty lines. Poverty line can be explained as the cut-off point below which a person or household is defined as being poor. The World Bank referred to this poverty baseline as the 'threshold' (World Bank 2006, p. 286).

In that vein, national poverty lines are cut-off points, baselines or 'thresholds' set by individual countries to determine who can be described as poor. This information is mostly stored in the national accounts of the individual countries. However, the

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7_4,

international poverty line seeks ‘to hold the real value of the poverty line constant across countries’ (ibid.). The commonly used international poverty measure is the $1 (US) per day or $1.08 adjusted in line with 1993 consumption purchasing power parity (PPP). The $2 per day (or $2.15 adjusted) has often been used probably to atone for the shortfall between some national poverty lines and the internationally utilised $1 a day poverty line measure.

Most national poverty lines carry higher value than the international poverty line of $1 per day. While many other countries would have to stretch their national coffers to be able to meet the $1 per day poverty line, let alone the $2 per day. This notion has richly informed this study to better work with the national poverty lines where and when necessary, but much emphasis has been placed on the international poverty line of $1 per day. This is for purposes of achieving perfect and unbiased comparison across the selected countries.

4.2.1 Poverty Headcount Index

The headcount index[1] is one of the basic methods of measuring poverty. It simply sums up, in absolute figures, individuals living below a certain income level deemed acceptable as decent living standard by individual countries and/or by the international community. This income can vary from $1 to $2 or even more when compared to some national poverty lines. The headcount index captures the prevalence of poverty. In other words, it shows how widespread has poverty been in a particular locality, area, country or region.

4.2.2 Poverty Gap Index (PGI)

Poverty gap has been defined in simple terms as ‘the distance of the poor below the poverty line, as a proportion of the line’ (World Bank 1990). The proportion of the population that does not fall below, but are above the poverty line (i.e. the nonpoor) ‘are counted as having zero poverty gap’ (ibid.).

Unlike the headcount index, the poverty gap index exposes the ‘depth of poverty in a country or region, based on the aggregate poverty deficit of the poor relative to the poverty line’ (ibid.). The World Bank argues that the poverty headcount index has not been ‘sensitive to changes in the status of those already below the poverty line’. For that reason, it appears ill equipped to assess the impact of specific policies on the poor.

The poverty gap index, on the contrary, ‘increases with the distance of the poor below the poverty line’. This characteristic of the poverty gap index ‘gives a good

---

[1] The headcount, poverty gap and squared poverty gap (also known as severity of poverty) indices have been developed by James Foster, Joel Greer, and Erik Thorbecke (1984) (FGT).

indication of the depth of poverty' (ibid.). Inversely, a decline in the poverty gap index reflects an improvement in poverty reduction and livelihoods.

4.2.3 Squared Poverty Gap Index

The squared poverty gap index 'measures the severity of poverty by giving more weight to the poorest of the poor' (ibid.). In other words, it depicts how social services and economic opportunities are distributed inequitably to severely deprive a proportion of the population of their livelihood chances. As the names suggests, it is calculated by squaring the poverty gap index, that is, P^2. For instance, if the poverty gap is 2 % for country A, then the P^2 equals 2^2 (4 %).

4.2.4 Significance of Poverty Measures

According to the World Bank, 'poverty measure is a summary statistic on the economic welfare of the poor in a society'. A poverty measure is as relevant to policy appraisal as it allows for easy poverty comparisons. Poverty measures 'are required for an overall assessment of a country's progress in poverty alleviation and/or the evaluation of specific policies or projects' (ibid.). On poverty comparison, the World Bank has this to say:

> An important case of a poverty comparison is the poverty profile which shows how the aggregate poverty measure can be decomposed into poverty measures for various subgroups of the population, such as by region of residence, employment sector, education level, or ethnic group. A good poverty profile can help reveal a number of aspects of poverty-reduction policies, such as the regional or sectoral priorities for public spending. Poverty comparisons are also made over time, in assessing overall performance from the point of view of the poor.

It has also been buttressed that poverty measures are important and relevant to sustainable development inasmuch as resource use and environmental sustainability are concerned.

4.3 Poverty from Islamic Perspective

The dimensions considered essential to leading a meaningful life and deficiency in which can lead to one being described as poor in Islam include:

1. Religion
2. Physical self
3. Intellect or knowledge

4. Offspring and family
5. Wealth[2]

These dimensions, from Islamic perspective, constitute the basic needs necessary for an individual to lead a life, which is meaningful, and in consonance with the principles of Islam. Primarily, human needs are grouped into (1) necessities (*dharuriyyat*), (2) convenience (*hajiat*) and (3) refinements (*kamaliat*). The five components of human needs enumerated earlier form the necessities capable of sustaining minimal, descent and acceptable standard of living from the standpoint of Islam.

These necessities, explaining further, entail the ability to observe the 'five pillars of Islam, that is, Belief, Prayer, Fasting, *Zakat* and Pilgrimage and calling to the way of God; protection of life (we might include here access to health services); securing food, clothing and shelter, education, the right to earn a living, to set up a family, etc.' (ibid.). Explaining each dimension of the necessities, Islamic Relief (2008) argues that *religion* has often been 'considered as a basic need or fundamental right of every individual. One should be free to practise the religion of his/her choice. There should not be any compulsion in choosing one's religion, nor obstruction to practise it'. Fortunately, religious deprivation or religious poverty, if such a term exists, does not constitute any major obstacle to this current research, as the population of the research has predominantly been Muslim nations.

Physical self has been explained as 'healthy body, which includes basic items such as food, clothing, shelter, transport, health, etc.' This component of poverty appears to have been replicated by the conventional poverty indicators such as accessibility of public services and goods, income levels, consumption levels, etc. *Intellect or knowledge* in Islam has been grouped into two: (1) the basic or fundamental knowledge that must be attained by every individual and (2) the specialised knowledge attained by a select few in the society. 'The basic or fundamental knowledge includes all that are useful in the course of everyday life. It includes the religious rituals or basic devotional acts and all other knowledge of the sciences and the arts that are useful in life' (ibid.). This dimension, again, has been captured in the conventional educational enrolment, attainment or literacy rate as one of the many poverty indicators.

Marriage and offspring are essential means to keep the human race in existence. It is evident that ability to marry and to foot the obligations associated with bringing up the offspring in a descent and acceptable life is not within the means of the poor. This implies poverty may affect marriage negatively, particularly the offspring. Last, but not least is *Wealth*, which has been taken to mean 'a stock or flow… a piece of property that generates income or an employment that brings remuneration'. Here also, one may make reference to the conventional assets component of poverty. In other words, the wealth mentioned in Islam is what has been referred to, conventionally, as poverty of assets or assets poverty.

---

[2] Islamic Relief Worldwide in its paper 'Definitions of Poverty'. Islamic Relief is an International Islamic Charitable Organisation fighting poverty and sufferings of the world's poorest people. For further information visit: www.islamic-relief.com

In sum, all these needs are equal in importance as far as poverty alleviation in Islam is concerned. Why? This is because negligence in any of the components can derail progress in the other components. It is clear, here, that Islam views poverty as a multidimensional phenomenon displaying a multidimensional outlook. The poor people, from Islamic perspective, are divided exclusively into two groups, that is, the poor and the needy or the destitute. On the one hand, the poor are those possessing insignificantly the necessities highlighted above. On the other hand, the needy or destitute are those possessing less than half of the possessions of the poor. This group has conventionally been labelled as the 'hardcore poor'. These people require maximum attention as far as Islam and poverty alleviation are concerned.

4.4 Poverty Trend in the Selected Muslim Countries

The prevalence of poverty over time and across regions in the Muslim world, herein referred to as 'trends of poverty', has been examined among the selected Muslim countries along the parameter of continents; delinking the oil-producing countries from the non-oil-producing countries. The international poverty line of $1 per day (PPP) has been largely utilised with the aim of achieving somewhat parity in matching poverty level across these countries. In some cases, the national poverty lines are referred to only to ascertain which national poverty lines have been set above the basic $1 a day and perhaps $2 a day.

4.4.1 The African Region

From the outset, it has been one of the assumptions of this research that oil resources would influence positively poverty alleviation efforts in the majority of the oil-endowed Muslim countries, irrespective of the quantity, compared to the non-oil-resource-endowed countries. The data gathered so far on poverty headcount and poverty gap at $1 a day in the selected countries have appeared to vindicate largely this assumption. However, it is not very conclusive of the fact that all the oil-producing countries perform better than all the non-oil-producing countries in the fight against poverty. Nevertheless, the different amount of oil resources possessed by each country might have influenced the variation in the degree and depth of poverty existing among the oil-producing countries. For instance, Saudi Arabia produced 11,000,000 barrels of oil a day as of 2006 that made Saudi Arabia the highest in world ranking, compared to Morocco that produced an estimate of 3,747 barrels a day as of 2006 and has occupied the 93rd position in the world.[3] Scenarios such as

---

[3] This figure is based on estimates made by the CIA. For details, visit the website of CIA World Factbook at https://www.cia.gov/library/publications/the-world-factbook/rankorder/2173rank.html

the aforementioned, and by holding population size and corrupt practices of public institutions constant, can exert enormous influence on poverty eradication efforts in the Muslim world, as far as performance in GDP per capita and poverty reduction are concerned. This scenario logically underscores the need to intensify collaboration among the Muslim countries in their fight against poverty. What follows examine the trends of poverty in the various regions of the Muslim world.

In the African region, Nigeria's performance in poverty eradication deifies any logical explanation, which goes a long way to support the argument that natural resource endowment is not a blueprint for socio-economic development. With 2,440,000 barrels daily oil production as of 2006 and was ranked 13th in the world, Nigeria had a whopping 70.8 % of its population below $1 a day in 2003. However still high, the figure dropped to 54 % in 2005.[4] At this poverty standing, Nigeria's poverty situation appears to be worst than some non-oil-producing OIC member countries in the region. Perhaps for the solution, anti-corruption and efficient management aids could seriously be considered by the OIC fraternity as the best alternative to the poverty paradox in Nigeria.

With daily oil production of 2,090,000 barrels, 76,900 barrels and 3,746 barrels and world rankings of 15th, 56th and 93rd, respectively, (CIA 2008), Algeria, Tunisia and Morocco had maintained an impressive single-digit poverty headcount of less than 2 % below $1 a day since 1985 to 2005. However, this trend signifies the difficulty inherent in fighting extreme poverty, favourably referred to as 'hardcore poverty'. At $2 a day, Algeria had poverty headcount of 15.1 %, 6.6 % for Tunisia and 14.3 for Morocco in 2004. However, poverty headcount under the national poverty lines of Algeria and Tunisia and Morocco showed 22.6 %, 7.6 % and 19 %, respectively, in 2004.[5] Invariably, these national poverty lines appear to have been set above both $1 and $2 a day. The statistics analysed so far indicated that those countries with national poverty lines set above the basic $1 a day performed impressively in poverty eradication compared to those national poverty lines set at $1 or less. In the same manner, countries with national poverty lines above $2 a day performed most remarkably.

Egypt, with 688,100 barrels oil production per day as of 2005 and was placed 28th in the world, had managed to reduced the percentage of its poor people living below $1 a day from 4 % in 1994 to 3.1 % as of 2004. This does not seem impressive enough taking into account the time frame, that is, 10 years to shed only 0.9 %. Again, 43.9 % of Egypt's population lived below $2 a day as of 2004 as against 16.7 below the national poverty line. This implies the national poverty line of Egypt has been set above $1 and below $2 a day.

Cote d'Ivoire, with oil production of 57,700 barrels a day and having been ranked 61 in 2005, had shifted away from the single-digit poverty rate at 4.7 % in 1984 to double digit of 12.3 % in 1995. The figure further increased to 15.5 in 1998 following

---

[4] This figure has been obtained from the National Progress Report on Millennium Development Goals under Nigeria's Poverty Reduction Paper, IMF.

[5] The poverty rates under the various national poverty lines have been obtained from the Millennium Development Goals in UNDP's Human Development Report 2006.

the political unrest in that country. Below \$1 a day, poverty rate stood at 14.8 and 48.8 % below \$2 a day as of 2004.

Lastly, but not least has been Cameroon, ranked 55 for producing 82,670 barrels a day as of 2005, had managed to reduce its population living below \$1 a day from 32.5 % in 1996 to 14.1 % as of 2004. 50.6 % of its population were living below \$2 a day in 2004 compared to 40.2 % below the national poverty line in the same year. This implies the national poverty line has been set above \$1 but rather below \$2 a day.

The story has been slightly worse for the non-oil-producing African OIC member countries. None of the selected countries has been able to maintain a single-digit poverty rate from the early 1990s to 2004. Senegal, the most impressive among the non-oil-producing countries selected in the African region, had managed to reduce poverty rate below \$1 a day from 45.4 % in 1991 to 22.3 % in 2003. The population living below the national poverty line stood at 33.4 and 63.0 % below \$2 as of 2004. Thus far, the poverty statistics analysed point to the fact that, irrespective of the amount, oil resources have had tremendous impact on poverty alleviation in the majority of the oil-producing OIC member countries in the African region. Table 4.1 further illustrates.

The poverty gap ratio captures the extent at which the poor people are living far below the poverty line, that is, the \$1 a day in our case. In other words, the poverty gap ratio is an attempt to show the depth of the poverty, that is, how deep the incidence of poverty is in a particular locality, area or region. The majority of the oil-producing countries have been much successful in maintaining poverty gap ratios below 0.5 %, thereby signifying the depth or the intensity of poverty in these countries is below 0.5 %. That means the poor people are just below the poverty line. In other words, it will require just 5 cent of the poverty line (\$1 a day) of the entire population to close the gap and get the poor out of income poverty.

However, this is not the case in the non-oil-producing countries. Senegal is an exception by maintaining a poverty gap ratio of 3.6 % in 2001. The most interesting and mind-boggling case has been that of Nigeria with a poverty gap ratio of 34.5 % in 2003. Table 4.2 casts more light on the poverty gap ratio among the selected Muslim countries. Higher figures are signalling deep-seated poverty, as the poor appear to be several miles away from the poverty line. From the same Table 4.2, the severity of poverty (P^2) which measures the extent to which the poor people have been marginalised in the distribution of livelihood resources can be deciphered by squaring the poverty gap indices. In other words, P^2 measures the magnitude of deprivation confronted by the poor.

4.4.2 *Middle East and Central Asian Region*

There has been no sufficient poverty data on most countries in this region, especially the most prominent oil-producing countries like the Kingdom of Saudi Arabia (which was ranked first in the world with an oil production of 11 million barrels a

Table 4.1 Poverty headcount in African OIC member countries from 1980 to 2005

Country	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)
Oil-producing countries								
Algeria	..	..	1988 *(2)*	..	1995 *(2)*	…	..	..
Cameroon	..	..	..	..	1996 *(32.5)*	2001 *(17.1)*	..	..
Cote d'Ivoire	1985 *(4.7)*	1987 *(3.3)*	1988 *(7.5)*	1993 *(9.9)*	1995 *(12.3)*	1998 *(15.5)*	2002 *(14.8)*	
Egypt	..	..	..	1991 *(4)*	1995 *(2.6)*	2000 *(3.1)*		
Morocco	1985 *(2.04)*	..	..	1991 *(2)*	..	1999 *(2)*	..	..
Nigeria	..	1986 *(65.7)*	..	1993 *(59.2)*	1996 *(77.9)*	..	2003 *(70.8)*	
Tunisia	1985 *(2)*	..	1990 *(2)*	..	1995 *(2)*	2000 *(2)*	..	
Non-oil-producing countries								
Burkina Faso	..	..	..	..	1994 *(51.4)*	1998 *(44.9)*	..	2003 *(27.2)*
Niger	..	..	..	1992 *(41.7)*	1995 *(60.6)*	..	..	
Senegal	..	..	..	1991 *(45.4)*	1995 *(24)*	2001 *(17)*	2003 *(22.3)*	

Source: Compiled from World Development Indicators database, World Bank (various years) through Nationmaster.com
Y (%) denote year and percentage of population below $1 per day. *(2)* means less than 2 % (..) indicates no data

Table 4.2 Poverty gap index in African OIC member countries from 1980 to 2005

Country	Y (in)	Y (in)	Y (in)	Y (in)	Y (in)	Y (in)	Y (in)	Y (in)
Oil-producing countries								
Algeria	..	..	1988 *(0.2)*	..	1995 *(0.5)*	..	..	..
Cameroun	..	..	..	..	1996 *(9.1)*	..	2001 *(4.1)*	..
Cote d'Ivoire	1985 *(0.6)*	1987 *(0.5)*	1988 *(1.4)*	1993 *(1.9)*	1995 *(2.4)*	1998 (3.8)	..	2002 *(4.1)*
Egypt	..	..	..	1991 *(0.5)*	1995 *(0.5)*	..	2000 *(0.5)*	..
Morocco	1985 *(0.7)*	..	..	1991 *(0.5)*	..	1999 *(0.5)*		
Nigeria	..	1986 *(29.6)*	..	1993 *(29.3)*	1996 *(44.1)*	..	2003 *(34.5)*	
Tunisia	1985 *(0.5)*	..	1990 *(0.5)*	..	1995 *(0.5)*	..	2000 *(0.5)*	..
Non-oil-producing countries								
Burkina Faso	..	..	..	..	1994 *(19.5)*	1998 *(14.4)*	..	2003 *(7.3)*
Niger				1992 *(12.5)*	1995 *(34)*	..	..	..
Senegal	..	..	..	1991 *(20)*	1995 *(6.3)*	..	2001 *(3.6)*	..

Source: Compiled from World Development Indicators database, World Bank (various years) through Nationmaster.com
Y (in) stand for year and poverty gap index/ratio (..) indicates no data. *(0.5)* means less than 0.5

day), Iraq, Kuwait, Bahrain, etc., that would allow a meaningful poverty analysis on the poverty situation in these countries. However, the exclusion of these notable oil-producing countries does not detract the main goal of the research in this section. These countries would be included in the subsequent chapters where sufficient data would allow.

The available statistics indicates that aside from the late 1990s, all the selected oil-producing countries in this region had their poverty headcount ratios in single digits at $1 a day (i.e. from 1985 to 2004). However, the Asian economic crises in the late 1990s seemed to have doubled these poverty figures in some of the selected countries in this region. Table 4.3 corroborates. Going into the specifics, 8.3 % of Kyrgyzstan's population lived below $1 a day in 1993. This figure shot up to 20.3 % in 1996. From then onwards, Kyrgyzstan had managed to keep a poverty headcount ratio of less than 2 % from 1997 to 2003. However, under her national poverty line, Kyrgyzstan had 41 % of her population living in poverty in 2003 down from 47.6 % in 2001 signalling that the national poverty line has been pegged above the basic $1 a day. Pertaining to her position in the world oil production, Kyrgyzstan was positioned 101st with an oil production of 1,965 barrels a day as of 2005. In Albania, the percentage of her population below the national poverty line was 25.4[6] as of 2002, while the people below the international poverty line of $1 per day remained at less than 2 % from 1997 to 2004, showing that the international poverty line of $1 a day is really below the national poverty line. However, hardcore poverty alleviation in Albania has constituted the major challenge. This has been the case in most of the better-off countries. In the oil production standings, Albania was ranked 90th with a daily production of 7,006 barrels as of 2005.

With 49.6 % of her people living in poverty in 2001 under the national poverty line, Azerbaijan appears to be much successful in her poverty reduction drive as a whopping 68.1 % were poor in 1995. With this performance, Azerbaijan has recorded a 27 % change in poverty reduction within 6 years under the national poverty line. However, an impressive 66 % change has been recorded in reducing the number of people living under $1 per day within the same 6-year time frame, that is, from 10.9 % in 1995 to 3.7 % in 2001. Azerbaijan was ranked 23rd in the world with a daily oil production of 934,700 barrels as of 2007.

Turkey in 1987 had less than 2 % of her population being poor at the $1 a day poverty line. The figure rose above 2 % in 1994, plunged back to below 2 % in 2000 and as of 2004 stood at 3.4 %. The fluctuating trend of Turkey's poverty scenario buttresses the fluidity of hardcore poverty incidence. However, 28.3 % of her poor living under the national poverty line in 1994 was reduced to 27 % in 2002. This statistics has shown that Turkey needs to quicken its pace in poverty eradication. In terms of world ranking, Turkey has occupied the 64th position for producing 45,460 barrels of oil per day as of 2005.

---

[6] This information can be located under Poverty Indicators, MDG Info 2007. http://uncdf.org/gfld/docs/midpoint-mdg.pdf. It is also available in the World Bank's Development Report 2006 *Equity and Development*, pp. 278–9; 294–5.

Table 4.3 Poverty headcount in Middle East and Central Asian OIC member countries from 1980 to 2005

Country	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)
Oil-producing countries								
Albania	..	..	..	..	..	1997 *(2)*	2002 *(2)*	2004 *(2)*
Azerbaijan	..	..	..	..	1995 *(10.9)*	..	2001 *(3.7)*	..
Iran	..	1986 *(2)*	1990 *(2)*	1994 *(2)*	..	1998 *(2)*	..	..
Kazakhstan	..	1988 *(2)*	..	1993(2)	1996 *(2)*	..	2001 *(2)*	2003 *(2)*
Kyrgyzstan	..	1988 *(2)*	..	1993 *(8.3)*	1996 *(20.3)*	..	2001 *(2)*	2003 *(2)*
Turkey	..	1987 *(2)*	..	1994 *(2.4)*	..	..	2000 *(2)*	2003 *(3.4)*
Uzbekistan	..	1988 *(2)*	..	1993 *(3.3)*	..	1998 *(19.2)*	..	2003 *(2)*
Yemen	..	..	1992 *(3.4)*	..	..	1998 *(15.7)*	..	..
Non-oil-producing country								
Jordan	..	1987 *(2)*	1992 *(2)*	..	..	1997 *(2)*	..	2003 *(2)*

Source: Compiled from World Development Indicators database, World Bank (various years) through Nationmaster.com
Y (%) denote year and percentage of population below $1 per day. (..) indicates no data. *(2)* means less than 2 %

Yemen, with an oil production of 402,000 barrels a day as of 2005 and was placed 32nd, had managed to reduce the proportion of her poor people from 40.1 % in 1998 to 34.8 % in 2005/2006.[7] Under $1 a day, the proportion of Yemen's poor people was 15.7 in 1998. This is an increase from 3.4 % in 1992. There was no data readily available to assess the performance of poverty eradication under $1 a day from 1998 onwards in Yemen. However, on the basis of the performance at the national poverty line, which is certainly above $1 a day, Yemen seems to be grappling with the poverty situation most especially in eradicating extreme poverty.

Jordan, the only country among the non-oil-producing Muslim countries in this region with somewhat consistent poverty data, has achieved considerable success in her poverty alleviation efforts. With no oil resources, Jordan's performance in poverty eradication has rivalled most of her oil-producing counterparts and has superseded some of these oil-producing countries. Jordan had successfully maintained a less-than-2 % poverty headcount ratio from 1987 to 2003. Jordan had admirably reduced her poor population of 21.3 % living under the national poverty line in 1997 to 14.2 in 2002[8] (Table 4.3).

The poverty gap ratios of all the selected Muslim countries in this region have remained single digits throughout the period, that is, from 1985 to 2005. Uzbekistan had recorded the highest with 8.1 % in 1998 followed by Yemen with 4.5 % in 1998. Kyrgyzstan came next with 3.3 % in 1993 followed by Azerbaijan with 2.6 % in 1995 and Turkey with 0.8 % in 2003. With these exceptions, the rest of the countries have had less than 0.5 % poverty gap indices. As a recap, poverty gap index measures how far away average incomes of the poor people are from the poverty line. It means the depth of poverty in a country. Table 4.4 contains the details. From Table 4.4, the severity of poverty could be calculated by squaring the poverty gap indices.

4.4.3 East Asia, the Pacific and South American Region

The available poverty data on Bangladesh indicate that Bangladesh has had double-digit poverty headcount ratios for over a decade at the $1 a day poverty line. Having been ranked 92nd with an estimated daily oil production of 6,746 barrels, Bangladesh had 26.2 % of her population being poor at $1 a day. This figure kept fluctuating until it settled at 41.3 % in 2000, the latest data available. In 1996, however, 51 % of the population lived below the national poverty line, while 28.6 % were below $1 per day in the same year. This indicates that the national poverty line has been set higher than the basic $1 a day. With double digit even under the basic $1, a day presupposes that Bangladesh's poverty situation is still endemic in nature. However,

---

[7] Yemen Poverty Assessment Report. Volume 1, p. 7. This has been undertaken by The Government of Yemen, in collaboration with the World Bank, the United Nations Development Programme.

[8] MDG Info 2007.UNSD_MDG_2007Country Adjusted. Also, available in the World Bank's Development Report 2006 *Equity and Development*, pp. 278–9; 294–5.

Table 4.4 Poverty gap index in Middle East and Central Asian OIC member countries from 1980 to 2005

Country	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)
Oil-producing countries								
Albania	..	..	..	..	1997 *(0.5)*	..	2002 *(0.5)*	2004 *(0.5)*
Azerbaijan	..	..	..		1995 *(2.6)*	..	2001 *(0.6)*	..
Iran	..	1986 *(0.5)*	..	1990 *(0.5)*	1994 *(0.5)*	..	1998 *(0.5)*	..
Kazakhstan	..	1988 *(0.5)*	..	1993 (0.5)	1996 *(0.5)*	..	2001 *(0.5)*	2003 *(0.5)*
Kyrgyzstan	..	1988 *(0.5)*	..	1993 *(3.3)*	1997 *(0.5)*	1999 *(0.5)*	..	2003 *(0.5)*
Uzbekistan	..	1988 *(0.5)*		1993 *(0.5)*	..	1998 *(8.1)*	..	2003 *(0.5)*
Yemen	..		..	1992 *(1.1)*	..	1998 *(4.5)*	..	..
Turkey	..	1987 *(0.5)*	..	..	1994 *(0.6)*	..	2000 *(0.5)*	2003 *(0.8)*
Non-oil-producing country								
Jordan	..	1987 *(0.5)*	..	1992 *(0.5)*	1997 *(0.5)*	..	..	2003 *(0.5)*

Source: Compiled from World Development Indicators database, World Bank (various years) through Nationmaster.com
Y (in) stand for year and poverty gap index/ratio (..) indicates no data. *(0.5)* means less than 0.5

poverty data on Pakistan show that 13.5 % of her population lived in poverty at $1 a day in 1999, which subsequently shot up to 17 % in 2002. Under the national poverty line, 32.6 % were poor in 1999. In oil production ranking, Pakistan was placed 60th with an estimated oil production of 68,220 barrels a day.

Indonesia has managed to achieve a single-digit poverty headcount ratio from 2000 onwards. Prior to this, Indonesia had 28.2 % of her population being poor in 1987. This figure went down to 14.1 % in 1996. As of 2004, 7.5 % of Indonesia's population remained poor at $1 a day. In its oil production ranking, Indonesia was ranked 22nd with an estimated oil production of 1,070,000 barrels per day in 2004. Malaysia has achieved remarkable poverty eradication records for having maintained less than 2 % of her population being poor at $1 per day from 1984 to 1999 and less than 1 % at $1 a day from 2002 to 2004. Malaysia was ranked 26th with an estimated daily oil production of 751,800 barrels in 2004. Under the national poverty line, 15.5 % were poor, which, as of 2004, reduced to 8.68 %.[9] Guyana, a South American OIC member country, has been impressive in her poverty eradication efforts. Guyana, a non-oil-producing country, had maintained a single-digit poverty headcount ratio. 8.1 % of her population were poor at $1 a day in 1993. This figure reduced to less than 2 % in 1999. Below the national poverty line, 43.2 % were poor in 1993, which later reduced to 35 % in 1998. See Table 4.5 for details.

The poverty gap indices contained in Table 4.6 show Malaysia's sparkling poverty gap records of less than 0.5 % from 1984 up to 1999. However, Malaysia's poverty gap indices from 1997 onwards have been calculated under the national poverty line in her Household Income Survey from where the poverty headcount ratios at $1 per day were picked. Unfortunately, the national poverty lines did not constitute the basic measure in this section. With the exception of 2000 in which Bangladesh recorded 10.3 %, all the selected countries in this region obtained single-digit poverty gap ratio as of 2004. The severity of poverty (P^2) can be determined easily from the poverty gap figures by using the simple arithmetic method of squaring the poverty gap indices.

4.4.4 Poverty Trends Within and Across the Muslim Regions

Undoubtedly, there are marked differences across these regional blocs even among the oil-producing countries. These differences could be explained by factors such as the amount of oil resource endowment, magnitude of the population, economic growth measured by GDP growth, non-oil resources, creed of governance, etc. The figures below are meant to help visualise the trend of poverty among the regions. The African region, especially sub-Sahara, has the highest poverty figures.

---

[9] This figure was obtained from p. 6 of Malaysia's Household Income Survey in the UNDP's Monograph entitled *Malaysia: Measuring and Monitoring Poverty and Income*. Published in 2007 in collaboration with the Economic Planning Unit, Prime Minister's Department. However, the figure is rounded to 1 decimal place.

Table 4.5 Poverty headcount East Asia, the Pacific and South American OIC member countries from 1980 to 2005

Country	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)	Y (%)
Oil-producing countries							
Bangladesh	1984 *(26.2)*	1989 *(33.8)*	1992 *(35.9)*	1996 *(28.6)*	2000 *(41.3)*	..	..
Indonesia	..	1987 *(28.2)*	1993 *(17.4)*	1996 *(14.1)*	2000 *(7.2)*	2002 *(7.5)*	..
Malaysia	1984 *(2)*	1987/89 *(2)*	1992 *(2)*	1997 *(1)*[a]	1999 *(1.1)*[a]	2002 *(0.8)*[a]	*2004 (0.6)*[a]
Pakistan	..	..	..	..	1999 *(13.5)*	2002 *(17)*	..
Non-oil-producing country							
Guyana			1993 *(8.1)*	..	1999 *(2)*	..	..

Source: Compiled from World Development Indicators database, World Bank (various years) through Nationmaster.com

Note: Y % denote year and percentage of population below $1 per day

[a] These figures were obtained from p. 6 of the Malaysia's Household Income Survey in the UNDP's Monograph entitled *Malaysia: Measuring and Monitoring Poverty and Income*. Published in 2007 in collaboration with the Economic Planning Unit, Prime Minister's Department. However, the figures are rounded to one decimal place

Table 4.6 Poverty gap index in East Asia, the Pacific and South American OIC member countries from 1980 to 2005

Country	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)	Y(in)
Oil-producing countries								
Bangladesh	1984 *(6)*	..	1989 *(7.7)*	1992 *(8.8)*	1996 *(6)*	2000 *(10.3)*	..	..
Indonesia	..	1987 *(6.1)*	..	1993 *(2.7)*	1996 *(2.3)*	2000 *(1)*	2002 *(0.9)*	..
Malaysia	1984 *(0.5)*	1987 *(0.5)*	1989 *(0.5)*	1992 *(0.5)*	1995/1997 *(0.5)*	..	..	
Pakistan	..	..	..	..	..	1999 *(2.4)*	2002 *(3.1)*	..
Non-oil-producing country								
Guyana	..	..	..	1993 *(2)*	..	1999 *(0.5)*	..	..

Source: Compiled from World Development Indicators database, World Bank (various years) through Nationmaster.com
Y (in) stand for year and poverty gap index/ratio *(0.5)* means less than 0.5 (..) indicates no data

Table 4.7 Poverty headcount averages at $1 a day across the OIC member regions from 1980 to 2005

Year	AFR (%)	MECA (%)	EAPSA (%)
1980–1985	2.9	–	14.1
1986–1990	16.1	2	16.5
1991–1995	24.4	4.3	15.9
1996–2000	25.4	8.2	13.6
2001–2005	28.2	2.3	6.5

Source: Author's calculations

AFR Africa, *MECA* Middle East and Central Asia, *EAPSA* East Asia, the Pacific and South America

East Asia, the Pacific and the South American region comes next with moderate figures. Middle East and Central Asian region boosts the least poverty headcount figures under the basic $1 a day. As earlier noted, many factors may have accounted for these trends. The African region needs much attention as far as achieving the poverty reduction target enshrined in the MDGs is concerned. This finding in the African OIC member region has been corroborated by the UN in its MDGs Report 2007 as follows: 'While the proportion of people living on one dollar a day or less has declined from 45.9 to 41.1 % since 1999 [in Africa], reaching the MDG target of halving the extent of extreme poverty by 2015 requires that the current pace is nearly doubled'.[10] With this information, the knowledge about where the weaknesses lie and where much more improvement is required has been laid bare in this section of the study.

The figures for the various regions were arrived at by averaging poverty headcount percentages at 5-year intervals for all the regions. For example, Africa got an average poverty percentage of 2.9 for 1980–1985. This is calculated by adding all the percentages of all the countries within the year intervals and then divided the total sum of the poverty percentages by the total number of the countries for each year interval. MECA region comes first with relatively lowest poverty headcount rates. EAPSA region is second, and AFR region comes third (see Table 4.7 and Fig. 4.1).

4.4.5 Conclusion

Thus far, the analysis in this chapter has shown convincingly that poverty incidence, measured by the selected poverty indicators, has been relatively minimal in the majority of the oil-producing countries than in their non-oil-producing counterparts. In Chap. 5 that follows, the study investigates the impact of resource endowments on social and economic development in the Muslim countries, using the OIC countries as proxy.

---

[10] For details see Africa and the Millennium Development Goals Update 2007. http://www.mdgmonitor.org

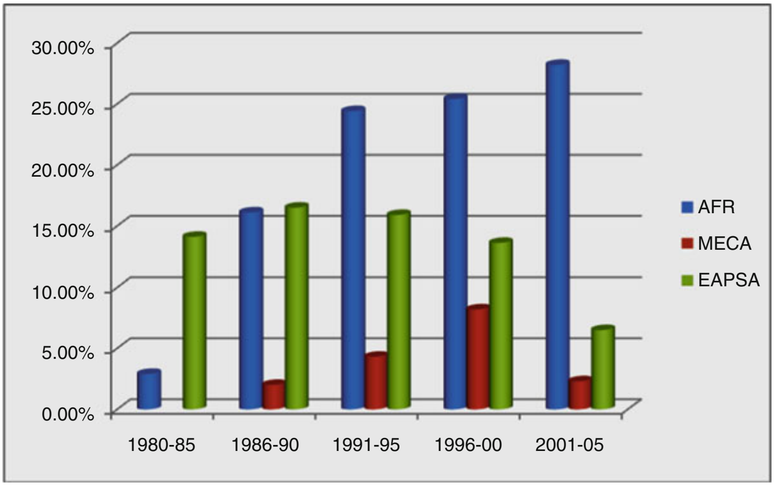


Fig. 4.1 Poverty headcount average comparisons at $1 a day among the OIC member regions from 1980 to 2005 (Source: Author's calculations). *AFR* Africa, *MECA* Middle East and Central Asia, *EAPSA* East Asia, the Pacific and South America

References

CIA. (2008). *The world fact book. Rank oil production*. https://www.cia.gov/library/publications/the-world.factbook/rankorder/2173rank.html. Accessed 21 July 2008.

Islamic Relief. (2008). *Definitions of poverty*. Birmingham: Islamic Relief Worldwide. www.islamic-relief.com. Accessed 17 June 2008.

NationMaster. (2008). *Poverty headcount*. http://www.nationmaster.com/graph/eco_pov_hea_rat. Accessed 21 July 2008.

World Bank. (1980). *Adjustment and growth in the 1980s*. World development report. New York: Oxford University Press.

World Bank. (1990). *Poverty*. World development report. New York: Oxford University Press.

World Bank. (2004). *Making services work for poor people*. World development report. New York: Oxford University Press.

World Bank. (2006). *Equity and development*. World development report. New York: Oxford University Press.

Chapter 5
Natural Resource Endowments and Development Trend in the Muslim World

Abstract This chapter addresses the following questions: What is the magnitude of natural resource endowments in the Muslim world? Which countries are heavily endowed with natural resources? What is the level of economic growth in these countries in terms of productivity, manufacturing, investment, savings and trade? What is the level of socio-economic development in terms of human capital enhancement, provision of infrastructure and social amenities? Discussing these parameters is vital because they constitute the crucial determinants of livelihood sustainability and poverty reduction.

5.1 Introduction

This chapter examines the varying degrees in which the varying nature of resource endowments impact social and economic development trends in the Muslim world (within and among the regions). The method employed here classifies the Muslim countries into the oil-producing countries and the non-oil-producing countries and then investigates the extent to which oil resource endowments (using a time-series data from 1980 to 2005) account for the variations in social and economic development performance among these countries. The overall social and economic development has been measured using gross domestic product (GDP) per capita purchasing power parity (PPP), human capital development, selected social amenities and infrastructure.

5.2 Trend of Natural Resource Endowments in the Selected Muslim Countries

Due to the assumed significance of oil resources in the socio-economic development of the majority of the economies endowed with such resources, the oil-producing Muslim or the OIC member countries are lumped together on the one hand and the non-oil-producing ones on the other hand.

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*, DOI 10.1007/978-981-287-053-7_5, © Springer Science+Business Media Singapore 2014

5.2.1 Oil-Resource- and Non-Oil-Resource-Endowed Countries

In this subsection, the clustering of the OIC member countries maintains a regional pattern: that is, the African; Middle East and Central Asian; and East Asian, the Pacific and South American regions.

5.2.1.1 The African Region

It is worthy to note from the outset that the majority of the oil-producing countries are equally endowed with some valuable mineral and agricultural resources. This has doubled the natural resource base of these countries against their non-oil-producing counterparts. Examining the oil endowments of the selected OIC member countries, using the proven-oil reserves, seeks to capture the trend and the magnitude of such endowments into the near future. The higher the magnitude of the proven-oil reserves of a particular country, the longer the period to exploit these oil resources and, similarly, the longer the impact of such endowments on socio-economic development efforts in the country concerned, that is, by holding everything else constant.

On that note and among the African OIC oil-producing member countries, Libya, Nigeria and Algeria appear to have the highest proven-oil reserves, which are above ten billion barrels. These countries, also, do have valuable agricultural and other mineral resources of which palm oil, rubber, iron ore and limestone are prominent in Nigeria; uranium, lead and iron ore in Algeria; and gypsum and olives in Libya. Others like Sudan, Chad, Egypt and Tunisia do have proven-oil reserves between one billion and six billion barrels as of 2007. Again, these countries can boast some valuable agricultural and mineral resources. The remaining oil-producing countries selected have their proven-oil reserves in millions of barrels, thereby constituting the lowest proven-oil reserves in the African region (see Tables 5.1 and 5.2).

The major agricultural products of international repute of the selected non-oil-producing OIC member countries include cotton, livestock, tobacco, rice and green vegetables. These products are found in some, but not all, countries. Among the mineral resources, manganese, titanium, phosphate, uranium, fish oil and copper form the major resources across the selected non-oil-producing OIC member countries.

5.2.1.2 Middle East and Central Asian Region

The countries with the highest proven-oil reserves among the selected OIC member countries are found in this region. In fact, such countries have been influential and prominent in the world's proven-oil reserve rankings. The Kingdom of Saudi Arabia has been ranked the world's number one with 264.3 billion barrels of proven-oil

Table 5.1 Selected oil-resourced African OIC member countries

Country	Proven-oil reserves (bbl'000)	OIC rank[a]	World rank	Other resources[b] (agricultural and mineral)
Algeria	14,680,000	9	15	Wheat, grapes, olives, cattle iron ore, uranium, lead, zinc…
Cameroon	95,000	30	73	Coffee, cocoa, cotton, rubber, bauxite, iron ore…
Chad[c]	1,500,000	20	38	Cotton, rice, cattle, camels, uranium, gold, limestone…
Cote d'Ivoire	250,000	25	57	Coffee, cocoa, cotton, rubber, diamonds, iron ore, copper…
Egypt	3,750,000	15	28	Cotton, rice, corn, cattle, iron ore, phosphates, manganese…
Libya	45,000,000	6	9	Wheat, barley, olives, dates, cattle, gypsum…
Morocco	100,000	29	71	Barley, wheat, citrus, olives, phosphates, iron ore…
Nigeria	37,250,000	7	10	Palm oil, rubber, cattle, tin, iron ore, coal, limestone…
Sudan[d]	6,490,000	12	22	Cotton, wheat, gum arabic, livestock, copper, zinc…
Tunisia	1,700,000	19	36	Olives, olive oil, grain, dates, beef, iron ore, lead, zinc, salt…

Source: Compiled from CIA, the World Factbook via Nationmaster.com

bbl denotes billion barrels as of 2007, (…) denotes selected minerals, but not all of them

[a] OIC ranking has been sorted out for this study based on the world's proven-oil reserve rankings

[b] The selection of agricultural products and mineral resources of the oil-producing countries has not been exhausted. These countries do have a long list of such resources. Under such situation, the researcher has only considered the major agricultural products and mineral resources in the selection process. However, for the non-oil-producing countries, almost all their major agricultural products and mineral resources have been selected

[c] Chad started oil exploration in 2003. *NB:* The world's rank order is out of 95 countries with proven-oil reserves, that is, those countries having enough data

[d] As of 2011, Sudan's proven-oil reserves reduced to five billion after the secession of South Sudan. For this reason, some of the figures have been modified where new data have been found. The remaining figures should be interpreted as Sudan's performance before the secession

reserves. The Islamic Republic of Iran comes third in the world with 138.4 billion barrels of oil reserves. Kuwait's oil reserves have also been within the 100-billion mark. Iraq has not been included because of its protracted insecurity problem. Wheat, bauxite, cotton, iron ore, fruits, chromium, gold, dates, nickel and marble are the main agricultural and mineral resources in this region. The contents of Table 5.3 have demonstrated the impressive mineral and agricultural resource endowments of the selected Muslim countries in this region. Furthermore, some of the world's highest natural resource-endowed countries are found in MECA of the Muslim world. This explains the importance of this region, and the progress it can bring to bear upon the development aspirations and agendas in the Muslim world.

The only two non-oil-producing OIC member countries in this region have, as their main agricultural products, citrus, grapes, tomatoes, strawberries, tobacco and

Table 5.2 Non-oil-resourced African OIC member countries

Country	Major agricultural products	Mineral resources
Burkina Faso	Cotton, peanuts, sheanuts, sesame, sorghum, millet, corn, rice and livestock	Manganese, limestone, marble, small deposits of gold, salt, phosphates, pumice…
Gambia	Rice, millet, sorghum, peanuts corn, sesame, cassava (tapioca), palm kernels, cattle, sheep and goats	Titanium (retile and limonite), tin, zircon, silica sand, clay…
Mali	Cotton, millet, rice, corn, vegetables, peanuts, cattle, sheep and goats	Phosphates, kaolin, salt, granite, uranium, gypsum, limestone…
Niger	Cowpeas, cotton, peanuts, millet, sorghum, cassava (tapioca), rice cattle, sheep, goats, camels, donkeys, horses and poultry	Uranium, coal, iron ore, tin, phosphates, gypsum, salt, gold…
Senegal	Peanuts, millet, corn, sorghum, rice, cotton, tomatoes, green vegetables, cattle, poultry, pigs and fish	Fish oil, phosphates, iron ore
Uganda	Coffee, tea, cotton, tobacco, cassava (tapioca), potatoes, corn, millet, pulses, cut flowers, beef, goat meat, milk and poultry	Copper, cobalt, hydropower, limestone, salt, arable land

Source: Compiled from CIA, the World Factbook via Nationmaster.com
(…) denotes selected minerals, but not all of them

livestock. The mineral resources here include limestone, phosphates, iron ore potash, etc. (see Table 5.4). However, these two non-oil-producing countries, particularly Jordan that has poverty data, have tended to perform remarkably in the fight against poverty just like most of the oil-producing countries. Jordan has been able to maintain her poverty incidence at $1 a day at 2 % in 2003, a rate that has enabled Jordan to outperform some of her oil-producing counterparts like Turkey (3.4 %) in 2003. For detailed information on the incidence of poverty in the various countries, see Chap. 4.

5.2.1.3 East Asia, the Pacific and South American Region

None of the selected countries in this region has proven-oil reserves above five billion. However, only three member countries fall within the billion-barrel mark. Thus, Malaysia, Brunei and Indonesia's proven-oil reserves range from 1.3 to 4.4 billion barrels. The remaining selected members have their oil reserves within the million-barrel mark, ranging from 28 million to 376 million barrels. However, as shown in Table 5.5, all the oil-producing countries in this region are rich in other mineral and agricultural resources. Prominent among these resources include copper, nickel, bauxite, tin, iron ore, timber, rubber, cotton, oilseeds, wheat, beef, etc. Each of these resources plays a prominent role in the production process of many a nation. With the appropriate technology and investment, these resources can enhance the manufacturing sector in these countries. Thus far, it appears

Table 5.3 Oil-resourced Middle East and Central Asian OIC member countries

Country	Proven-oil reserves (bbl'000)	OIC rank[a]	World rank	Other resources (agricultural and mineral)
Albania	198,100	26	59	Wheat, dairy products, bauxite, copper, iron ore…
Azerbaijan	7,000,000	11	21	Cotton, grain, rice, tea, tobacco, iron ore, bauxite…
Bahrain	118,600	27	67	Fruit, poultry, dairy products, pearls…
Iran	138,400,000	2	3	Wheat, rice, cotton, wool, coal, chromium, copper, iron ore…
Kazakhstan	9,000,000	10	18	Wheat, cotton, livestock, coal, iron ore, manganese…
Kuwait	101,500,000	4	5	Not many crops, but fish
Kyrgyzstan	40,000	31	79	Tobacco, cotton, sheep, cattle, gold, coal, mercury, lead…
Oman	4,850,000	13	24	Dates, alfalfa, camels, cattle, iron ore, copper, lead, zinc…
Qatar	15,200,000	8	13	Fruits, vegetables, poultry, dairy products, beef, fish…
Saudi Arabia	264,300,000	1	1	Wheat, barley, melons, dates, mutton, iron ore, gold, and copper
Turkey	300,000	24	55	Tobacco, cotton, grain, olives; livestock, coal, iron ore, copper…
United Arab Emirates	97,800,000	5	6	Dates, watermelons, poultry, eggs, dairy products, fish…
Uzbekistan	594,000	22	46	Cotton, fruits, grain livestock, coal, gold, uranium, silver…
Yemen	3,580,000	16	29	Grain, coffee, cotton, livestock, marble, small deposits of lead, nickel, copper…

Source: Compiled from CIA, the World Factbook via Nationmaster.com

bbl denotes billion barrels as of 2007, (…) denotes selected minerals, but not all of them

[a] OIC ranking has been sorted out for this study based on the world's proven-oil reserve rankings. This rank order concerns only proven-oil reserves, excluding agricultural and mineral resources,

NB: The world's rank order is out of 95 countries with proven-oil reserves, that is, those countries having enough data

convincing to note that there are high development prospects in this region if the appropriate measures are adopted to transform these natural resources to benefit the people at large.

The two non-oil-producing member countries in this region relatively have scanty agricultural and mineral resources, particularly true of the Maldives. Coconut, corn, sweet potato and fish constitute all what the Maldives can boast as agricultural and mineral resources. However, Guyana has some appreciable and valuable agricultural and mineral resources, prominent of which are bauxite, gold, diamond,

Table 5.4 Non-oil-resourced Middle East and Central Asian OIC member countries

Country	Major agricultural products	Mineral resources
Lebanon	Citrus, grapes, tomatoes, apples, vegetables, potatoes, olives, tobacco, sheep and goats	Limestone, iron ore, salt, water-surplus state in a water-deficit and arable land
Jordan[a]	Citrus, tomatoes, cucumbers, olives, sheep, poultry, stone fruits, dairy and strawberries	Phosphates, potash and shale oil

Source: Compiled from CIA, the World Factbook via Nationmaster.com

[a] Jordan, as of 2005, has not begun oil exploration. However, in January 2006, Jordan was estimated to have had about 1,000,000 of proven-oil reserves and has been placed 95th among countries of proven-oil reserves in the world. In the calculations for this study, Jordan has occupied 34th position in rankings of the OIC member countries. However, Jordan has been examined as a non-oil-producing OIC member country because within the period 1980–2005, which the study is working with, Jordan has still not started oil exploration. This means Jordan is a potential oil-producing OIC member country

Table 5.5 Oil-resourced East Asia, the Pacific and South American OIC member countries

Country	Proven-oil reserves (bbl'000)	OIC rank[a]	World rank	Other resources[b] (agricultural and mineral)
Bangladesh	28,000	32	81	Rice, jute, tea, wheat, tobacco, oilseeds, coal…
Brunei	1,350,000	21	41	Rice, vegetables, fruits, cattle, goats, eggs, timber…
Indonesia	4,430,000	14	26	Rice, rubber, palm oil, tin, nickel, bauxite, copper…
Malaysia	3,000,000	17	31	Tin, copper, iron ore, rubber, palm oil, pepper…
Pakistan	376,800	23	53	Cotton, wheat, rice, beef, iron ore, copper, salt…
Suriname	111,000	28	68	Rice, bananas, palm kernels, beef, kaolin, bauxite, copper…

Source: Compiled from CIA, the World Fact book via Nationmaster.com

bbl denotes billion barrels as of 2007, (…) denotes selected minerals, but not all of them

[a] OIC ranking has been sorted out for this study based on the world proven-oil reserve ranking. *NB:* The world rank order is out of 95 countries with proven-oil reserves, that is, those countries having enough data

[b] The selection of agricultural products and mineral resources of the oil-producing countries has not been exhausted. These countries do have a long list of such resources. Under such situation, the researcher has only considered the major agricultural products and mineral resources in the selection process. However, for the non-oil-producing countries, almost all their major agricultural products and mineral resources have been selected

sugarcane, rice, livestock and poultry. The performances of these two non-oil-producing countries in productivity, using GDP per capita PPP and poverty reduction rates, have outpaced many of the oil-producing countries.

For instance, Guyana had maintained impressive poverty incidence rates at $1 a day from 1993 (8.1 %) to 1999 (2 %) compared to some oil-producing countries like

Table 5.6 Non-oil-resourced East Asia, the Pacific and South American OIC member countries

Country	Major agricultural products	Mineral resources
Guyana	Sugarcane, rice, shrimp, fish, vegetable oils, beef, pork, poultry, dairy products	Bauxite, gold, diamonds
Maldives	Coconuts, corn, sweet potato	Fish

Source: Compiled from CIA, the World Factbook via Nationmaster.com

Bangladesh which posted 35.9 % in 1992 and 41.3 % in 2000 and Indonesia with 17.4 % in 1993 and 7.2 % in 2000. Furthermore, the GDP per capita PPP figures in the two non-oil-producing countries in 2007 were approximately 3,800 for Guyana and 4,600 for the Maldives as against 1,300 for Bangladesh and 3,700 for Indonesia. For this reason, oil endowments in some countries seem to have given such countries little edge over some of their non-oil-producing counterparts. Many factors such as the degree of the mineral resource endowment, the creed of government, domestic capital investment and population size are some of the important variables that may account for the variations among these countries. Details on poverty incidences and GDP per capita PPP figures of the various countries have been analysed in Chap. 4 and this chapter (Table 5.6).

5.3 Trend of Economic Growth in the Selected Muslim Countries

This section examines economic development in terms of productivity (measured by GDP per capita PPP), manufacturing, investment and savings and trade patterns.

5.3.1 Productivity (GDP Per Capita PPP)

The intention in this section has been to use time-series data of GDP per capita PPP of the selected Muslim countries (from 1980 to 2005) to investigate how the GDPs (i.e. productivity) of these countries can be said to have been influenced by the kind and level of natural resource endowments. This is to highlight oil resources versus non-oil resources to determine whether variance in natural resources—even among countries in the same natural resource grouping—may account for variance in social and economic development of these countries. GDP per capita purchasing power parity (PPP) has been considered and largely utilised as its calculations include non-tradable goods and services that are crucial in sustaining livelihoods, particularly livelihoods of the marginal poor people. In other words, GDP per capita PPP tracks the trends of living standards. This is the advantage of GDP per capita PPP over the nominal GDP per capita—often calculated based on foreign exchange and tradable goods and services among the world's economies at the world market. However, the nominal GDP has been used where it becomes necessary.

Once again, the significant role that oil apparently plays in the socio-economic development of the majority of the world's economies endowed with oil resources allows the lumping together of the selected OIC member countries known to be producing oil on the one hand and their non-oil-producing counterparts on the other hand. The clustering of the OIC member countries maintains a regional pattern—the African; Middle East and Central Asian; and East Asian, the Pacific and South American regions.

5.3.1.1 The African Region

With the exception of Nigeria and Chad, all the oil-producing countries in this region have had their GDP per capita PPP above US $1,000. Libya has been the only oil-producing African OIC country with her GDP per capita PPP above US $10,000 way from 1993 to 2007. However, this value kept decreasing from $14,720.29 in 1993 to $12,300 in 2007. The remaining selected countries have had their GDP per capita PPP figures below US $10,000. These figures kept decreasing further over the years. Nevertheless, there have been some gains in 2007 for a few countries. On comparative basis, countries with the lowest GDP per capita PPP are among the non-oil-producing countries. In a similar fashion, higher rates of poverty incidence are in the non-oil-producing countries. With the exception of Nigeria (an oil-resource-endowed country posting higher poverty rates than most of the non-oil-resourced countries), all the selected oil-producing countries in this region have relatively lower rates of poverty headcount. These poverty headcount rates are presented in Chap. 4. This scenario, whereby countries with higher GDP per capita PPP values tend to have lower poverty rates, appears to lean towards the assumption that GDP per capita growth supports poverty reduction efforts (Table 5.7).

5.3.1.2 Middle East and Central Asian Region

This region has the highest GDP per capita PPP among the regions. Qatar has always been the leading Muslim country in terms of GDP per capita PPP. Qatar, the United Arab Emirates, Kuwait, Bahrain, Oman and Saudi Arabia have their GDP per capita PPP values among the top leading countries of the world. Despite the fact that all the countries experienced some constant decreases in GDP per capita since 1993, there were some gains in 2007 for some few countries (Table 5.8). With US $80,900, Qatar has been ranked the world's highest GDP per capita PPP country in 2007. In addition, some of the non-oil-producing countries, though unexpectedly, have had their GDP per capita PPP values higher compared with some of their oil-producing counterparts. For instance, Lebanon's GDP per capita PPP is far above those of Yemen and Kyrgyzstan.

Unfortunately, there were no poverty data for Lebanon to enable the assessment of how this high GDP per capita PPP of Lebanon could affect her performance in the fight against poverty. All the same, as indicated in Chap. 4, poverty reduction

Table 5.7 Natural resource endowment and development trends in the selected African OIC countries measured in GDP per capita PPP 1993–2007

	1993	1998	1999	2000	2001	2002	2003	2005	2007
Country	(US $'000)								
Oil-producing countries									
Algeria	8.6	7.9	7.8	7.7	7.6	7.5	7.3	7.1	6.5
Cameroon	3.1	2.7	2.7	2.6	2.6	2.5	2.5	2.4	2.1
Chad	2.1	1.8	1.7	1.7	1.6	1.5	1.5	1.4	1.7
Cote d'Ivoire	1.9	1.7	1.6	1.6	1.6	1.5	1.5	1.5	1.7
Egypt	5.1	4.6	4.6	4.5	4.4	4.3	4.2	4.1	5.5
Libya	14.7	13.3	13	12.8	12.5	12.3	12.0	11.6	12.3
Morocco	5.3	4.9	4.9	4.8	4.7	4.7	4.6	4.4	4.1
Nigeria	1.7	1.5	1.5	1.4	1.4	1.4	1.3	1.3	2.0
Sudan	3.0	2.7	2.6	2.6	2.5	2.5	2.4	2.3	2.2
Tunisia	9.5	8.8	8.7	8.6	8.5	8.4	8.4	8.2	7.5
Non-oil-producing countries									
Burkina Faso	1.7	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.3
Gambia	2.9	2.4	2.3	2.3	2.2	2.1	2.1	1.9	1.3
Mali	1.4	1.2	1.2	1.1	1.1	1.1	1.0	1.0	1.0
Niger	1.2	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.7
Senegal	2.3	2.0	2.0	1.9	1.9	1.8	1.8	1.7	1.7
Uganda	2.4	2.0	2.0	1.9	1.9	1.8	1.7	1.6	0.9

Source: Compiled from CIA, the World Factbook via Nationmaster.com

has appeared much more successful in this region compared to the other regions. This comes as no surprise because the world's leading countries in proven-oil reserves are in this region.

5.3.1.3 East Asia, the Pacific and South American Region

In this region, only Brunei and Malaysia have GDP per capita PPP above US $10,000. In fact, the GDP per capita PPP of Brunei rivals most of her counterparts in the Middle East and surpasses some like Saudi Arabia, Bahrain, etc. The remaining countries in this region do have their GDP per capita PPP figures below US $5,000, with the exception of Suriname (Table 5.9). The Maldives had GDP per capita PPP above US $5,000 only from 2003 to 2005. Bangladesh, Pakistan and Indonesia have GDP per capita PPP lower than their non-oil-producing counterparts. This scenario could partly be attributed to other factors such as population size and the magnitude of oil-resource endowments of these countries. The likely positive impact of high GDP per capita growth on poverty reduction has repeated itself here. That is, Guyana having relatively higher GDP per capita PPP than Bangladesh, Indonesia and Pakistan has lower poverty rate (2 % in 1999) than those of Bangladesh (41.3 % in 2000), Indonesia (7.2 % in 2000) and Pakistan (13.5 % in 1999).

Table 5.8 Natural resource endowment and development trends in the selected Middle East and Central Asian OIC countries measured in GDP per capita PPP 1993–2007

	1993	1998	1999	2000	2001	2002	2003	2005	2007
Country	(US $'000)								
Oil-producing countries									
Albania	5.8	6.1	6.1	6.1	6.1	6.1	6.0	6.0	6.3
Azerbaijan	5.7	5.4	5.3	5.3	5.3	5.2	5.2	5.1	7.7
Bahrain	29	24.8	24.2	23.6	23.2	22.8	22.5	21.8	32.1
Iran	9.9	9.2	9.0	8.9	8.8	8.6	8.5	8.3	10.6
Kazakhstan	7.6	8.3	8.3	8.4	8.4	8.4	8.4	8.2	11.1
Kuwait	23.3	23.3	22.4	21.6	20.8	20.2	19.7	18.6	39.3
Kyrgyzstan	2.2	2.1	2.0	2.0	2.0	2.0	2.0	1.9	2.0
Oman	19.7	17.1	16.8	16.5	16.3	16.2	16	15.7	24
Qatar	48.4	43.6	42.2	40.3	38	35.6	33.3	30	80.9
Saudi Arabia	19.7	17.3	17.1	16.7	16.3	16	15.7	14.9	23.2
Turkey	9.8	8.9	8.8	8.6	8.5	8.3	8.2	8.1	12.9
United Arab Emirates	55.2	40.8	38.1	35.6	33.1	30.8	28.6	25.5	37.3
Uzbekistan	2.2	2.0	2.0	2.0	2.0	1.9	1.9	1.9	2.3
Yemen	1.3	1.1	1.1	1.0	1.0	1.0	0.9	0.9	2.3
Non-oil-producing countries									
Lebanon	7.6	6.8	6.7	6.7	6.6	6.5	6.5	6.3	11.3
Jordan	6.8	5.8	5.6	5.5	5.3	5.2	5.1	4.9	4.9

Source: Compiled from CIA, the World Fact book via Nationmaster.com

Table 5.9 Natural resource endowment and development trends in the selected East Asia, the Pacific and South American OIC countries measured in GDP per capita PPP 1993–2007

	1993	1998	1999	2000	2001	2002	2003	2005	2007
Country	(US $'000)								
Oil-producing countries									
Bangladesh	2.7	2.4	2.4	2.3	2.3	2.2	2.2	2.1	1.3
Brunei	24.4	21.5	21	20.5	20	19.5	19.1	25.4	51
Indonesia	4.6	4.3	4.2	4.2	4.1	4.1	4	3.9	3.7
Malaysia	14.8	13	12.7	12.4	12.2	11.9	11.7	11.3	13.3
Pakistan	3.3	3	2.9	2.8	2.7	2.7	2.6	2.5	2.6
Suriname	7	6.7	6.7	6.6	6.6	6.5	6.5	6.4	7.8
Non-oil-producing countries									
Guyana	4.7	4.6	4.6	4.6	4.6	4.6	4.5	4.5	3.8
Maldives	5.2	4.5	4.4	4.3	4.1	4	8.6	8.6	4.6

Source: Compiled from CIA, the World Fact book via Nationmaster.com

5.3.1.4 Trends of GDP Per Capita PPP Within and Across the Regions

Productivity and standards of living, conventionally measured by GDP per capita PPP, are deteriorating steadily in almost all the selected OIC countries (Table 5.10). However, there are marked differences in the level of such deteriorations among

Table 5.10 Natural resource endowment and development trends within and across the OIC regions measured in GDP per capita PPP (averages) 1993–2007

	AFMC		MECAMC		EAPSAMC	
	Oil-prod.	Non-oil-prod.	Oil-prod.	Non-oil-prod.	Oil-prod.	Non-oil-prod.
Year	(US $'000)		(US $'000)		(US $'000)	
1993	5.50	1.98	17.12	7.20	9.47	4.95
1998	4.99	1.68	15.0	6.30	8.48	4.55
1999	4.91	1.67	14.52	6.15	8.32	4.50
2000	4.83	1.58	14.04	6.10	8.13	4.45
2001	4.74	1.57	13.55	5.95	7.98	4.35
2002	4.66	1.50	13.07	5.85	7.81	4.30
2003	4.57	1.45	12.65	5.80	7.68	6.55
2005	4.43	1.36	11.92	5.60	8.60	6.55
2007	4.56	1.15	20.85	8.10	13.28	4.20

Source: Authors' calculation based on data from CIA: World Fact book via Nationmaster.com
Note: *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries

these countries. GDP per capita PPP has the advantage to include non-tradable goods and services of a country. Goods and services most often used by poor people, the lowest and the middle-income groups. Outsourcing the non-traded goods and services locally aids livelihood sustainability, thereby raising the living standards of the people.

The constant deterioration of productivity, as shown by the constant reduction in GDP per capita PPP of almost all the selected countries with the exception of some increases in 2007 in a few countries, could be due to the following factors:

1. The weakening ability of these countries to obtain the much-needed non-tradable goods and services locally
2. The weakening role of import-substituting industries
3. The inability of these countries to safeguard the domestic production of non-tradable goods and services against the smashing impact of the free global market economy

5.3.2 Manufacturing

Here, the study has examined manufacturing by taking into account its share of merchandise exports, the nominal GDP and its employment share of the employable population in the various member countries. By far, manufacturing together with investment and trade examined in the next section constitutes the bedrock of productivity. The level of manufacturing, investment and trade (exports to be precise) is strongly influencing the overall GDP growth. Manufactures have been considered in the light of commodities classified by the World Bank in its World Development

Indicators database. The classifications include sections 5 (chemicals), 6 (basic manufactures), 7 (machinery and transport equipment) and 8 (miscellaneous manufactured goods), excluding division 68 (nonferrous metals).

5.3.2.1 The African Region

The trend of manufacturing in this region, captured by its share of merchandise exports, appears to be relatively skewed. The majority of the oil-producing countries tend to be posting huge export figures. Similar fashion is the case with GDP. The huge export figures can clearly be associated with the majority of the oil-producing countries. With the non-oil-producing countries, only a few countries record somewhat high export figures (like Mali and Senegal) which, however, fail to reflect in their GDPs, a scenario that can be explained perhaps by the fact that the manufactures exports of the non-oil-producing countries may carry very little value added compared to their oil-producing counterparts. In short, the kind of manufacturing a particular country is engaged in is influenced largely by the resources such country has been endowed with. Again, the available data on employment share of manufacturing show that the oil-producing countries have relatively higher employment rates than the non-oil-producing countries.

Moving into specifics, the manufacturing shares of exports of Morocco and Tunisia have been quite substantial. However, the manufacturing shares of total employment are quite minimal (Table 5.11). Such a scenario signifies that the industrial drive in such countries may appear to be less labour-intensive, but rather capital-intensive. The percentage share of export of Libya's manufactures has been quite small. Nevertheless, its share of GDP has been quite high. This goes to support the fact that Libya may be engaged in high-value manufacturing commodities. In the case of Algeria, the percentage of manufactures export of the total merchandise exports is barely 2 %. Meanwhile, industry constitutes approximately 61.4 % of its GDP. This leads one to conclude that much of the industrial output in Algeria is being consumed domestically, a trend that may have a positive impact on livelihood sustainability as the goods and services can be made more and readily available to the populace.

5.3.2.2 Middle East and Central Asian Region

This region of the Muslim world hosts the heavyweights, if you like, in terms of the export share of manufactures. Some countries in this region export as high as 79–82 % of manufactures. Ironically, the two countries with the highest figures tend to have relatively lower industrial shares of GDP. These countries are Albania and Turkey. Such figures are indicative of the fact that other sectors like the services sector, aside from industry, may be playing a much more pivotal role in the total domestic production. Most countries in this region do have high industrial shares of GDP while showing minimal manufacture shares of merchandise exports. This presupposes that much of what has been produced is consumed domestically.

Table 5.11 Trends of manufacturing in the selected African OIC member countries

Country	Manufactures of merchandise exports (%)	Composition of GDP (%)	Share of employment (%)
Oil-producing countries			
Algeria	2	61.4	n/a
Cameroon	3.33	15.8	13
Chad	7.71	47.8	n/a
Cote d'Ivoire	20.04	22.2	n/a
Egypt	30.61	41.1	17
Libya	6.66	83.1	23
Morocco	65.15	37.9	15
Nigeria	2.07	52.7	10
Sudan	0.06	34.2	7
Tunisia	77.59	25.7	23
Non-oil-producing countries			
Burkina Faso	7.97	19.4	n/a
Gambia	16.93	8.7	19
Mali	54.6	17	n/a
Niger	7.87	17	6
Senegal	43.42	18.9	n/a
Uganda	16.98	24.7	5

Sources: Compiled from World Development Indicators database and CIA World Fact book via Nationmaster.com

Note: Figures taken are the most recent data, *n/a* data not available

Bahrain has 79 % of her employable population gainfully employed in the manufacturing sector while having only 6 % of manufactures export. Industry contributes 43.6 % to GDP. The manufacturing sector employs 79 % of the labour force. With this figure of 79 %, Bahrain tops the world ranking as of 2008, a ranking that includes countries like Germany, the United Kingdom, Japan, etc. The industrial scenario in Bahrain seems to indicate less manufactures export, but more domestic manufactures consumption. The creation of domestic demand is a paramount factor for economic growth and social-economic well-being. Bahrain is a case in point here, although arguable.

Again, what appears unusual in this region has been the performance of the non-oil-producing countries as regards manufactures export. The non-oil-producing countries in this region are posting relatively higher figures (Table 5.12). However, the industrial composition of GDP is not as high as the oil-producing countries. Obviously, petrochemical production is conspicuously not associated with the non-oil-producing countries unlike the oil-producing countries.

5.3.2.3 East Asia, the Pacific and South American Region

The percentage share of manufactures exports is high among the oil-producing countries in this region. For instance, Bangladesh has 89 % of manufactures export of the total merchandise exports. However, the industrial share of its GDP is not so

Table 5.12 Trends of manufacturing in the selected Middle East and Central Asian OIC member countries

Country	Manufactures of merchandise exports (%)	Composition of GDP (%)	Share of employment (%)
Oil-producing countries			
Albania	79.8	20.1	15
Azerbaijan	13.28	63.3	7
Bahrain	6.72	43.6	79
Iran	8.81	42.9	25
Kazakhstan	15.51	39.4	30
Kuwait	6.84	51.5	n/a
Kyrgyzstan	27.47	19.9	15
Oman	5.64	38.3	n/a
Qatar	7.01	71.2	n/a
Saudi Arabia	9.46	65.9	25
Turkey	81.57	28.3	22.8
United Arab Emirates	24.01	59.3	15
Uzbekistan	n/a	33.1	20
Yemen	3.75	41.5	n/a
Non-oil-producing countries			
Lebanon	69.92	19	n/a
Jordan	71.94	10.3	12.5

Sources: Compiled from World Development Indicators database and CIA World Fact book via Nationmaster.com

Note: Figures taken are the most recent data, *n/a* data not available

high. Likewise, the employment rate in the manufacturing sector is also quite small. With the exception of Brunei, which has the highest industrial composition of GDP and employment, the remaining countries in this region have below-average rates in the industrial composition of GDP and employment, a trend that seems to suggest that industrialisation has not taken firm root in these countries.

Malaysia and Indonesia have appreciable levels of industrialisation, although they have below-average industrial share of GDP. In fact, Brunei, with 71.6 % of industrial share of its GDP, came second in the world ranking in 2008. Again, employment in the manufacturing sector appears to be quite substantial in Brunei. On the contrary, the two non-oil-producing countries in this region are displaying the lowest figures under all the selected manufacturing indicators except in employment. The case of the non-oil-producing countries in this region indicates that they must work hard to scale up industrialisation. This approach can enhance the overall development process in these countries (Table 5.13).

5.3.2.4 Trends of Manufacturing Within and Across the Regions

The pattern of manufacturing within and across the regions reveals an interesting scenario. In the sense that the average percentages of manufactures of the total merchandise exports in the majority of the oil-producing countries are lower when compared with the non-oil-producing countries. However, the average manufacturing

Table 5.13 Trends of manufacturing in the selected East Asia, the Pacific and South American OIC member countries

Country	Manufactures of merchandise exports (%)	Composition of GDP (%)	Share of employment (%)
Oil-producing countries			
Bangladesh	89.62	28.7	11
Brunei	2.05	71.6	61.1
Indonesia	47.06	46.7	18
Malaysia	74.62	45.3	36
Pakistan	81.84	26.8	20
Suriname	80.22	24.4	14
Non-oil-producing countries			
Guyana	19.98	21.7	n/a
Maldives	8.39	7	18

Sources: Compiled from World Development Indicators database and CIA World Fact book via Nationmaster.com

Note: Figures taken are the most recent data, *n/a* data not available

(industry's) shares of the GDPs of the oil-producing countries are higher than the non-oil-producing countries, a scenario presupposing that the manufactures exports of the oil-producing countries are of higher value, though showing small percentage share of total exports, than their non-oil-producing counterparts.

In other words, the lower the value of the manufactures exports, the higher the percentage of export it will require of the country concerned to raise the much-needed foreign exchange revenue. This, then, suggests the need to work constructively to add value to export products. What is the alternative approach to adopt if an individual country's efforts seem not to be playing the game? In that case, the need to intensify collaboration becomes imminent so that the better off countries will benefit their less fortunate counterparts.

Moving into the specifics and with the exception of the EAPSAM region (see Table 5.14), the non-oil-producing countries in the remaining two regions have relatively higher average manufactures export rates of the total manufactures exports than the oil-producing countries, but the average industrial composition rates of their GDPs are lower than the oil-producing countries. Perhaps the agricultural and other non-oil resources in the non-oil-producing countries have failed to support heavy manufacturing activities unlike in the oil-resourced countries. Unfortunately, the available data on employment are not complete to allow any comprehensive assessments across and within the regions.

5.3.3 Investment and Savings

Undoubtedly, effective investment boosts productivity. The setting up of industries, seeking to support manufacturing drive, requires effective and appropriate investment plans. The attraction of foreign investments and the active participation of private and domestic investors are essential to growth. Public investments can

Table 5.14 Trends of manufacturing within and across OIC member regions (averages)

Regions/indicators	Manufactures of merchandise exports (%)	Composition of GDP (%)	Share of employment (%)
AFMC			
Opc	21.52	42.19	15.4
Npc	24.63	17.62	10
MECAMC			
Opc	22.29	44.65	25.30
Npc	70.93	14.65	–
EAPSAMC			
Opc	64.23	40.58	26.68
Npc	14.19	14	–

Source: Authors' calculation based on data from World Development Indicators database and CIA World Fact book via Nationmaster.com

Note: *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries, *Npc* non-oil-producing countries, (–) data incomplete

further enhance the level of growth needed. Similarly, domestic savings can boost capital mobilisation essential for productivity and the acceleration of growth. The aforementioned conditions, all too often, set the stage for sustained livelihood improvement and substantial reduction in poverty prevalence. For this reason, investment and savings have been examined in the OIC member regions, segregating the oil-resourced member countries from the non-oil-resourced ones.

5.3.3.1 The African Region

The importance of investment and savings in productivity and economic growth is enormous. The level of investment and savings largely determines the level of economic development of the country concerned. In this region, the domestic investment (DI) share of GDP more or less appears the same across the oil- and non-oil-producing countries. None have a domestic investment rate of GDP above 30 %. All are within the percentage range of 10 and 30. However, the per capita gross domestic savings (GDSs) in the oil-producing countries appear much higher than in the non-oil-producing countries. This pattern seems to be influenced, once again, by the resource stockpile of the individual countries, that is, if we agree that domestic investment includes "the inventories of raw materials, which provide the basis for future production" (CIA 2007).

The per capita GDSs of the non-oil-producing countries are very low. Again, this trend has bearings with resource base as the final resources consumption counts towards any country's ability to save. Presumably, oil imports (among other imports) may have an impact on consumption expenditure of the non-oil-producing countries, thereby leaving them with little to save. In terms of foreign direct investment (FDI), many of the selected countries have appeared to have attracted a reasonable level of FDI. However, the high FDI in some countries have failed to translate into

Table 5.15 Patterns of investment and savings in the selected African OIC member countries

Country	Domestic investment[a] (% of GDP)	FDI[b] (% of GDP)	Gross domestic savings[c] (US $ per capita)
Oil-producing countries			
Algeria	24.50	1.06	1,684.768
Cameroon	17.30	0.11	196.819
Chad	11.40	12.89	207.456
Cote d'Ivoire	8.80	1.63	161.755
Egypt	21.20	6.02	190.319
Libya	8.80	n/a	884.493
Morocco	29.70	3.01	327.322
Nigeria	23.70	2.03	291.656
Sudan	19.00	8.37	101.798
Tunisia	23.60	2.52	592.891
Non-oil-producing countries			
Burkina Faso	21.10	0.38	13.105
Gambia	25.40	11.26	13.454
Mali	n/a	3.00	44.617
Niger	n/a	0.35	22.739
Senegal	25.20	0.66	63.726
Uganda	25.40	2.95	21.635

Sources: Compiled from World Development Indicators database via Nationmaster.com and CIA, The World Fact book for Investment figures

Note: Figures taken are the most recent data between 2005 and 2007, *n/a* data not available

[a] Domestic investment records total business spending on fixed assets, such as factories, machinery, equipment, dwellings and inventories of raw materials, which provide the basis for future production. It is measured gross of the depreciation of the assets, i.e. it includes investment that merely replaces worn-out or scrapped capital

[b] Foreign direct investments are the net inflows of investment to acquire a lasting management interest (10 % or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital and short-term capital as shown in the balance of payments. This series shows net inflows in the reporting economy and is divided by GDP

[c] Gross domestic savings are calculated in the World Development Indicators database as GDP less final consumption expenditure (total consumption). Data are in current US dollars. Per capita figures expressed per 1 population

any significant gains in DI. For instance, Chad has the highest FDI rate of 12 % of GDP in this region, and yet her DI is 11.40 % of GDP with a per capita GDS of two hundred and seven US dollars ($207.456). These figures are lower than those of Morocco and Nigeria having relatively lower rates in FDI. Sudan and Gambia are other examples (see Table 5.15).

With relatively smaller FDI rates of 3.01 and 2.03 %, Morocco and Nigeria tend to have 29.70 and 23.70 % of GDP, respectively. Also, these two aforementioned countries have recorded $327.322 and $291.656 per capita GDSs, respectively, as of 2007—figures that are higher than those countries having higher FDIs. Algeria has an FDI rate of 1.06 % of her GDP, but with $1,684.768 per capita GDS. The case of Gambia (a non-oil-producing country) is another unpleasant scenario as far as FDI and GDSs are concerned. Here, these findings seem to suggest that the kind of FDI and the business areas where these FDIs are operating appear to be of great significance. Therefore, FDIs need to be subjected to strict evaluations to become growth enhancing, that is, FDIs that will encourage the practice of ploughing back revenues, but not constant repatriation of revenues.

5.3.3.2 Middle East and Central Asian Region

The pattern of DI in this region appears similar to the pattern in the African. With the exception of Qatar having 43 % investment composition of her total GDP, the remaining countries are posting investment percentages between 19 and 30 of their GDPs. As is the case in the preceding region, there has not been much difference between the oil-producing countries on the one hand and the non-oil-producing countries on the other hand in this region. However, the strategic areas of investments too often determine the degree of difference among these countries. Countries endowed with oil resources in this region tend to have some edge over their non-oil-resource-endowed counterparts.

Although the non-oil-producing countries appear to have similar investment percentages with the oil-producing countries, there are vast differences in their per capita GDSs. In a similar fashion, FDIs do not appear to have much development impact in some countries in this region. The non-oil-producing countries, for instance, harbour the second and third highest FDI rates after that of Azerbaijan (see Table 5.16). Nevertheless, these same two non-oil-producing countries having the second and third highest FDIs have recorded negative GDS rates. Surprisingly, Yemen having a negative FDI rate does have GDSs over and above some of its oil-producing counterparts like Albania and Kyrgyzstan.

In that light, there is the need to reassess FDIs in order to determine the exact areas where FDIs are useful or the appropriate measures needed to make them more beneficial to the host countries, as profits repatriation cannot be halted entirely. However, the economic power of oil resources comes to the fore here. For instance, although Kyrgyzstan and Albania do have negative per capita GDSs, these rates are much higher than the negative per capita GDS values of the non-oil-producing countries.

5.3.3.3 East Asia, the Pacific and South American Region

The investment pattern is no anything different in this region from the preceding regions. Investment percentages of GDP in the respective countries are within the range 20 and 30, with only Guyana having well above 30 %. As suggested in the preceding regions, there is the need to determine where in the economy FDIs are appropriate and where they are inappropriate. FDI in Malaysia seems to vindicate this observation. With 3.04 % of her GDP, which is the highest FDI among the oil-producing countries, Malaysia has the highest GDS in this region (Table 5.17).

Table 5.16 Patterns of investment and savings in the selected Middle East and Central Asian OIC countries

Country	Domestic investment (% of GDP)	FDI (% of GDP)	Gross domestic savings (US $ per capita)
Oil-producing countries			
Albania	23.30	3.13	−13.437
Azerbaijan	20.00	13.37	620.527
Bahrain	22.30	n/a	6,299.668
Iran	27.60	0.02	1,166.595
Kazakhstan	30.30	3.46	1,355.301
Kuwait	19.70	0.31	18,175.181
Kyrgyzstan	25.60	1.74	–22.503
Oman	20.00	0.82	3,071.296
Qatar	43.30	n/a	36,714.884
Saudi Arabia	20.00	n/a	6,771.455
Turkey	21.50	2.70	915.891
United Arab Emirates	20.30	n/a	12,142.859
Uzbekistan	n/a	0.33	174.337
Yemen	25.00	−1.76	250.253
Non-oil-producing countries			
Lebanon	22.00	11.72	–289.664
Jordan	27.90	12.05	–415.148

Sources: Compiled from World Development Indicators database via Nationmaster.com and CIA, The World Fact book for Investment figures

Note: Figures taken are the most recent data between 2005 and 2007, *n/a* data not available

Inversely, Guyana with the highest FDI in the entire region tends to have the lowest GDS. This pattern suggests, though contestable, that the DI of Guyana is largely foreign-based. Moreover, with frequent profits repatriation, nothing will be left for domestic saving. Such a scenario necessitates the re-examination of FDIs in order to reap their associated benefits.

5.3.3.4 Patterns of Investment and Savings Within and Across the Regions

Across the regions, GDSs appear negative in regions where the FDI rates are high, which is baffling. That is, the average rate of FDI in the non-oil-producing countries in the MECAM region appears to be the highest, yet these countries collectively record the lowest GDS. This underscores the need for a paradigm shift to ensure strategic FDIs. The stronger FDIs in the non-oil-producing countries seem to have an adverse impact on their domestic savings. This is highly the case when there cannot be any restrictions on the repatriation of profits accruing from massive foreign investments. However, in the oil-producing countries, the impact has not been that much devastating. Probably, the high premium attached to oil resources may have positive impacts on revenue accumulation (Table 5.18).

Table 5.17 Patterns of investment and savings in the selected East Asia, the Pacific and South American OIC countries

Country	Domestic investment (% of GDP)	FDI (% of GDP)	Gross domestic savings (US $ per capita)
Oil-producing countries			
Bangladesh	24.30	1.34	76.46
Brunei	n/a	n/a	n/a
Indonesia	24.90	1.83	346.011
Malaysia	21.70	3.04	2,235.071
Pakistan	21.30	1.97	86.777
Suriname	n/a	n/a	403.783
Non-oil-producing countries			
Guyana	34.90	9.76	−106.677
Maldives	n/a	1.24	1,115.703

Sources: Compiled from World Development Indicators database via Nationmaster.com and CIA, The World Fact book for Investment figures

Note: Figures taken are the most recent data between 2005 and 2007, *n/a* data not available

Table 5.18 Trends of investment and savings within and across the OIC regions (averages)

Regions/indicators	Domestic investment (% of GDP)	FD I (% of GDP)	Gross domestic savings (US $ per capita)
AFMC			
Opc	18.79	4.18	463.928
Npc	24.28	3.10	33.669
MECAMC			
Opc	24.53	2.41	6,258.736
Npc	24.95	11.89	−352.406
EAPSAMC			
Opc	23.05	2.05	629.620
Npc	–	5.50	504.513

Source: Author's calculation based on data from World Development Indicators database and CIA World Fact book via Nationmaster.com

Note: *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries, *Npc* non-oil-producing countries, (–) data incomplete

5.3.4 Trade Pattern

Trade, especially strong export base and the substantial volume of trade, boosts productivity and accelerates economic growth. In addition, encouraging trade in goods and services noted to have strong influence on sustainable livelihoods will be much more beneficial to the poor and the vulnerable segments of the population. As such, trade patterns have been investigated in this section with the aim of assessing the composition and the volume of trade among the Muslim countries, thereby comparing the oil-producing countries to the non-oil-producing ones.

Table 5.19 Trade pattern in the selected African OIC member countries

	Trade with I/Countries (US $ in millions)			Trade with D/Countries (US $ in millions)		
Country	Exports	Imports	Balance	Exports	Imports	Balance
Oil-producing countries						
Algeria	47,201.40	15,700.40	**31,501.00**	6,232.11	9,399.82	**–3,167.71**
Cameroon	3,377.85	1,479.82	**1,898.03**	1,226.79	1,412.30	**–185.51**
Chad	1,893.32	310.38	**1,582.94**	386.48	218.88	**167.60**
Cote d'Ivoire	4,708.27	2,569.83	**2,138.44**	3,366.80	3,229.00	**137.80**
Egypt	11,537.50	18,694.20	**–7,156.70**	7,076.15	18,756.10	**–11,679.95**
Libya	33,397.50	5,895.97	**27,501.53**	5,888.18	4,360.67	**1,527.51**
Morocco	9,196.96	15,821.30	**6,624.34**	3,750.09	9,226.59	**–5,476.50**
Nigeria	40,975.90	13,037.20	**27,938.70**	12,360.50	11,756.20	**604.30**
Sudan	2,982.20	2,796.91	**185.29**	2,699.34	5,657.04	**–2,957.70**
Tunisia	9,357.42	12,499.00	**–3,141.58**	2,030.70	3,862.91	**–1,832.21**
Non-oil-producing countries						
Burkina Faso	44.36	486.48	**–442.12**	365.99	721.94	**–355.95**
Gambia	13.84	173.95	**–160.11**	22.73	535.46	**–512.73**
Mali	152.21	665.41	**–513.20**	219.93	1,464.98	**–1,245.05**
Niger	274.45	476.88	**–202.43**	153.21	532.47	**–379.26**
Senegal	391.79	2,011.43	**–1,619.64**	755.28	1,408.78	**–653.50**
Uganda	357.55	589.55	**–232.00**	264.45	1,540.94	–**1,276.49**

Source: ICDT (Islamic Centre for Development of Trade) Annual Report (2008)

Note: I/Countries industrialised countries, D/Countries developing countries. Figures taken are as of 2006

5.3.4.1 The African Region

From the outset, the oil-producing countries are posting higher export figures. Nearly 50 million worth of export values can be found only among the oil-producing countries. Similarly, their import values are quite high. Higher import values are recorded only by the oil-producing countries. By categorising the trading partners into industrialised (i.e. developed) and developing countries, the author seeks to track the trajectory of trade within and across the Muslim countries and with the outside world. Nearly 98 % of the oil-resourced Muslim countries in this region record positive balance of trade, particularly with the industrialised countries (Table 5.19). This implies that these countries export more to the industrialised countries than they import from them, with the exception of two oil-producing countries registering balance of trade deficits. Presumably, the high export values of the oil-producing countries here can be due to the high demand of oil by the industrialised countries to sustain the energy need of their economies.

Therefore, the high premium attached to oil resources translates into the higher export values in the oil-producing countries than in the oil-deficient countries. The export values of the non-oil-producing countries in this region are not encouraging.

In fact, these export values are quite negligible. Another worrisome issue is the grim picture in which the non-oil-producing countries have recorded balance of trade deficits in all their trade transactions with both the industrialised and developing countries. However, one thing that stands out is the fact that the oil-producing countries do import more from developing countries than they export to such countries. This is evidenced by the many balance of trade deficits recorded by the oil-producing countries in their trade with the developing countries. This seems to be signalling a brighter future of trade among Muslim countries, as the majority of the Muslim countries are developing economies. That being said, there is still the need for further research to closely examine the trend and quantify the volume and value of trade among the Muslim countries.

The trade deficits recorded by the non-oil-producing member countries, with both the industrialised and developing economies, speak volumes of the importance of the kind of natural resources that any country in question has been endowed with and perhaps the existing level of technology. It is, also, important for a country to be endowed with valuable natural resources. However, it is equally important and necessary that the requisite technical expertise exists in order to add more value to such resources instead of exporting such resources in their raw forms.

5.3.4.2 Middle East and Central Asian Region

This region hosts the majority of the oil-producing countries in the Muslim world. It, also, hosts the world's leading proven-oil reserve countries. It comes as no surprise that this region has recorded an export value of nearly US $100 million. These stronger export values have been recorded in trade with both the industrialised and the developing countries. The balance of trade values of some oil-producing countries in this region are higher than the export values of some of their oil-producing counterparts in the two remaining regions, that is, the magnitude of this region's power in terms of mineral resources endowments. This underscores the importance of the extent of the mineral resource base of the country concerned. Perhaps this explains the high export values of Saudi Arabia—the world's leading country in crude proven-oil reserves.

Trade pattern with the developing countries shows that the majority of the oil-producing countries import more from the developing countries than they import from the industrialised countries. For example, Saudi Arabia, Turkey and the United Arab Emirates are the three countries with the highest values in terms of importing from the developing countries. Another gloomy picture has been revealed about the non-oil-producing countries in this region. Just like their non-oil-producing counterparts in the other two regions (excluding Guyana recording positive balance of trade with the industrialised economies), all the selected non-oil-producing countries in the Muslim world have balance of trade deficits in all their trade transactions with the industrialised and the developing countries (Table 5.20). This strongly

Table 5.20 Trade pattern in the selected Middle East and Central Asian OIC countries

	Trade with I/Countries (US $ in millions)			Trade with D/Countries (US $ in millions)		
Country	Exports	Imports	Balance	Exports	Imports	Balance
Oil-producing countries						
Albania	587.69	1,965.77	**–1,378.08**	109.14	956.06	**–846.93**
Azerbaijan	3,595.95	1,993.23	**1,602.72**	2,775.64	3,225.84	**–450.20**
Bahrain	1,996.89	3,452.40	**–1,455.51**	4,465.97	5,267.87	**–801.90**
Iran	26,342.50	18,143.90	**8,198.60**	33,698.40	28,460.20	**5,238.20**
Kazakhstan	14,550.40	7,169.22	**7,318.18**	15,413.30	19,882.10	**–4,468.40**
Kuwait	17,252.50	9,476.49	**7,776.01**	24,996.40	7,215.16	**17,781.24**
Kyrgyzstan	244.03	330.82	**–86.79**	552.04	1,379.69	**–827.65**
Oman	3,977.89	5,584.50	**–1,606.61**	19,628.00	5,988.71	**13,639.29**
Qatar	17,273.10	10,657.50	**6,615.60**	14,347.90	5,070.50	**9,277.50**
Saudi Arabia	94,230.00	41,468.20	**52,761.80**	95,857.90	28,115.50	**67,742.40**
Turkey	48,612.20	65,957.40	**–17,345.20**	33,713.20	72,469.10	**–38,755.90**
United Arab Emirates	38,436.30	56,200.30	**–17,737.00**	56,164.10	57,613.00	**–1,448.90**
Uzbekistan	661.83	805.55	**–143.72**	4,285.48	3,517.36	**768.12**
Yemen	905.90	1,712.16	**–806.26**	5,512.76	5,195.86	**316.90**
Non-oil-producing countries						
Lebanon	511.75	5,665.52	**–5,153.57**	1,995.97	5,045.87	**–3,049.90**
Jordan	1,754.36	4,869.48	**–3,115.12**	3,210.31	8,587.80	**–5,377.49**

Source: ICDT (Islamic Centre for Development of Trade) Annual Report (2008)

Note: I/Countries industrialised countries, D/Countries developing countries. Figures taken are as of 2006

indicates the varying economic importance of the resources that these countries possess. Undoubtedly, mineral resources are some of the most valuable resources.

5.3.4.3 East Asia, the Pacific and South American Region

In a similar manner, the oil-producing countries are posting the highest export values to both the industrialised and the developing countries. Malaysia comes first in this region, with the highest export values both to the industrialised and to the developing countries. However, with the exception of Brunei, all the selected countries in this region import more from the developing countries than they export to them (see Table 5.21). Most probably, this is due to cheaper imports from the developing countries than from the industrialised economies—a pattern that can boost or enhance trade among the developing economies in the Muslim world. As the predicaments of the non-oil-producing countries seem unabated, the two selected non-oil-producing countries in this region have both registered balance of trade deficits in all but one of their trade transactions with both the industrialised and the developing countries.

Table 5.21 Trade pattern in the selected East Asia, the Pacific and South American OIC countries

	Trade with I/Countries (US $ in millions)			Trade with D/Countries (US $ in millions)		
Country	Exports	Imports	Balance	Exports	Imports	Balance
Oil-producing countries						
Bangladesh	9,878.83	2,979.10	**6,899.73**	1,288.22	13,381.30	**–12,093.08**
Brunei	3,776.33	592.60	**3,183.73**	2,991.71	1,415.47	**1,576.24**
Indonesia	53,047.30	23,603.50	**29,443.80**	60,586.40	68,660.60	**–8,074.20**
Malaysia	70,631.70	53,195.30	**17,436.40**	89,971.80	76,560.40	**13,411.40**
Pakistan	7,987.47	10,555.30	**–2,567.83**	9,197.10	23,300.20	**–14,103.10**
Suriname	956.86	609.86	**347.18**	276.77	347.5	**–70.79**
Non-oil-producing countries						
Guyana	459.33	376.81	**82.52**	198.09	478.07	**–279.98**
Maldives	70.93	179.89	**–108.96**	96.24	750.21	**–653.97**

Source: ICDT (Islamic Centre for Development of Trade) Annual Report (2008)
Note: I/Countries industrialised countries, D/Countries developing countries. Figures taken are as of 2006

Table 5.22 Trade pattern within and across the OIC regions (averages)

Regions/ indicators	Trade with I/Countries (US $ in millions)			Trade with D/Countries (US $ in millions)		
	Exports	Imports	Balance	Exports	Imports	Balance
AFMC						
Opc	16,462.83	8,880.50	7,582.33	4,501.71	6,787.95	–2,286.24
Npc	205.70	733.95	–528.25	296.93	1,034.10	–737.17
MECAMC						
Opc	19,190.51	16,065.53	3,124.98	22,251.45	17,454.07	4,797.38
Npc	1,133.06	5,267.50	–4,134.44	2,603.14	6,816.84	–4,213.70
EAPSAMC						
Opc	24,379.74	15,255.94	9,123.80	27,385.33	30,610.92	–3,225.59
Npc	265.13	278.35	–13.22	147.17	614.15	–466.98

Source: Author's calculation based on data from ICDT (Islamic Centre for Development of Trade) Annual Report (2008)
Note: I/Countries industrialised countries, D/Countries developing countries, *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries *Npc* non-oil-producing countries

5.3.4.4 Trade Pattern Within and Across the Regions

All the average rates of the non-oil-producing countries indicate balance of trade deficits—a scenario that may not augur well for the economic development process of these countries (Table 5.22). Perhaps, the export commodities of the non-oil-producing countries could not garner the same value as that of the oil-producing countries. Under such scenario, import commodities of the non-oil-producing countries may consume much more foreign exchange revenues than the amount of foreign exchange revenue to obtain by exporting their non-mineral commodities.

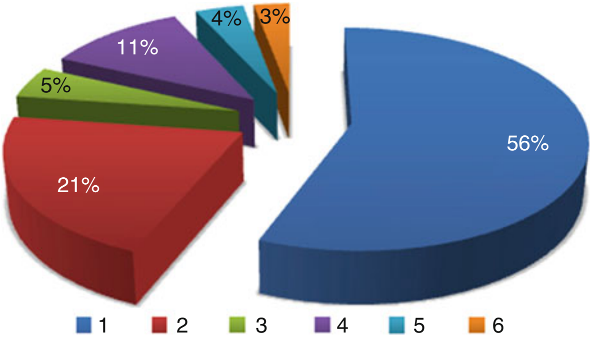


Fig. 5.1 Export compositions of OIC countries in 2006 (Source: ICDT (2008), Modified by authors)

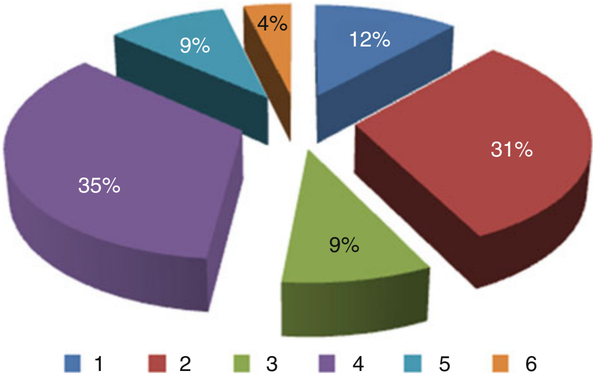
Therefore, the African region has the highest balance of trade deficits among the non-oil-producing countries. However, the oil-producing countries in the African region have recorded the second highest positive balance of trade. Among the oil-producing countries, although some few individual countries in the Middle East and Central Asian region are leading in their export and import values, the average rates show East Asia, the Pacific and South American region as having the highest export and import values. These trade patterns within and across the regions seem to throw more light on the likely strength of trade to garner foreign exchange revenues for socio-economic development process in the Muslim world.

5.3.4.5 Export and Import Compositions of the Selected Muslim Countries

The major constituent of the export commodities of the OIC countries happens to be oil. This comes as no surprise because crude oil has been one of the major mineral resources in the majority of the OIC countries. The percentage share of oil of the OIC member countries' total exports stood at 55.83 and 56.15 in 2005 and 2006, respectively—an increase of about 1 %. The second highest export compositions are miscellaneous manufactured goods taking 19.08 % and 21.10 % of total OIC exports in 2005 and 2006, respectively. This trend shows that major exports of the OIC member countries are mainly primary products—mineral fuels, food product and nonedible raw material (see Fig. 5.1). The legend represents (1) fuel, 56 %; (2) miscellaneous manufactured goods, 21 %; (3) food products, 5 %; (4) machinery and transport equipment, 11 %; (5) chemicals, 4 %; and (6) nonedible raw materials, 3 %.

In terms of imports, machinery and transport equipment constitutes the highest import value of the OIC member countries. Miscellaneous manufactured goods come next with 31.04 %. Food products come third with 8.97 %. The import value of food products outstrips that of export, which seems to suggest balance of trade deficit in food products. This presents a worrisome situation as food insufficiency may exacerbate poverty situation and livelihood sustainability. The legend represents (1) fuel, 12 %; (2) miscellaneous manufactured goods, 31 %; (3) food products, 9 %; (4) machinery and transport equipment, 35 %; (5) chemicals, 9 %; and (6) nonedible raw materials, 4 %. The figures have been rounded up to the nearest whole numbers (Fig. 5.2).

Fig. 5.2 Import compositions of OIC countries in 2006 (Source: ICDT (2008), Modified by authors)



5.4 Socio-economic Development Trend in the Selected Muslim Countries

This section examines socio-economic development in light of growth with redistribution. By so doing, the distribution of the associated socio-economic benefits is being investigated through the enhancement of human capital, thus, education (school enrolment, literacy rate, gender ratio, etc.), health care, housing and employment. In addition, the provision of infrastructure such as motorable roads, highways, ports, airports, electricity coverage, ICT, and social amenities like improved water supply and sanitation facilities has been examined. Undoubtedly, the availability of the aforementioned amenities aids livelihood sustainability. In fact, all of these facilities highlighted above play a double role of enhancing the overall economic growth and at the same time supporting human capital development process.

5.4.1 Human Capital Enhancement

Human capital enhancement has far too often been essential in sustaining livelihoods. It also contributes to the general development of the economy. The need to scale up human capital for long-term poverty reduction has increasingly become imperative. In this section, human capital enhancement has been taken stock of by examining such important components as education (both enrolment and literacy rates), health-care delivery system, housing, employment and the provision of infrastructure and social amenities like road network, particularly feeder roads; water supply; electricity coverage; and improved sanitation facilities or waste management.

5.4.1.1 Education

Education, as one crucial source of human capital improvement and a long-term poverty alleviation measure, has been investigated along the parameters of school enrolment, literacy rates and education expenditure of GDP. Again, this pattern has been maintained throughout the regions starting with the African region.

The African Region

Educational enrolment, particularly at the primary level, has been quite high within the oil-producing countries. Sudan is the only country among the oil-producing countries having 43.15 % of primary school enrolment. About half of the oil-producing countries do have above 90 % of primary school enrolment. In the non-oil-producing countries, primary school enrolment has not been as high as in the oil-producing countries. On the whole, the least rate of total school enrolment in the entire region can be found among the non-oil-producing countries. At the secondary level, school enrolment has drastically plummeted. Excluding Algeria and Tunisia, the remaining countries from the two sides of the oil divide do have terribly lower secondary school enrolment rates. The lowest of 8 % has, as usual, been identified with a non-oil-producing country.

Surprisingly, the lower secondary enrolment rates in the oil-producing countries seem to have no major impact on literacy rates in these countries, as all the oil-producing countries, with the exception of Chad, have high literacy rates (see Table 5.23). The story turns different when the non-oil-producing countries come into the picture. Only Uganda has an appreciable literacy rate and Senegal having an average literacy rate. All the remaining non-oil-producing countries post below-average literacy rates. Data on education expenditure appear to be incomplete for a few countries. However, the available data indicate that relatively high education expenditures can be found only in the oil-producing countries. The least percentage of educational expenditure is found in a non-oil-producing country. Of course, the availability of revenues will facilitate efforts to raise school enrolments in order to scale up literacy rates. That being the case, the oil-producing countries may appear to have the upper hand on face value as far as revenues and oil resources are concerned.

Middle East and Central Asian Region

School enrolment rates in this region present a sparklingly impressive picture (see Table 5.24). All the selected countries, from both sides of the oil divide, are posting higher school enrolment rates with the exception of Kuwait, which has a below-average secondary school enrolment rate. In the like manner, literacy rates are very high, reaching 100 % in one case. All things being equal, such high literacy rates can enhance economic growth by increasing the pool of workforce to enhance

Table 5.23 Educational trends in the selected African OIC countries

	School enrolment ratio[a]		Literacy rate			Education
Country	Primary (%)	Secondary (%)	Men (%)	Women (%)	Total	expenditure (% of GDP)
Oil-producing countries						
Algeria	96.6	61.8	94.2	90.6	**92.5**	n/a
Cameroon	73.61	n/a	n/a	n/a	n/a	3.8
Chad	60.98	7.7	55.7	23.2	**37.6**	n/a
Cote d'Ivoire	56.01	n/a	70.8	52.1	**60.7**	4.6
Egypt	95.39	n/a	90.4	81.9	**86.2**	n/a
Libya	95.88	n/a	99.7	98	**98.9**	n/a
Morocco	86.05	29.9	83.8	66.5	**75.1**	6.5
Nigeria	90.94	n/a	88.6	84.7	**86.7**	n/a
Sudan	43.15	n/a	84.6	71.4	**77.2**	n/a
Tunisia	97.36	70.3	97	94.3	**95.7**	6.4
Non-oil-producing countries						
Burkina Faso	45.23	8	46.7	33.1	**39.3**	n/a
Gambia	72.84	34.8	n/a	n/a	n/a	2.8
Mali	50.9	n/a	36.1	22.5	**29.3**	n/a
Niger	39.87	5.2	53.4	25.7	**39**	2.3
Senegal	76.19	n/a	58.6	43.9	**51.3**	3.6
Uganda	n/a	12	88.3	84.2	**86.3**	n/a

Sources: Compiled from UN, MDGs Export 2008 and UNESCO via Nationmaster.com
Note: Figures taken are the most recent data, n/a data not available
[a] Net enrolment ratio, both primary and secondary levels, is the ratio of the number of children of official primary and secondary school ages enrolled in school to the number of children of official primary and secondary school ages in the population. Literacy rates of 14–25 years old

economic productivity. However, expenditure on education is quite high only in Yemen. Meanwhile, literacy rate in Yemen has appeared to be the lowest. The high education expenditure (which happens to be the highest in the region) probably is suggestive of the willingness of the authorities to raise literacy rates in Yemen. The remaining countries do maintain moderate to lower expenditure rates with above 90 % literacy rates.

East Asia, the Pacific and South American Region

School enrolment rates are uniformly high throughout this region, but only in favour of primary level enrolment. Secondary school enrolment rates have appeared to be not that much high. Then again, the low secondary school enrolment rates seem not to have stifled high literacy rates in this region, including in the non-oil-producing countries. In terms of gender literacy, female literacy rates are highly impressive in this region, superseding male literacy rates in many instances (see Table 5.25). This gender literacy trend is more likely to narrow any gender literacy disparities existing in this region. In the like manner, school expenditure has been relatively high in this region.

Table 5.24 Educational trends in the selected Middle East and Central Asian OIC countries

Country	School enrolment ratio[a] Primary (%)	Secondary (%)	Literacy rate Men (%)	Women (%)	Total	Education expenditure (% of GDP)
Oil-producing countries						
Albania	94	73.9	99.3	99.5	**99.4**	n/a
Azerbaijan	84.53	78	99.9	100	**99.9**	3.2
Bahrain	97.15	92.1	99.8	99.8	**99.8**	n/a
Iran	95.25	n/a	98.1	96.7	**97.4**	4.9
Kazakhstan	91.18	82.8	99.8	99.9	**99.8**	3
Kuwait	86.51	49.7	99.8	99.9	**99.9**	n/a
Kyrgyzstan	86.84	n/a	99.5	99.7	**99.6**	3.1
Oman	75.82	59.2	98.8	97.9	**98.4**	4.6
Qatar	95.88	78	97.3	97.9	**97.6**	n/a
Saudi Arabia	77.93	51.1	98.1	95.9	**97**	n/a
Turkey	89.33	51.3	98.4	94.4	**96.4**	3.7
United Arab Emirates	70.54	67.4	98.6	96.5	**97.7**	1.6
Uzbekistan	78.21	n/a	99.4	99.3	**99.3**	n/a
Yemen	75.26	n/a	93.4	66.8	**80.4**	9.5
Non-oil-producing countries						
Lebanon	92.4	70.2	n/a	n/a	n/a	2.7
Jordan	91.14	75.9	99	99.2	**99.1**	n/a

Sources: Compiled from UN, MDGs Export 2008 and UNESCO via Nationmaster.com
Note: Figures taken are the most recent data, n/a data not available
[a]Net enrolment ratio, both primary and secondary levels, is the ratio of the number of children of official primary and secondary school ages enrolled in school to the number of children of official primary and secondary school ages in the population. Literacy rates of 14–25 years old

Educational Trends Within and Across the OIC Regions

Among the regions, the Middle East and Central Asian (MECA) region has the highest rates in all but one of the selected indicators of educational attainment. It is only in the area of education expenditure that the African region tops the list. Within the individual indicators, MECA comes first in literacy (both male and female) and secondary school enrolment rates. The East Asia, the Pacific and South American region comes second with moderate rates. Finally, the African region comes third having some of the least rates (see Table 5.26).

The predicament of the countries in the African region, particularly the non-oil-producing countries (in sub-Saharan Africa), can largely be traced perhaps to the use of foreign languages (especially French and English) as the main media of instruction right from the preparatory level to the university level relegating their native languages to the background. This practice makes it extremely difficult, if not impossible, for large segments of their population to attain the required level of literacy. This claim may appear more convincing by assessing literacy rates in the remaining two regions using their native languages as the media of instruction.

Table 5.25 Educational trends in the selected East Asia, the Pacific and South American OIC countries

	School enrolment ratio[a]		Literacy rate			
Country	Primary (%)	Secondary (%)	Men (%)	Women (%)	Total	Education expenditure (% of GDP)
Oil-producing countries						
Bangladesh	93.43	42.7	71.1	73.2	**72.1**	2.4
Brunei	93.39	67.5	99.6	99.6	**99.6**	9.1
Indonesia	94.32	47.5	98.9	98.8	**98.9**	1.2
Malaysia	93.21	70.2	98.2	98.4	**98.3**	8.1
Pakistan	68.11	n/a	79.5	60	**70**	1.8
Suriname	94.22	42.9	95.7	94.6	**95.2**	n/a
Non-oil-producing countries						
Guyana	88.96	65.7	n/a	n/a	n/a	8.4
Maldives	79.28	31.4	98	98.	**98.2**	n/a

Sources: Compiled from UN, MDGs Export 2008 and UNESCO via Nationmaster.com

Note: Figures taken are the most recent data, n/a data not available

[a] Net enrolment ratio, both primary and secondary levels, is the ratio of the number of children of official primary and secondary school ages enrolled in school to the number of children of official primary and secondary school ages in the population. Literacy rates of 14–25 years old

Table 5.26 Educational trends within and across the regions (averages)

	AFMC		MECAMC		EAPSAMC	
Regions/indicators	Opc (%)	Npc (%)	Opc (%)	Npc (%)	Opc (%)	Npc (%)
School enrolment						
Primary	79.60	57.01	85.60	91.77	89.45	84.12
Secondary	42.43	15	68.35	73.05	54.16	48.55
Literacy rate						
Men	84.98	56.62	98.58	–	90.5	–
Women	73.63	41.88	96.01	–	87.43	–
Education expenditure *of GDP*	5.33	1.71	4.2	–	4.52	–

Source: Authors' calculation based on data from UN, MDGs Export 2008 and UNESCO via Nationmaster.com

Note: *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries, *Npc* non-oil-producing countries, (–) data incomplete

This hurdle could be explored further by designing the appropriate research tools to unveil the real impact of such practice on educational attainments in the sub-Saharan African countries.

5.4.1.2 Health Care

The study has examined health-care delivery by using measures such as public expenditure on health, that is, its percentage share of GDP, maternal mortality rates, child immunisation rates, under-five mortality rates, percentage of undernourishment and the incidence of respiratory diseases (tuberculosis has been chosen here). As usual, this analysis has assumed a regional pattern. Undernourishment is measured by the population living below minimum level of dietary energy consumption (also referred to as prevalence of undernourishment). It shows the percentage of the population whose food intake is insufficient to meet dietary energy requirements continuously. Data showing 2.5 signifies a prevalence of undernourishment below 2.5 %.

The African Region

Health-care expenditure of GDP is high in the non-oil-producing countries. In addition, the oil-producing countries do show in a few instances high health-care expenditure rates. Linking the expenditure rates to the other health-care indicators reveals that countries posting higher expenditure rates on health care, paradoxically, are not doing extremely well in other health indicators. This seemingly implies that the higher health-care expenditure figures are influenced by the need to improve the already deplorable health-care situation in the countries concerned. For example, Uganda has a health-care expenditure of 7.4 % of her GDP, which happens to be the highest in the region. However, maternal mortality, under-five mortality, undernourishment and TB infection rates appear somewhat better in Uganda than in most of the selected countries, including the oil-producing countries. This scenario seems to vindicate the higher health expenditure in Uganda.

Another trend shows that health care in countries of the sub-Saharan region, even among the oil-producing countries, has not been much impressive. A situation such as the one confronting countries in this region where even the oil-producing countries have performed worse in the selected health-care indicators than some non-oil-producing countries is worthy of further research.

Middle East and Central Asian Region

Health-care indicators in this region show much more encouraging outlook in both the oil and non-oil-producing countries. The non-oil-producing countries have the highest health-care expenditure rates. This trend appears to have paid off because the performances of the non-oil-producing countries in the selected health-care indicators are very much encouraging just like in the oil-producing countries. Moreover, in some cases, the picture appears much brighter than in some oil-producing countries. This region, therefore, has much to offer in terms of designing cutting-edge health-care policies and programmes and the efficient execution of these programmes. Therefore, it is worthy that countries in this region should be proud of their relatively remarkable performance in the selected health-care indicators. They should be willing to share efforts that underlie their success stories with other countries in not only the Muslim world but also the world over (Table 5.27).

Table 5.27 Health-care indicators in the selected African OIC countries

Country	H/E	M/M	IM/M	>5 M	Und/N	TB
Oil-producing countries						
Algeria	4.3	180	91	38	4	56.1
Cameroon	4.6	1,000	73	149	26	191.6
Chad	6.5	1,500	23	209	35	298.6
Cote d'Ivoire	6.2	810	51	127	13	420.4
Egypt	4.9	130	98	35	4	24
Libya	3.3	97	98	18	2.5	17.5
Morocco	4.6	240	95	37	6	93.3
Nigeria	4.7	1,100	62	191	9	310.6
Sudan	4.9	450	73	89	26	242.2
Tunisia	5.8	100	98	23	2.5	24.7
Non-oil-producing countries						
Burkina Faso	4.3	700	88	204	15	248.5
Gambia	7.3	690	95	113	29	257.3
Mali	4.5	970	86	217	29	279.6
Niger	4	1,800	47	253	32	173.6
Senegal	5.1	980	80	116	20	270
Uganda	7.4	550	89	134	19	354.7

Source: Compiled from UN, MDGs Export 2008 and WHO via Nationmaster.com
Note: *H/E* health expenditure (% of GDP), *M/M* maternal mortality (per 100,000 live births), *IM/M* immunisation against measles (% of children at 1 year), >5 M under-five mortality (per 1,000 live births), *Und/N* undernourishment (% of population), *TB* tuberculosis incidence rate (per 100,000). Figures taken are the most recent data, *n/a* data not available

East Asia, the Pacific and South American Region

This region lies in between the other two regions in terms of health-care delivery. Its health-care delivery indicators show a better outlook than the majority of the African countries, but not as good as in the Middle East and Central Asian region. Nevertheless, this region is posting the highest health-care expenditure, which is found in an oil-producing country—Suriname. This high health-care expenditure in Suriname is worth undertaking, as Suriname happens to be among the best in this region in terms of health-care delivery. Then again, the non-oil-producing countries in this region show remarkable performance in health-care delivery (see Tables 5.28 and 5.29).

Health-Care Delivery Within and Across the Regions

A closer look at the selected health-care indicators in the individual regions in Table 5.30 seems to suggest that little difference exists between the oil-producing countries on the one hand and the non-oil-producing countries on the other hand. However, across the regions, some differences do exist. As earlier noted, the Middle East and Central Asian region comes first for both the non-oil- and oil-producing

Table 5.28 Health-care indicators in the selected Middle East and Central Asian OIC countries

Country	H/E	M/M	IM/M	>5 M	Und/N	TB
Oil-producing countries						
Albania	6.1	92	97	17	6	18.9
Azerbaijan	3.7	82	96	88	7	77.1
Bahrain	4.4	32	99	10	n/a	41.1
Iran	6	140	99	36	4	22.1
Kazakhstan	3.5	140	99	29	6	130.3
Kuwait	3.8	4	99	11	5	24
Kyrgyzstan	4.3	150	97	41	4	122.7
Oman	3.4	64	96	12	n/a	13.2
Qatar	3.1	12	99	21	n/a	59.8
Saudi Arabia	4.3	18	95	25	4	44
Turkey	6.5	44	98	26	3	29.4
United Arab Emirates	3.1	37	92	8	2.5	16
Uzbekistan	5.5	24	95	43	25	121.5
Yemen	3.7	430	80	100	38	78
Non-oil-producing countries						
Lebanon	11.5	150	96	30	3	11.1
Jordan	9.3	62	99	25	6	5.3

Source: Compiled from UN, MDGs Export 2008 and WHO via Nationmaster.com
Note: *H/E* health expenditure (% of GDP), *M/M* maternal mortality (per 100,000 live births), *IM/M* immunisation against measles (% of children at 1 year), >5 M under-five mortality (per 1,000 live births), *Und/N* undernourishment (% of population), *TB* tuberculosis incidence rate (per 100,000). Figures taken are the most recent data, *n/a* data not available

Table 5.29 Health-care indicators in the selected East Asia, the Pacific and South American OIC member countries

Country	H/E	M/M	IM/M	>5 M	Und/N	TB
Oil-producing countries						
Bangladesh	3.1	570	81	69	30	224.8
Brunei	n/a	13	97	9	4	83.1
Indonesia	3.2	420	72	36	6	233.5
Malaysia	3.8	62	90	12	3	102.9
Pakistan	3.2	320	80	97	24	181.3
Suriname	8.6	72	83	39	8	63.7
Non-oil-producing countries						
Guyana	5.6	470	92	63	8	164.4
Maldives	5.8	120	97	30	10	45.3

Source: Compiled from UN, MDGs Export 2008 and WHO via Nationmaster.com
Note: *H/E* health expenditure (% of GDP), *M/M* maternal mortality (per 100,000 live births), *IM/M* immunisation against measles (% of children at 1 year), >5 M under-five mortality (per 1,000 live births), *Und/N* undernourishment (% of population), *TB* tuberculosis incidence rate (per 100,000). Figures taken are the most recent data, n/a data not available

countries. The East Asia, the Pacific and South American region comes second and the African region comes third. Such disparities underscore the need for concerted collaboration to narrow the existing gaps where possible. This is because success in these selected health indicators (and others like HIV/AIDS not included in this

Table 5.30 Health-care indicators within and across the OIC regions (averages)

Country	H/E	M/M	IM/M	>5 M	Und/N	TB
AFMC						
Opc	4.98	400.40	76.20	152.67	12.80	167.90
Npc	5.43	948.33	80.83	172.83	24.00	263.95
MECAMC						
Opc	4.38	90.64	95.78	33.35	7.46	57.00
Npc	10.40	106.00	97.5	27.50	4.50	8.20
EAPSAMC						
Opc	4.38	242.83	83.83	43.67	12.50	148.21
Npc	5.70	295	94.50	46.50	9.00	104.85

Source*:* Author's calculations based on data compiled from UN, MDGs Export 2008 and WHO via Nationmaster.com

Note: *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries, *Npc* non-oil-producing countries

H/E health expenditure (% of GDP), *M/M* maternal mortality (per 100,000 live births), *IM/M* immunisation against measles (% of children at 1 year), >5 M under-five mortality (per 1,000 live births), *Und/N* undernourishment (% of population), *TB* tuberculosis incidence rate (per 100,000). Figures taken are the most recent data

study) will lead to the creation of a pool of health human resources ready to be fine-tuned to the sustainable development goals in the Muslim world.

5.4.1.3 Employment and Housing

Employment and housing are two most important indicators of determining the prevalence of poverty. These indicators are also important determinants of the level of public services distribution and access. The more the people remain unemployed, the more the likelihood that their incomes will be insufficient, thereby leading to a growing incidence of income poverty. Furthermore, the more people are homeless, the more difficult it will be to improve livelihoods. This is because housing or shelter forms a crucial part of the minimal, acceptable standard of living that the conventionally proposed poverty threshold seeks to accomplish. Therefore, employment and housing are crucial indicators of how successful poverty reduction is and the level of socio-economic development coupled with equitable distribution of public and social services.

The African Region

The employment trend in this region depicts female employment lagging behind that of their male counterparts. Female employment rates in the non-oil-producing countries are higher relative to those in the oil-producing countries, particularly among the Arabic-speaking oil-producing countries. Presumably, this may be due to sociocultural reasons rather than sheer economic constraints. Overall, the total employment rates are higher in the non-oil-producing countries than in their oil-producing counterparts. This trend seems to suggest that employment-generating ventures might be capital-intensive in the oil-producing countries but labour-intensive in the non-oil-producing countries. Future research could further explore this assumption.

Conversely, the trend of housing, using slum percentage of urban population as a proxy, reveals that the population of the oil-producing countries live in better housing conditions than the non-oil-producing countries. However, countries in the sub-Saharan region, even those countries endowed with oil resources, do have the highest slum population nearing 100 % in some cases in 1990. The majority of these countries shed much of their slum population, but the figures are still high among the countries (both the oil- and non-oil-producing) in the sub-Saharan region. Could this peculiar housing pattern in this region be due to sheer population numbers, inefficient urban planning, design and management or poor housing scheme? Further exploring this nagging question raised above can provide a good picture into the poor housing scenario in this region.

Middle East and Central Asian Region

Female employment rates appear far lower than male employment rates in both the oil-producing and the non-oil-producing countries. Male employment assumes similar pattern in both the oil- and non-oil-producing countries. However, at the country level, employment rates are not that much impressive as most of the total employment rates are slightly above average while a few others are below average (Table 5.31).

Although a chunk of the housing data has been incomplete, the available data show that most countries in this region are unable to reduce substantially their slum population. With the exception of Iran and Saudi Arabia, the remaining countries hardly could reduce their slum population above one per cent. This housing trend, therefore, sanctions the need to intensify efforts in affordable schemes (Table 5.32).

East Asia, the Pacific and South American Region

Similarly, in this region, the employment trend fails to change in favour of the female population. As in the preceding regions, female employment rates in this region are far below those of their male compatriots. In all but one country, female employment rates are below the 50 % mark. This pattern is the same for the female population in both the oil- and non-oil-producing countries. However, the total employment rates appear to be above average in many countries except in Suriname. Under such dismal employment rates, reliable incomes will be hard to attain, thereby leading to low quality of life and income poverty, particularly among the female population. Raising the enrolment rate of the female population and increasing their access to employment will help salvage these gender employment disparities.

Table 5.31 Employment and housing in the selected African OIC member countries

	Employment			Housing	
	Female pop. %	Male pop. %	(Total) Mean	(% of slum pop. in urban areas)	
Country				Between 1990 and 2006	
Oil-producing countries				*1990*	
Algeria	30.7	68.7	**49.8**	11.8	11.8 ('01)
Cameroon	47.6	74.3	**60.9**	62.1	47.4 ('05)
Chad	60.1	70.6	**65.3**	99.3	91.3 ('05)
Cote d'Ivoire	35.2	80.2	**53.2**	50.5	56.2 ('05)
Egypt	15.1	68.6	**41.6**	57.5	17.1 ('05)
Libya	31	75.3	**54.1**	35.2	35.2 ('01)
Morocco	23.7	71.6	**46.9**	37.4	13.1 ('01)
Nigeria	41.9	77.2	**59.3**	80	65.8 ('05)
Sudan	20.9	65.3	**43.1**	86.4	94.2 ('06)
Tunisia	24.1	65.4	**44.7**	9	3.7 ('05)
Non-oil-producing countries					
Burkina Faso	75.4	87.9	**81.6**	80.9	59.5 ('05)
Gambia	54.3	78.7	**66.4**	67	45.4 ('05)
Mali	64.8	76.2	**70.2**	94.1	65.9 ('05)
Niger	66.6	91.1	**78.9**	96	82.6 ('05)
Senegal	50.7	73.5	**62**	77.6	38.1 ('05)
Uganda	78.1	82.9	**80.5**	93.8	66.7 ('05)

Source*:* Compiled from UN, MDGs Export 2008
Note: Figures taken are the most recent data, *n/a* data not available. ('01)=years, e.g. 2001

The available data on housing have revealed high slum population rates in Bangladesh and Pakistan that went down drastically for Pakistan in 2006 than it did in Bangladesh. The remaining countries had lower slum population rates in 1990 that further went down in 2006. As mentioned in the preceding regions, the need to increase access to housing in these countries is crucial than ever before. This is possible by pursuing low-cost and affordable public housing schemes. Alternatively, governments can make credit available to the public at minimal or zero interest to increase public access to private sector housing schemes (Table 5.33).

Trends of Employment and Housing Within and Across the Regions

The trend of employment within the regions reveals that the non-oil-producing countries in the African and the East Asia, the Pacific and South American (EAPSA) regions are posting the highest total employment rates of 73.27 and 59.15 %, respectively. In addition, these two regions mentioned above do have the highest female employment rates, particularly in the non-oil-producing countries. This trend can perhaps be due to the labour-intensive nature of their economic and business activities pursued in these countries. The African region has the highest female employment

Table 5.32 Employment and housing in the selected Middle East and Central Asian OIC member countries

	Employment			Housing	
	Female pop. %	Male pop. %	(Total) Mean	(% of slum pop. in urban areas)	
Country				Between 1990 and 2006	
Oil-producing countries				*1990*	
Albania	41.6	60	**50.6**	n/a	n/a
Azerbaijan	56	67	**61.2**	n/a	n/a
Bahrain	27.4	83.2	**60.6**	n/a	n/a
Iran	33.7	67.6	**50.8**	51.9	30.3 ('05)
Kazakhstan	59.9	70.2	**64.7**	n/a	n/a
Kuwait	48.9	83.3	**70.6**	n/a	n/a
Kyrgyzstan	50	68	**58.7**	n/a	n/a
Oman	21	74.2	**51.9**	60.5	60.5 ('01)
Qatar	34.8	85.3	**71**	n/a	n/a
Saudi Arabia	17	76.4	**51.3**	19.8	18 ('05)
Turkey	25	68.5	**46.9**	23.3	15.5 ('05)
United Arab Emirates	39.3	90.7	**76.3**	n/a	n/a
Uzbekistan	51	64.6	**57.7**	n/a	n/a
Yemen	26	67.2	**46.7**	67.5	67.2 ('05)
Non-oil-producing countries					
Lebanon	30.3	73.6	**51.2**	50	53.1 ('05)
Jordan	23.9	68.2	**46.8**	16.5	15.8 ('05)

Source*:* Compiled from UN, MDGs Export 2008

Note: Figures taken are the most recent data, *n/a* data not available. ('01) = years, e.g. 2001

Table 5.33 Employment and housing in the selected East Asia, the Pacific and South American OIC member countries

	Employment			Housing	
	Female pop. %	Male pop. %	(Total) Mean	(% of slum pop. in urban areas)	
Country				Between 1990 and 2006	
Oil-producing countries				*1990*	
Bangladesh	50	82.6	**66.7**	87.3	70.8 ('05)
Brunei	41.6	75.5	**59.1**	n/a	n/a
Indonesia	44.3	77.5	**60.7**	32.2	26.3 ('05)
Malaysia	45.2	78.4	**62**	n/a	n/a
Pakistan	30.2	79	**55.3**	78.7	47.5 ('05)
Suriname	27.1	58.9	**42.8**	6.9	3.9 ('05)
Non-oil-producing countries					
Guyana	37.9	77.7	**58.4**	4.9	33.9 ('05)
Maldives	48.6	70.6	**59.9**	n/a	n/a

Source*:* Compiled from UN, MDGs Export 2008

Note: Figures taken are the most recent data, *n/a* data not available. ('01) = years, e.g. 2001

Table 5.34 Employment and housing within and across the OIC regions (averages)

	Employment			Housing	
	Female pop. %	Male pop. %	(Total) Mean	(% of slum pop. in urban areas)	
Country				Between 1990 and 2006	
				1990	*2006*
AFMC					
Opc	33.03	71.72	**51.89**	52.92	43.58
Npc	64.98	81.72	**73.27**	84.9	59.7
MECAMC					
Opc	37.97	73.3	**58.5**	44.6	38.3
Npc	27.1	70.9	**49**	33.25	34.45
EAPSAMC					
Opc	39.73	75.32	**57.77**	51.28	37.13
Npc	43.25	74.15	**59.15**	–	–

Source: Authors' calculation based on data from UN, MDGs Export 2008

Note*: AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries, *Npc* non-oil-producing countries. Figures taken are the most recent data, n/a data not available. (–) data incomplete

rate, particularly among non-oil-producing countries. Again, this pattern may be due to their sociocultural practices that favour female employment. Employment trend across the region shows the African region as being the first with 62.58 % of total employment rate (thus, Opc + Npc/2). The EAPSA region comes second with 58.46 %, and finally the MECA region comes third with 53.75 % (Table 5.34).

Conversely, housing trend indicates that the highest slum population could be found in the African region in 1990, which went down substantially, especially among the non-oil-producing countries by 2006. All the regions have experienced some appreciable reductions in their slum population rates. However, that of the African region is still relatively high. Comparing the figures across the regions is not possible as data in the EAPSA region appear incomplete to allow unbiased comparison.

NB: This may improve livelihood chances, as far as good health and improved sanitation are among the key determinants of poverty reduction. Photos 5.1 and 5.2a, b have been taken from the same neighbourhood in Malaysia—one of the few middle-income Muslim countries which are gaining momentum in terms of livelihood sustainability.

5.4.2 Infrastructure and Social Amenities

The study examines infrastructure by looking at road network, highways, ports, electricity coverage or electricity per capita and Internet usage. Social amenities earmarked here include water supply and improved sanitation facilities.

Photo 5.1 Shanty and substandard settlement (Photo taken by Elmira Shamshiry)

5.4.2.1 Roads, Highways, Ports and Harbours (Transportation)

Transportation constitutes an important determinant of and largely facilitates socio-economic development. Spatial and economic areas, within individual countries and across countries, must be linked up in a fashion that will facilitate building synergies to enhance development efforts. Particularly, the movement of goods, services, raw materials and people essential to socio-economic development has been made possible only by efficient transport and communication network. It is for this reason that the above modes of transport have been selected. Here again, the analysis has taken a regional dimension. It begins with the African region.

The African Region

It appears convincing that the extent of the existing road network seems to be influenced largely by three factors: (1) the land area of the country concerned; (2) the percentage of the total land area that is inaccessible due to either immotorable water bodies, desert sands or forests; and (3) the existing technology and financial resources. Countries with vast land areas (excluding the vast uninhabited desert land areas) do have the spatial advantage to build more roads relative to countries having small to moderate land areas. Their attempt and ability (i.e. finance and technology) to link up all areas, including the remotes areas, will give rise to high road network coverage. In that respect, countries that have vast land areas and are able to connect great amount of the land areas tend to have high road network coverage. For instance, Algeria, with a total land area of 2,381,740 km^2, has 108,302 km total road network. This is higher compared to Egypt, which has a total land area of 995,450 km^2 and 93,380 km total road network.

Photo 5.2 (**a**) Improved housing and road network. (**b**) Improved housing and road network (Photo taken by Elmira Shamshiry)

Nevertheless, there are instances where countries with vast land areas have failed to produce high total road networks, and there could be reasons for such peculiar scenarios. For example, Algeria has 2,381,740 km^2 total land area but 108,302 total road network against Nigeria having 910,768 km^2 but 194,394 total road network. That of Nigeria happens to be the highest in this region. In addition, Sudan has

2,376,000 km^2 total land area and 11,900 km total road network but reduced to 1,861,484 km^2 total land area after the separation of South Sudan. Chad with 1,259,200 km^2 total land area has 33,400 km total road network. Another example is Niger, which has 1,266,700 km^2 but 14,565 km total road network. The factors that promote such scenarios may include issues surrounding the ability to finance road-building projects; ragged, inaccessible terrains; desert land areas; etc. Unfortunately, this study has not been designed to examine such factors.

In this region, the highest road network coverage, measured in kilometres, can be found in the oil-producing countries. In the like manner, high rates of highway are associated with the oil-producing countries. This trend may be because of the ability of the oil-producing countries to galvanise the much-needed foreign exchange revenues to procure road-building materials. Again, the availability of coal tar (a by-product of petroleum) in the oil-producing countries can enhance road construction, including highways.

In terms of ports and harbours, only three countries are landlocked. The remaining countries are well served with ports and harbours. However, the ports and harbours in the non-oil-producing countries appear not to be as thick in number as in their oil-producing counterparts. Perhaps the oil-producing countries can garner the much-needed foreign exchange revenues to finance the building of more ports and harbours (Table 5.35).

Middle East and Central Asian Region

To some extent, larger-land-area countries (holding inhabited desert land areas constant) appear to have higher road network coverage. Some of the non-oil-producing countries in this region having larger total land areas do have road network higher than their oil-producing neighbours having relatively smaller total land areas, irrespective of their varying GDPs. For instance, Jordan[1]—a non-oil-producing country with total land area of 91,971 km^2—has 7,500 km total road network, which is higher than Qatar and Kuwait having total land areas of 11,437 km^2 with 1,230 km total road network and 17,820 km^2 with 5,749 km total road network, respectively (Table 5.36).

In the same manner, Iran and Saudi Arabia are two of the largest countries in terms of land area. That is, 1,636,000 km^2 and 2,149,690 km^2, respectively. In that vein, their road network coverage constitutes the highest in this region. However, with smaller total land area relative to Saudi Arabia, Iran tends to have higher total road network than Saudi Arabia. Many factors may account for this trend, but the extent of the inhabited desert land area can be one major contributory factor, as the GDP per capita (in 2005 figures) of Saudi Arabia ($13,399.31) appears higher than that of Iran ($2,780.67). So capital availability to undertake road construction will not be a major issue in Saudi Arabia judging by her GDP per capita compared to

---

[1] Jordan has discovered oil; however, it has not started production as of the time of this study. It has, therefore, been taken as one of non-oil-producing countries.

Table 5.35 Trend of transportation in the selected African OIC member countries

Country	Roads[a] (total in km)	Total land area (km^2)	Ports and harbours[b]
Oil-producing countries			
Algeria	108,302	2,381,740	*Algiers, Annaba, Arzew, Bejaia, Beni Saf, Dellys, Djendjene, Ghazaouet, Jijel, Oran, Mostaganem, Skikda and Tenes*
Cameroon	50,000	469,440	*Bonaberi, Douala, Garoua, Kribi and Tiko*
Chad	33,400	1,259,200	*A landlocked country*
Cote d'Ivoire	80,000	318,000	*Abidjan, Aboisso, Dabou and San-Pedro*
Egypt	92,370	995,450	*Alexandria, Al Ghardaqah, Aswan, Asyut, Bur Safajah, Damietta, Marsa Matruh, Port, Said and Suez*
Libya	83,200	1,759,540	*Al Khums, Benghazi, Darnah, Marsa al Burayqah, Misratah, Ra's Lanuf, Tubruq, Tripoli and Zuwarah*
Morocco	57,493	446,300	*Agadir, El Jadida, Casablanca, El Jorf Lasfar, Kenitra, Mohammedia, Nador, Rabat, Safi, Tangier and Spanish-controlled Ceuta and Melilla*
Nigeria	194,394	910,768	*Calabar, Lagos, Onne, Port Harcourt, Sapele and Warri*
Sudan	11,900	1,861,484	*Khartoum, Kusti, Malakal, Nimule, Port, Sudan and Sawakin*
Tunisia	19,232	155,360	*Bizerte, Gabes, La Goulette, Sfax, Sousse, Tunis and Zarzis*
Non-oil-producing countries			
Burkina Faso	15,272	273,800	*A landlocked country*
Gambia	3,742	10,000	*Banjul*
Mali	18,709	1,220,000	*Koulikoro*
Niger	14,565	1,266,700	*A landlocked country*
Senegal	13,576	192,000	*Dakar, Kaolack, Matam, Podor, Richard Toll, Saint-Louis and Ziguinchor*
Uganda	70,746	199,710	*Entebbe, Jinja and Port Bell*

Source*:* Compiled from CIA World Fact book, via Nationmaster.com

Note: Figures taken are the most recent data, *n/a* data not available

[a] Total road network includes motorways, highways, and main or national roads, secondary or regional roads, and all other roads in a country. In short, it indicates the level of road coverage, both paved and unpaved roads

[b] The major ports and harbours selected on the basis of overall importance to each country. This is determined by evaluating a number of factors (e.g. dollar value of goods handled, gross tonnage, facilities and military significance)

that of Iran. Pertaining to ports and harbours, this region has been well endowed without even a single landlocked country. The number of ports and harbours has been quite high in the majority of countries in this region. This region of the Muslim world can best be described as the hub of marine transportation.

Table 5.36 Trends of transportation in the selected Middle East and Central Asian OIC member countries

Country	Roads[a] (total in km)	Total land area (km^2)	Ports and harbours[b]
Oil-producing countries			
Albania	18,000	27,398	*Durres, Sarande, Shengjin and Vlore*
Azerbaijan	59,141	86,100	*Baku (Baki)*
Bahrain	3,498	665	*Manama, Mina' Salman and Sitrah*
Iran	179,388	1,636,000	*Abadan, Ahvaz, Bandar 'Abbas Bandar-e Anzali and Emam, Bushehr, Khomeyni, Bandar-e Lengeh, Bandar-e Mah Shahr, Bandar-e Torkaman, Chabahar, Jazireh-ye Khark, Jazireh-ye Lavan, Jazireh-ye Sirri, Khorramshahr and Now Shahr*
Kazakhstan	90,018	2,669,800	*Aqtau (Shevchenko), Atyrau (Gur'yev), Oskemen (Ust-Kamenogorsk), Pavlodar and Semey (Semipalatinsk)*
Kuwait	5,749	17,820	*Ash Shu'aybah, Ash Shuwaykh, Kuwait, Mina' 'Abd Allah, Mina' al Ahmadi and Mina' Su'ud*
Kyrgyzstan	18,500	191,300	*Balykchy (Ysyk-Kol or Rybach'ye)*
Oman	34,965	212,460	*Matrah, Mina' al Fahl and Mina' Raysut*
Qatar	1,230	11,437	*Doha, Halul Island and Umm Sa'id*
Saudi Arabia	152,044	2,149,690	*Ad Dammam, Al Jubayl, Duba, Jiddah, Jizan, Rabigh, Ra's al Khafji, Mishab, Ras Tanura, Yanbu' al Bahr and Madinat Yanbu' al Sinaiyah*
Turkey	426,906	770,760	*Gemlik, Hopa, Iskenderun, Istanbul Izmir, Kocaeli (Izmit), Icel (Mersin), Samsun and Trabzon*
United Arab Emirates	1,088	83,600	*'Ajman, Al Fujayrah, Das Island, Khawr Fakkan, Mina' Jabal 'Ali, Mina' Khalid, Mina' Rashid, Mina' Saqr, Umm al Qaywayn and Mina' Zayed*
Uzbekistan	81,600	425,400	*Termez (Amu Darya)*
Yemen	71,300	527,970	*Aden, Al Hudaydah, Al Mukalla, As Salif Ras Issa, Mocha and Nishtun*
Non-oil-producing countries			
Lebanon	7,300	10,230	*Antilyas, Batroun, Beirut, Chekka, Ez Zahrani, Jbail, Jounie, Naqoura, Tripoli and Tyre El Mina, Sidon*
Jordan	7,500	91,971	*Al 'Aqabah*

Source*:* Compiled from CIA World Factbook, via Nationmaster.com

Note: Figures taken are the most recent data, *n/a* data not available

[a] Total road network includes motorways, highways, and main or national roads, secondary or regional roads, and all other roads in a country. In short, it indicates the level of road coverage, both paved and unpaved roads

[b] The major ports and harbours selected on the basis of overall importance to each country. This is determined by evaluating a number of factors (e.g. dollar value of goods handled, gross tonnage, facilities and military significance)

Table 5.37 Trends of transportation in the selected East Asia, the Pacific and South American OIC member countries

Country	Roads[a] (total in km)	Total land area (km^2)	Ports and harbours[b]
Oil-producing countries			
Bangladesh	239,226	133,910	*Chittagong, Dhaka, Mongla Port and Narayanganj*
Brunei	3,650	5,270	*Bandar Seri Begawan, Kuala Belait, Muara, Seria and Tutong*
Indonesia	368,360	1,826,440	*Cilacap, Cirebon, Jakarta, Kupang, Makassar, Palembang, Semarang and Surabaya*
Malaysia	98,721	328,550	*Bintulu, Kota Kinabalu, Kuantan, Kuching, Kudat, Labuan, Lahad Datu, Lumut, Miri, Pasir Gudang, George Town, Port Dickson, Port Kelang, Sandakan, Sibu, Tanjung Berhala, Tanjung, Kidurong and Tawau*
Pakistan	258,340	778,720	*Karachi and Port Muhammad bin Qasim*
Suriname	4,304	161,470	*Albina, Moengo, New Nickerie, Paramaribo, Paranam and Wageningen*
Non-oil-producing countries			
Guyana	7,970	196,850	*Bartica, Georgetown, Linden, New Amsterdam and Parika*
Maldives	88	300	*Gan and Male*

Source*:* Compiled from CIA World Factbook, via Nationmaster.com

Note: Figures taken are the most recent data, *n/a* data not available

[a] Total road network includes motorways, highways, and main or national roads, secondary or regional roads, and all other roads in a country. In short, it indicates the level of road coverage, both paved and unpaved roads

[b] The major ports and harbours selected on the basis of overall importance to each country. This is determined by evaluating a number of factors (e.g. dollar value of goods handled, gross tonnage, facilities and military significance)

East Asia, the Pacific and South American Region

Indonesia and Pakistan do have the highest road network coverage in this region. This buttresses the somewhat positive relationship between total land area and the total road network. This is because Indonesia and Pakistan happen to be the two largest countries in terms of land area. For instance, the total land areas of Indonesia and Pakistan are 1,824,440 km^2 and 778,720 km^2, respectively. Conversely, the Maldives, with the smallest total land area of 300 km^2, has the smallest total road network of 88 km.

Nevertheless, some of the oil-producing countries having the smallest total land areas appear to have their road network coverage rates lower than their non-oil-producing counterparts. For instance, Brunei has a smaller total land area of 5,270 km^2 producing 3,650 km total road network compared to Guyana, which has 196,850 km^2 and 7,970 km total road network. As regards ports and harbours, there is no landlocked country in this region, which means this region has many ports and harbours (Table 5.37).

Trends of Transportation Within and Across the Regions

Due to data constraint, it is a bit difficult to visualise transport infrastructure vividly across the regions. However, a cursory at the individual country's data within the regions reveals a trend whereby the oil-producing countries tend to have more road network coverage than their non-oil-producing counterparts. This pattern, as noted earlier, is most probably due to the ability of the oil-producing countries to garner the much-needed capital through foreign exchange with relative ease than their non-oil-producing neighbours—foreign exchange revenues that can boost the financing of road constructions. In addition, the relatively easy access to coal tar—a petroleum by-product—could have facilitated the building of asphaltic or paved roads in the oil-producing countries. The OIC member countries have many airports. For this reason, airports have been excluded in this analysis. Perhaps the economic and administrative efficiency of these airports within and across the Muslim countries can be investigated separately in a future research.

5.4.2.2 Electricity and Information and Communications Technology (ICT)

The electricity production per capita and Internet usage of the total population of the selected OIC member countries have been examined in this section along regional lines. The provision of adequate electricity will meet the energy requirements of the marginal and the poor segment of the population, thereby availing them of a very essential livelihood asset—particularly in the case of some microbusiness ventures undertaken by the poor and low-income groups that require, or rely heavily on, energy. Knowledge of Internet and other communication gadgets undoubtedly is known to have long-term impact on sustainable livelihoods. Again, the use of these ICT gadgets is largely dependent upon the availability and reliable source of power.

The African Region

A glaring picture of per capita electricity generation shows higher per capita figures in the oil-producing countries. With the exception of Algeria and Chad, per capita electricity generation has been substantial among the oil-producing countries.

The per capita electricity generation figures of 1,000 kW and above can be found only among the oil-producing countries. Aside from hydro source of generating electricity, oil constitutes another potent source of electricity generation. For that reason, oil-producing countries, with vast proven-oil reserves, should have the edge above their non-oil-producing neighbours. However, cases like that of Algeria and Chad require further investigation to determine the likely causes of such low per capita electricity generation in these two oil-producing countries. Per capita electricity generation rates of Algeria and Chad are lower than all the non-oil-producing countries.

Table 5.38 Electricity per capita and Internet usage in the selected African OIC member countries

Country	Electricity generation (per capita kilowatts)[a]	Internet users (per 100)	Personal computers (per 100)
Oil-producing countries			
Algeria	0.97	7.38	n/a
Cameroon	210.41	2.23	n/a
Chad	8.81	0.60	n/a
Cote d'Ivoire	273.80	1.63	n/a
Egypt	1,445.07	7.95	4.19
Libya	3,892.85	4.36	n/a
Morocco	700.74	19.85	2.99
Nigeria	149.29	5.95	n/a
Sudan	104.69	8.65	11.45
Tunisia	1,224.94	12.68	6.22
Non-oil-producing countries			
Burkina Faso	41.36	0.59	0.66
Gambia	117.14	5.29	2.02
Mali	40.93	0.64	n/a
Niger	16.87	0.28	n/a
Senegal	184.18	5.45	n/a
Uganda	37.59	5.02	1.67

Sources*:* Compiled from UN, MDGs Export 2008; Wikipedia and CIA's World Fact book
Note: Figures taken are the most recent data. *n/a* data not available
[a] These figures have been worked out by the researcher with reference to data on individual country's population, as of July 2008, culled from Wikipedia and total electricity production from CIA's 2007 estimates in the World Factbook

Internet usage and personal computer ownership tend to be higher among the oil-producing countries than among the non-oil-producing countries. Higher figures of Internet users and computer ownership per 100 are associated with the oil-producing countries (see Table 5.38). Perhaps this trend is due to the relatively lower poverty rates in the majority of the oil-producing countries. This symbolises that the majority of the people living in the oil-producing countries can afford personal computers because they are perhaps more affluent compared to people living in the non-oil-producing countries in this region. Overall, information and communications technology (ICT) coverage (measured by PC per 100 and Internet users per 100 of the various total populations) is quite low in this region, particularly among the non-oil-producing countries. There is the need to scale up ICT in this region probably through collaborated efforts.

Middle East and Central Asian Region

Countries in this region have the highest per capita in electricity generation, which is above 14,000 kW. Although Saudi Arabia has the highest proven-oil reserves, the United Arab Emirates comes first in per capita electricity generation in this region.

Table 5.39 Electricity per capita and Internet usage in the selected Middle East and Central Asian OIC member countries

Country	Electricity generation (per capita kilowatts)[a]	Internet users (per 100)	Personal computers (per 100)
Oil-producing countries			
Albania	906.58	14.98	3.81
Azerbaijan	2,810.91	9.79	n/a
Bahrain	12,148.68	28.44	18.28
Iran	2,693.77	25.54	10.53
Kazakhstan	4,858.64	8.71	n/a
Kuwait	15,696.24	28.93	n/a
Kyrgyzstan	4,858.64	8.71	n/a
Oman	5,233.14	11.10	6.89
Qatar	17,134.36	34.55	18.71
Saudi Arabia	7,240.75	18.66	13.89
Turkey	2,572.73	17.73	5.93
United Arab Emirates	14,328.76	36.69	30.06
Uzbekistan	1,782.48	4.08	3.08
Yemen	224.08	1.25	2.77
Non-oil-producing countries			
Lebanon	2,138.08	26.28	11.62
Jordan	1,834.91	13.65	6.34

Sources: Compiled from UN, MDGs Export 2008, Wikipedia and CIA's World Factbook

Note: Figures taken are the most recent data. *n/a* data not available

[a] These figures have been worked out by the researcher with reference to data on individual country's population, as of July 2008, culled from Wikipedia and total electricity production from CIA's 2007 estimates in the World Factbook

This scenario can largely be influenced by the size of the population of the countries concerned as far as the use of per capita as a unit of measurement is concerned. The per capita electricity generation in the non-oil-producing countries is also quite impressive. In the same manner, the rates of Internet usage and personal computer ownership have been encouraging. Surprisingly, the non-oil-producing countries do have higher ICT coverage rates. The relatively successful livelihood sustainability in this region reflecting in the low poverty incidence seems to underscore this trend of high ICT coverage in this region (Table 5.39).

East Asia, the Pacific and South American Region

Electricity generation is reasonably high in this region as well, but not as high as in the MECA region. The sheer population numbers in some countries in this region perhaps have adverse impact on their per capita electricity generation. Brunei, with a relatively smaller population size, comes first in terms of per capita electricity generation. The non-oil-producing countries do have rates that appear encouraging. With regard to ICT usage, this region boasts the highest Internet usage (Malaysia

Table 5.40 Electricity per capita and Internet usage in the selected East Asia, the Pacific and South American OIC member countries

Country	Electricity generation (per capita kilowatts)[a]	Internet users (per 100)	Personal computers (per 100)
Oil-producing countries			
Bangladesh	143.57	0.31	2.42
Brunei	9,007.69	41.69	n/a
Indonesia	542.68	4.69	2
Malaysia	3,787.26	54.23	23.41
Pakistan	569.67	7.64	n/a
Suriname	3,482.53	8.41	n/a
Non-oil-producing countries			
Guyana	1,220.86	21.30	3.86
Maldives	751.63	8.97	20.08

Sources: Compiled from UN, MDGs Export 2008, Wikipedia and CIA's World Factbook

Note: Figures taken are the most recent data. *n/a* data not available

[a] These figures have been worked out by the researcher with reference to data on individual country's population, as of July 2008, culled from Wikipedia and total electricity production from CIA's 2007 estimates in the World Factbook

and Brunei) among the all selected countries of the Muslim world. The rates of Internet usage and personal computer ownership are also high among the non-oil-producing countries (Table 5.40).

Electricity Per Capita and Internet Usage Within and Across the Regions

Within the regions, the oil-producing countries are posting the highest per capita in electricity generation (i.e. average rates). None of the average rates of the non-oil-producing countries appear to be above those of the oil-producing countries. Therefore, ICT coverage rate (measured by PC per 100 and Internet user per 100) tends to be higher among the oil-producing than the non-oil-producing countries. Across the regions, the MECA region has the highest average rates in all the selected indicators—electricity generation and ICT coverage. The EAPSA region comes next and the African region comes third. The majority of the non-oil-producing countries are found wanting in the generation of electricity and the scaling up of ICT among the populace. This calls for exploring alternative measures through collective and concerted efforts within the Muslim world (Table 5.41).

5.4.2.3 Water Supply and Sanitation Facilities

The analysis of water supply and improved sanitation facilities considers the percentage shares of the population having access to these important livelihood assets. Quick to add has been the fact that water supply with improved sanitation facilities constitutes an important part of the life-support amenities. Then again, the analysis has been done regionally.

Table 5.41 Electricity per capita and Internet usage within and across the OIC regions (averages)

Country	Electricity generation (per capita kilowatts)[a]	Internet users (per 100)	Personal computers (per 100)
AFMC			
Opc	801.16	7.13	6.21
Npc	73.01	2.87	4.35
MECAMC			
Opc	6,469.21	18.04	11.40
Npc	1,986.50	19.97	8.98
EAPSAMC			
Opc	2,922.23	19.50	9.29
Npc	986.25	15.14	11.97

Source: Author's calculation based on data from UN, MDGs Export 2008; Wikipedia; and CIA's World Factbook

Note: *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries, *Npc* non-oil-producing countries

The African Region

Access to good drinking water and improved sanitation has taken a mixed pattern in which the urban access rate of good drinking water has been quite high in both the oil- and non-oil-producing countries. In one instance, Morocco records 100 % urban access to good drinking water (see Table 5.42). In the rural areas, however, the non-oil-producing countries do have lower access rates of good drinking water than the oil-producing countries. At the country level, the total good drinking water access rates appear higher in the oil-producing countries than in the non-oil-producing countries.

Pertaining to improved sanitation, the trend is heavily skewed in favour of the oil-producing countries. Both in the urban and rural areas, improved sanitation access rates are higher in the oil-producing countries than in the non-oil-producing countries. It is only in the rural areas of the non-oil-producing countries that some of the access rates of improved sanitation appear in single digits. Again, only Chad has a single-digit improved sanitation access rate among the oil-producing countries. Overall, the total access rates of improved sanitation are relatively higher in the oil-producing countries with the exception of Chad.

Middle East and Central Asian Region

Access to good drinking water appears to be extremely high in this region. Both in the oil- and non-oil-producing countries, good drinking water access rates are quite high hitting a 100 % mark in three instances. Encouragingly, Lebanon, a non-oil-producing country, records 100 % access rate in good drinking water. Again, posting relatively higher water supply access rates in the rural areas in this region appears laudable. Access to improved sanitation assumes a similar trend in which

Table 5.42 Water supply and improved sanitation in the selected African OIC member countries

Country	Access to good drinking water Urban pop. %	Rural pop. %	Total	Improved sanitation facilities Urban pop. %	Rural pop. %	Total
Oil-producing countries						
Algeria	87	81	**85**	98	87	**94**
Cameroon	88	47	**70**	58	42	**51**
Chad	71	40	**48**	23	4	**9**
Cote d’Ivoire	98	66	**81**	38	12	**24**
Egypt	99	98	**98**	85	52	**66**
Libya	72	68	**71**	97	96	**97**
Morocco	100	58	**83**	85	54	**72**
Nigeria	65	30	**47**	35	25	**30**
Sudan	78	64	**78**	50	24	**35**
Tunisia	99	84	**94**	96	64	**85**
Non-oil-producing countries						
Burkina Faso	97	66	**72**	41	6	**13**
Gambia	91	81	**86**	50	55	**52**
Mali	86	48	**60**	59	39	**45**
Niger	91	32	**42**	27	3	**7**
Senegal	93	65	**77**	54	9	**28**
Uganda	90	60	**64**	29	34	**33**

Source: Compiled from UN, MDGs Export 2008
Figures taken are the most recent data

access rates appear to be uniformly higher (both in the urban and rural areas) in the oil- and non-oil-producing countries. The good performances of countries in water supply and improved sanitation in this region warrant optimism. With the right cooperation or collaboration in the Muslim world, most success stories could be written in terms of sustaining livelihoods and poverty reduction in an improved socio-economic environment (Table 5.43).

East Asia, the Pacific and South American Region

Access rates to good drinking water are high as well in this region. In both the oil- and non-oil-producing countries, access to good drinking water has been high. However, the urban areas have relatively higher access rates than the rural areas. Access to improved sanitation in this region seems to be slightly lower than access to good drinking water. Then again, improved sanitation access rates are found to be higher in the urban areas than in the rural areas. At the country level, total approved sanitation access rates in the non-oil-producing countries are reasonably high just like in the oil-producing countries. This trend brings much hope to the human resource development process, as water supply and improved sanitation are crucial to personal health. However, there is more room for improvement in some countries (Table 5.44).

Table 5.43 Water supply and improved sanitation in the selected Middle East and Central Asian OIC member countries

	Access to good drinking water			Improved sanitation facilities		
Country	Urban pop. %	Rural pop. %	Total	Urban pop. %	Rural pop. %	Total
Oil-producing countries						
Albania	97	97	**97**	98	97	**97**
Azerbaijan	95	59	**78**	90	70	**80**
Bahrain	100	n/a	**n/a**	100	n/a	**n/a**
Iran	99	84	**94**	86	78	**83**
Kazakhstan	99	91	**96**	97	98	**97**
Kyrgyzstan	99	83	**89**	94	93	**93**
Oman	85	73	**82**	97	61	**87**
Qatar	100	100	**100**	100	100	**100**
Saudi Arabia	97	n/a	**n/a**	100	n/a	**n/a**
Turkey	98	95	**97**	96	72	**88**
United Arab Emirates	100	100	**100**	98	95	**97**
Uzbekistan	98	82	**88**	97	95	**96**
Yemen	68	65	**66**	88	30	**46**
Non-oil-producing countries						
Lebanon	100	100	**100**	100	n/a	**n/a**
Jordan	99	91	**98**	88	71	**85**

Source: Compiled from UN, MDGs Export 2008
n/a data not available. Figures taken are the most recent data

Table 5.44 Water supply and improved sanitation in the selected East Asia, the Pacific and South American OIC member countries

	Access to good drinking water			Improved sanitation facilities		
Country	Urban pop. %	Rural pop. %	Total	Urban pop. %	Rural pop. %	Total
Oil-producing countries						
Bangladesh	85	78	**80**	48	32	**36**
Indonesia	89	71	**80**	67	37	**52**
Malaysia	100	96	**99**	95	93	**94**
Pakistan	95	87	**90**	90	40	**58**
Suriname	97	79	**92**	89	60	**82**
Non-oil-producing countries						
Guyana	98	91	**93**	85	80	**81**
Maldives	98	76	**83**	100	42	**59**

Source: Compiled from UN, MDGs Export 2008
Figures taken are the most recent data

Water Supply and Improved Sanitation Within and Across the Regions

Within the regions, the average access rates to water supply appear higher in the non-oil-producing than in the oil-producing countries in both the rural and urban areas, except in the African region where the average rural access rates to good

Table 5.45 Water supply and improved sanitation within and across the OIC regions (averages)

Country	Access to good drinking water Urban pop. %	Rural pop. %	Total	Improved sanitation facilities Urban pop. %	Rural pop. %	Total
AFMC						
Opc	85.7	63.6	**75.5**	66.5	46	**56.3**
Npc	91.3	58.6	**66.8**	43.3	24.3	**29.6**
MECAMC						
Opc	95	84.4	**89.7**	95.4	80.8	**87.6**
Npc	99.5	95.5	**99**	94	–	–
EAPSAMC						
Opc	93.2	82.2	**88.2**	77.8	58.4	**64.4**
Npc	98	83.5	**88**	92.5	61	**70**

Source: Authors' calculation based on data from UN, MDGs Export 2008

Note: *AFMC* African member countries, *MECAMC* Middle East and Central Asian member countries, *EAPSAMC* East Asia, the Pacific and South American member countries, *Opc* oil-producing countries, *Npc* non-oil-producing countries, (–) data incomplete

drinking water appear higher in the oil-producing countries than in the non-oil-producing countries. However, at the country level, total averages show that it is only in the MECA region that the non-oil-producing countries have higher access to good drinking water than the oil-producing countries. Across the regions, therefore, the MECA region comes first with 94.35 % (Opc+Npc/2) as having the highest access rate to good drinking water. The EAPSA region comes next with 88.1 %—the second highest good drinking water access rate. The African region comes third with 77.15 % total access rate.

In terms of improved sanitation facilities, access rates are higher throughout the urban centres than in the rural areas. Access rates to improved sanitation appear encouraging in the non-oil-producing countries as well. In the EAPSA region, the total average access rates to improved sanitation have been higher in the non-oil-producing countries than in the oil-producing countries. Across the regions, however, the regions could not be ranked because of the incomplete sanitation data in the MECA region (Table 5.45).

5.5 Conclusion

This chapter has sought to investigate the level of natural resource endowments in the Muslim world and the extent to which such endowments engender socio-economic development. Thus far, the findings in this chapter have proven beyond any iota of doubt that the Muslim world is highly endowed with natural resources. Natural resources categorised into mineral resources (particularly oil resources) and agricultural resources, including, of course, human resources. Using the OIC member countries in lieu, the Muslim world leads the entire world in essential natural resources such as oil and natural gas endowments. The first five world-leading countries in proven-oil reserves are Muslim countries. These countries include Saudi Arabia, Iraq, Kuwait, Iran and the United Arab Emirates. Then, also, those countries having no oil resources are heavily endowed with other mineral and agricultural resources. All-year-round streams and rivers traverse in the majority of the Muslim countries suitable for hydropower generation and for other development activities.

The examination of economic development along the parameters of oil- and non-oil-producing countries reveals that economic development—measured by productivity, per capita GDP PPP, domestic investment, manufacturing, trade and domestic savings—appears to be favourable in the majority of countries endowed with oil resources than in the non-oil-producing countries. The total average figures of the selected economic development indicators across the regions show the MECA region as the highest economically developed region compared to the other two regions. The ESPSA region comes next then followed by the African region.

Socio-economic development indicators that have been investigated include human capital enhancement (school enrolment, literacy, etc.); health-care delivery; employment and housing; infrastructure and social amenities like road network, ports and harbours; electricity and ICT; and finally water supply and improved sanitation. The findings reveal a mixed pattern in which the oil-producing countries lead in the majority of the selected socio-economic development indicators above. However, the non-oil-producing countries do have higher figures in some of these indicators. However, the majority of the oil-endowed countries have the edge above many of their non-oil-endowed neighbours.

In Chap. 4, the poverty figures examined show the majority of the oil-producing countries as having relatively lower poverty rates that appear to have been influenced perhaps by their good performances in aforementioned social and economic development indicators. For that reason, one may assert that livelihood sustainability appears to be brighter in many of the oil-producing than in the non-oil-producing countries. In the same vein, the findings in this chapter show that among the oil-producing countries, the degree of oil endowment and the size of population of the country concerned have impact on performance in the selected social and economic development indicators, especially where performances are measured in per capita index. As such, many of the non-oil-producing countries post lower figures in many of the above-selected development indicators. Therefore, all indications point to the conclusion that oil resources did largely aid social and economic development process in the majority of the oil-producing countries.

References

CIA (2007). *The world fact book. Rank oil production*. https://www.cia.gov/library/publications/the-worldfactbook/rankorder/2173rank.html. Accessed 21 July 2008.

ICDT. (2008). *Trade among OIC member states*. Annual report. Edition 2008. http://www.icdt-oic.org/pdf/eng_report_2008.pdf. Accessed 3 Feb 2009.

NationMaster. (2008). *Poverty headcount*. http://www.nationmaster.com/graph/eco_pov_hea_rat. Accessed 21 July 2008.

UN. (2008). *The millennium development goals*. A report. http://www.un.org/millenniumgoals/2008highlevel/pdf/newsroom/mdg%20reports/MDG_Report_2008_ENGLISH.pdf. Accessed 11 Nov 2008.

Wikimedia Foundation. (n.d.). *Assabiyya*. http://en.wikipedia.org/wiki/Asabiyyah. Accessed 4 Apr 2008.

Chapter 6
Governance and Poverty Alleviation in the Muslim World

Abstract This chapter examines good governance because it is indispensable approach to poverty alleviation and the entire sustainable livelihood process. Good governance becomes even more crucial in ensuring efficient resource utilisation, which is essential for socio-economic development in a country. The components of good governance looked at in this chapter include political instability, institutional support or commitment to poverty reduction, i.e. planning, implementation and delivery. The authors have attempted an impact assessment of sustainable livelihoods and poverty reduction programmes in some selected countries. Finally, constraints and weaknesses of the programmes have been examined.

6.1 Introduction

This chapter examines the role of governance in poverty alleviation in the Muslim countries. Governance constitutes a crucial element in the total development of any nation, as the need to chart and direct development process is paramount. In the broader sense of the term, governance transcends state institutions to include the private sector, opinion leaders, pressure groups, civil societies and the masses. The collective participation of all of the above-mentioned groups of individuals is necessary as far as working to meet the collective goals is concerned. It is against this backdrop that governance has been equated in the development literature with sound social and economic development management. In that light, efficient governance enhances successful poverty alleviation and livelihood sustainability.

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7_6,

6.2 Good Governance and Poverty Alleviation

Good governance is indispensable to poverty alleviation and the entire sustainable livelihood process. Good governance becomes even more crucial in ensuring efficient resource utilisation essential for socio-economic development of the country. In this section, the study examines good governance in terms of the state effectively designing and implementing policies that can promote social and economic development and most importantly policies that will promote livelihood sustainability and poverty reduction agendas. Such policies should be designed to include equity in the distribution of gains accruing from the supervised social and economic development. The equity aspect is relevant because a definition of good governance offered by the World Bank (1992) stresses on the need to manage national resources for sound development. The World Bank (1992) contends that good governance is 'the means in which power is exercised in the management of a country's economic and social resource[s] for development'. In this regard, ensuring equity in the management of development resources is essential. Without equity, it will be hard to attain holistic development because some sections of the society will be excluded from participating in the development process.

6.2.1 The Dimensions of Good Governance

'Good governance' has been taken as 'synonymous with sound development management' by the World Bank (Potter 2004, p. 379; World Bank 1992, p. 1). Therefore, the World Bank (1992) has identified four constituents of 'good governance', which include the following:

1. *Public sector management*, in which government must ensure that financial and personal resources are managed productively through appropriate budgeting, accounting and reporting systems and by rooting out inefficiency.
2. *Accountability*, that is, officials in the public sector must be held responsible for their actions. This involves effective accounting and auditing, decentralisation, 'micro-level accountability' to consumers and a role for nongovernmental organisations.
3. *The legal framework for development*, that is, there ought to be a set of rules known in advance, which must be enforced, conflicts must be resolved by independent judicial bodies and there must be mechanisms for amending rules when they no longer serve their purpose.
4. *Information and transparency*; this component incorporates three dimensions: (i) information on economic efficiency, (ii) transparency as means of preventing corruption and (iii) publicly available information for policy analysis and debate.

Similarly, UK's Overseas Development Administration (ODA 1993; Turner and Hulme 1997, p. 231 cited in Potter 2004, p. 379) has categorised 'good governance' into four dimensions. These include the following:

1. The *legitimacy* of government, which depends on the existence of participatory processes and the consent of those who are governed
2. The *accountability* of both the political and official elements of government for their actions
3. The *competence* of the government to formulate appropriate policies, make timely decisions, implement them effectively and deliver services
4. *Respect for human rights and rule of law*, that is, to guarantee individual and groups rights and security, to provide a framework for economic and social activity and to allow and encourage all individuals to participate

6.2.2 Political Stability

An equally crucial element to consider when assessing good governance has to be political stability, which is conspicuously not mentioned in any of the components identified by the World Bank (1992) and ODA (1993). This is because in managing the affairs of the state, all efforts should be made to avoid anarchy in order not to destabilise the state. In other words, peace and tranquillity are vital components of any social and economic development processes. It is true that great deal of law and order can be attained when the four dimensions of good governance identified by the World Bank (1992) and ODA (1993) are practised.

However, in the wake of globalisation, most factors that threaten many a country's stability are externally induced. For instance, most rebel activities in most developing countries have external roots. These include the instabilities in Sierra Leone, Liberia, Rwanda, Congo, Burundi, Somali, Eritrea, Sudan, Djibouti, etc. For that reason, good governance must include a dimension of *political stability*, which seeks to maintain the sovereignty and stability of the state. Therefore, it is the belief of the authors that success in any poverty reduction and sustainable livelihood agendas is imbedded in economic growth coupled with effective redistribution mechanism prevailing in peaceful and tranquil environment (i.e. political stability implicitly).

Political stability is paramount in not only poverty alleviation and sustainable livelihood management but also in the general economic well-being of the people and their countries.

As far as poverty alleviation and livelihood sustainability are concerned, the prevailing peace of a country is most likely to be trampled upon if the inequitable distribution of the national cake literally persists and becomes much more unbearable to the majority of the people. This scenario, all too often, induces civil strife and political wrangling, which, in most countries, result in military interventions, thereby exacerbating poverty incidence and jeopardising sustainable livelihood efforts in the majority of these countries.

A good number of the selected countries for this study do maintain an appreciable level of political stability. However, a few others have failed to maintain peace and stability. A situation that has crippled the entire economy in such countries and has explicitly set poverty alleviation and sustainable livelihood management efforts hundreds of thousand miles way down the target. Examples of such countries include Sudan, Chad and particularly Sierra Leone and Somalia—countries often described as the 'dead economies' due to the devastating impact of long and persistent political instability on economic growth and well-being in these countries. Sierra Leone is now piecing slowly her shattered economy together following the relative peace.

In linking poverty alleviation to conflict, for instance, shows Ivory Coast as having moved away from single-digit poverty headcount rates at $1 a day from 1985 (4.7 %), 1987 (3.3 %), 1988 (7.5 %) and 1993 (9.9 %) to double-digit rates in 1995 (12.3 %) and 1998 (15.5 %) following the political disturbances that ensued. Perhaps due to the ravaging wars on their economies, Sierra Leone, Somalia and Iraq have been left out of the United Nations' poverty alleviation and other Millennium Development Goals (MDGs) statistics. Therefore, the intention, here in this study, is to emphasise the need to close ranks across the OIC countries to avoid all measures and actions that appear most likely to trigger political instability and protracted civil disturbances. This is because the adverse impacts such instabilities may have on livelihood sustainability and poverty alleviation efforts are far-reaching. This is because with frequent political and social upheavals (i.e. political instability), there can be no peaceful environment to execute any poverty reduction and sustainable livelihood programmes.

The components of good governance afore-listed appear vividly in most of the poverty reduction and sustainable livelihood programmes of the various countries in the Muslim world. This is largely because all policies and strategies arrived at in the individual countries to fight poverty and enhance livelihoods have been agreed upon by the people through their representatives in parliaments (i.e. the states' legislative bodies). For that reason, the failure of these strategies and programmes to yield any positive impacts on the livelihood sustainability and poverty reduction agendas in the various countries can be blamed largely upon lack of 'good governance' (if the concept is to be understood as 'synonymous with sound development management'). In that light, the strategies and programmes employed in the selected countries to fight poverty and improve livelihoods have been extensively investigated in this chapter. In addition, the impacts of these programmes on poverty and sustainable livelihoods have been examined in the subsequent subsections.

6.3 Institutional Strategies and Programmes for Poverty Alleviation in the Muslim World

Under this section, the study examines the institutional strategies and programmes designed and pursued to fight poverty in the Muslim countries. This section draws heavily on the poverty reduction strategy papers (PRSPs) of member states of the International Monetary Fund (IMF) and World Bank (WB). In doing so and as usual, a select of the OIC member countries have been used here as proxy of the Muslim countries. Again, the investigation assumes a regional pattern starting with a select of OIC member countries in the African region.

6.3.1 *The African Region*

An examination of the poverty strategies and programmes contained in the PRSPs of the countries reveals, more or less, a similar pattern of poverty alleviation strategies, whereby the main objective has been twofold. The first has been the overriding objective of pursuing economic growth, and the second has been to ensure social and human development as an effective means to poverty alleviation and livelihood sustainability. Good governance and environmental sustainability have long been recognised to play immense role in economic, social and human development processes of most nations. Good governance and sustainable environmental management occupy enviable position in all the poverty alleviation action plans in all the selected OIC member countries. As such, good governance and sustainable environmental management have been held constant throughout the regions in this section. Detailed poverty alleviation action plans in the selected African region have been presented in Table 6.1.

6.3.2 *Middle East and Central Asian Region*

In this region, data on poverty alleviation programmes in a few countries have not been readily available. Nevertheless, data collected on the remaining countries appear very much to lean on the conventional wisdom of growth with equitable distribution. On that note, policies that seek to ensure growth coupled with redistribution measures are crucial to poverty alleviation and sustainable livelihood programmes. Table 6.2 outlines what constitutes the poverty alleviation strategies of the various countries in the Middle East and Central Asian regions.

6.3.3 *East Asia, the Pacific and South American Region*

The poverty alleviation strategies are nothing much different in this region from the preceding regions. As shown in the preceding regions, poverty reduction action plans have been designed generally to promote economic growth in the first place and to implement redistribution measures to enhance equity in social and human development in the second place. However, the policies and strategies adopted to achieve the goal of alleviating poverty and to improve livelihoods across the countries may differ (Table 6.3).

Table 6.1 Poverty alleviation strategies and programmes pursued in the selected African OIC member countries

Country	
Action plan for	
(1) *Economic development*	(2) *Social and human development*
Oil-producing countries	
Cameroon: (1) promote economic stability, (2) diversify the economy, (3) boost private sector development and (4) improve infrastructure	(1) Increase access to education, (2) health care, (3) employment and social security, (4) gender and family support, (5) housing and (6) water
Chad: (1) increase GDP growth rate, (2) implement pro-poor fiscal policies, (3) improve relations between private enterprises government, (4) promote exports, (5) develop basic infrastructure and (6) increase rural output	(1) Improve health-care system, (2) appropriate development of the education sector, (3) enhance the labour market, (4) support for microenterprises and (5) social support
Cote d'Ivoire: (1) stabilising macroeconomic framework, (2) promoting the private sector as a growth engine and support for rural development, (3) reducing regional disparities, (4) promoting capacity building to allow for better resource allocation and use and (5) strengthening security of property and individuals	(1) Improving equitable access to and the quality of basic social services through (a) implementing free and mandatory education to reach the poor, (b) promoting universal health insurance, (c) participatory approach to land management and (d) consideration of gender and environmental issues in development programmes
Nigeria: (1) privatise, deregulate and liberalise key sectors of the economy; (2) coordinate national sectoral development strategies for agriculture, industry (especially small- and medium-size enterprises) and services (especially tourism); (3) develop infrastructure, especially electricity, transport and water; (4) address the problems of financing the real estate sector and mobilise long-term savings and investment; (5) create effective regulatory regimes that include environmental standards and (6) target programmes to promote private sector growth and development	(1) Provide access to compulsory, universal basic education to all citizens; (2) strengthen Nigeria's technological and scientific base by revamping technical, vocational and entrepreneurial education and making optimal use of information and communication technologies to meet the economy's manpower needs; (3) increase access to health care; (4) housing; (5) empowering women and youth and (6) providing social safety nets
Non-oil-producing countries	
Burkina Faso: (1) equity-based economic growth through (a) public finance management, (b) promote private sector development, (c) improve economic competiveness and reducing the factor cost and (d) improve infrastructure	(1) Increase access to basic services and social protection through (a) artistic and literary education, (b) health-care delivery, (c) portable water and sanitation, (d) housing and urban development and (e) promoting employment and income-generating activities

(continued)

Table 6.1 (continued)

Country	
Action plan for	
(1) *Economic development*	(2) *Social and human development*
Gambia: (1) macroeconomic stability; (2) increasing government revenue through enhanced revenue collection; (3) significant reductions in the domestic public debt portfolio; (4) successful privatisation of the public enterprises in Track I and II of the divestiture programme; (5) acceleration of tourism growth rate averaging 6 % p.a. with parallel forward and backward linkages, e.g. with the horticulture and livestock sub sectors; (6) expansion of groundnut production and marketing; (7) dynamic and favourable investment climate; (8) substantial increase in FDI; (9) establishing free trade zone (Business Park) and (10) continuous political stability	(1) Enabling policy environment to promote growth and poverty reduction; (2) enhancing the capacity and output of productive sectors: agriculture, fisheries, industry, trade, tourism and infrastructure, with emphasis on productive capacities of the poor and vulnerable populations; (3) improve coverage of the basic social services and social protection needs of the poor and vulnerable; (4) enhance governance systems and build the capacity of local communities and CSOs to play an active role in economic growth and poverty reduction and (5) mainstreaming cross-cutting issues like gender, youths, population, HIV/AIDS, nutrition and environment into the development process
Mali: emphasising growth-oriented sectors like (1) rural sector, mining, industries, trade, tourism, fruits, vegetables, oilseed crops and commodities, handicraft, culture, youth and sports and (2) growth-oriented infrastructure like energy, transport and telecommunications/ICT and posts	(1) Food security; (2) rural development and (3) access to basic social services such as (a) education, (b) health and social development, (c) drinking water and sanitation, (d) employment and vocational training and (e) housing
Niger: (1) the development of high potential and job-creating growth clusters, (2) the promotion of regional development poles, (3) consolidation of the macroeconomic framework, (4) improvement of the overall competitiveness of the economy, (5) better integration into regional and world trade and (6) promotion of art and culture	(1) Development of education as well as vocational and technical training; (2) improvement of health; (3) reduction of malnutrition; (4) extension of access to drinking water; (5) improvement of the living environment, especially housing and sanitation; (6) increased access to modern energy services and (7) promotion of decent employment and income-generating activities
Senegal: (1) promote domestic and foreign direct investment, (2) a targeted programme to promote cluster groups having high growth potential and a proven growth generating effect on the other economic sectors, (3) increasing the contribution of exports to economic growth (currently modest), (4) lowering the external current account deficit, (5) reduced vulnerability of agricultural activities and (6) land development and productive investment	(1) Human capital and capacity building through (a) education and training, (b) health and nutrition, (c) access to drinking water, (d) access to sanitation facilities, (e) housing and (f) strengthening social protection

(continued)

Table 6.1 (continued)

Country	
Action plan for	
(1) *Economic development*	(2) *Social and human development*
Uganda: (1) the maintenance of macroeconomic stability through (a) fiscal consolidation and (b) boosting private investment; (2) the modernisation of agriculture; (3) preservation of the natural resource base, particularly soil and forests; (4) infrastructure including roads, electricity and railways; better maintenance and construction; (5) enhancing private sector skills and business development and (6) ending rebel insurgency by peaceful means	(1) Human development through (a) primary and secondary education with a clear focus on quality; (b) improving health outcomes: this will be the joint achievement of several sectors; (c) increasing people's ability to plan the size of their families; (d) community empowerment including adult literacy and (e) social protection

Source: Compiled from IMF Country Reports on PRS (various years)

Table 6.2 Poverty alleviation strategies and programmes pursued in the selected Middle East and Central Asian OIC countries

Country	
Action plan for	
(1) *Economic development*	(2) *Social and human development*
Oil-producing countries	
Albania: (1) establishing institutions and regulatory frameworks to ensure a functioning market economy and (2) improve public finance, infrastructure, export base, etc.	(1) Retain more people in employment, (2) improve education and vocational training, (3) increase access to social and public services, (4) support for the vulnerable groups, etc.
Azerbaijan: (1) maintain macroeconomic stability; (2) build up local capacity in order to provide sound management of the large-scale oil revenues; (3) take forward the structural reforms initiated and promote development of the non-oil sector; (4) stimulate the development of entrepreneurship, investment and market infrastructure in the regions and (5) ensure Azerbaijan's integration into the world economic system and encourage FDI	(1) Increased expenditure on social protection, education, health and capital investments. The share of expenditure for wages, pensions and benefits to the population paid increased considerably (by 16.2 %) and accounted for 2,301 billion AZM in 2002 and 2,676.3 billion AZM in 2003
Kyrgyzstan: (1) private investment—both domestic as well as direct foreign investment; (2) exports; (3) strict monetary policy that will help to keep annual inflation at 4 %; (4) increased transparency and efficiency of public administration, corporate governance and judicial reform and (5) improve the environment	(1) Improve the sustainability of the social insurance system, (2) promote employment, (3) ensure accessibility of education and health-care services for all strata of society and (4) support the financial sustainability of these sectors
Uzbekistan: (1) technological modernization, (2) economic diversification, and (3) technologically developed producer of a wide range of export commodities and services	(1) Improve income disparities; (2) increase welfare expenditure and (3) increase access to education, health care and employment

(continued)

Table 6.2 (continued)

Country	
Action plan for	
(1) *Economic development*	(2) *Social and human development*
Yemen: (1) creation of a conducive environment for private sector investment; (2) correction of the distorted markets and taking advantage of the savings in these sectors; (3) allocation of investments in infrastructure to improve the services provided to the population; (4) preparation and adoption of sectoral policies to bring about positive changes in the promising sectors, while preparing credit policies to ensure the required investments; (5) review all the different laws and procedures related to sectoral activities and removal of any constraints; and (6) support scientific research, research and development (R&D) and services	(1) Create awareness to keep population growth within manageable limits; (2) increase health-care delivery; (3) improve educational enrolment, vocational and technical training; (4) improving water supply and sanitation facilities; (5) improve electricity coverage and rural roads and (6) strengthening social protection
Non-oil-producing countries	
Lebanon[a]: (1) fiscal adjustment for economic growth through (a) reducing the high public fiscal debt which is close to 200 % of GDP and (b) reducing fiscal deficit, which is above 10 % in 2004; (2) privatising public assets to improve the response of the private sector to a better macroeconomic environment in Lebanon and (3) providing reliable and affordable power supply; modem ICT infrastructure; efficient trade facilitation systems (including customs, border crossing, and transport logistics,; a streamlined regulatory system for business entry, operation and exit; modem corporate governance and capital market regulations; protection of intellectual property rights and a legal framework	(1) Public social sector spending will focus on poor and low-income groups and on reducing regional disparities; (2) public expenditures will focus on key public goods domains such as (a) primary health care, (b) education, (c) social protection, etc., to complement the provision of social services supplied by the private sector and (3) to intensify social safety net
Jordan[b]: (1) to create a supportive institutional and regulatory framework to facilitate private and public finance investment in economic and social development and (2) activate private capital through accelerated privatisation and investment in major national projects to stimulate economic growth	(1) Public investment would improve the quality of life for all Jordanians, through effecting a qualitative change in (a) education, (b) health, (c) rural development and (d) social productivity

Sources: Compiled from IMF Country Reports on PRS (various years)

[a] From World Bank's Report No. 32857-LB (2005)

[b] Obtained from Jordan Human Development Report (2004, pp. 77–78)

Table 6.3 Poverty alleviation strategies and programmes pursued in the selected East Asia, the Pacific and South American OIC countries

Country	
Action plan for	
(1) *Economic development*	(2) *Social and human development*
Oil-producing countries	
Bangladesh: (1) promoting domestic investment and savings, (2) promoting private sector and foreign direct investments, (3) promoting trade, (4) agricultural and rural development, (5) promoting tourism and (6) infrastructure development	(1) Investing in education, (2) health, (3) water resources development and management and (4) promoting effective social safety nets
Malaysia[a]: (1) structural change and diversification policy that ensures smooth structural change of the economy from a commodity producer to industry and services producer and (2) sectoral policies, including (a) agriculture and rural development policy with respect to food security and sufficiency, land development, etc.; (b) industrial master plan for charting growth of industries, incentives, infrastructures, industrial zones, finance and banking, telecommunications, ports, taxes and subsidies; (c) investment policy, i.e. covering both foreign and domestic investment, incentives for investments, equity participation, etc.; (d) savings and fiscal policies that include savings rate as % of GDP, financial services, interest rates, microfinance revenue and expenditure, fiscal allocation, tax burden and rebates and (e) price policy such as low inflation rates, control of prices of food, basic needs and essential services, expenditure burden, etc.	(1) Social infrastructures, i.e. welfare, housing, health, education programmes for the poor, pension, old age; (2) provision of basic needs and amenities, i.e. water, electricity, housing food, clothing, infrastructures, services; (3) access to resources, i.e. land, water, credit, legal aids; (4) agriculture and rural development, urban and industrial development, entrepreneur and small business development; (5) affirmative action equity and restructuring policies and programmes, i.e. pro-poor and pro-indigenous strategies, education and human resource development, wealth restructuring, equity participation and special share schemes
Pakistan: (1) trade liberalisation and export growth, (2) monetary and fiscal reform, (3) investment and privatisation reform, (4) provision of supportive infrastructure and (5) rural development	(1) Improvements in education and health delivery, (2) drinking water and sanitation, (3) youth development and (4) strengthening the commission for human development
Non-oil-producing countries	
Guyana: (1) debt management; (2) fiscal and monetary reforms; (3) creating opportunities for private sector growth through (a) investment promotion, (b) export promotion and (c) expanding the economic base to benefit the poor; (4) restructuring and modernising the traditional sector; (5) developing new sectors to support growth and (6) institutional and regulatory reforms like (a) reforms to enhance the business environment, (b) land development and allocation, (c) public accountability and governance, (d) local government, (e) decentralisation of public services and (f) the justice system, crime prevention, etc.	(1) Investment in human capital through (a) education and teacher training, (b) improving equity in the education sector, (c) improving and expanding health care and health infrastructure, (d) water supply, (e) housing and (f) social safety nets

(continued)

Table 6.3 (continued)

Country	
Action plan for	
(1) *Economic development*	(2) *Social and human development*
Maldives: (1) ensure an annual economic growth rate of 7 % or higher, (2) ensure fiscal responsibility by having progressively declining fiscal deficits during the plan period, (3) listing at least 10 SOES on the stock exchange, (4) maintain ODA at not less than 5 % of government revenue, (5) increase exports by 40 % of GDP by 2010, (6) increase FDI share in the capital account of BoP to 3.5 billion by 2010 and (7) support at least 2,500 entrepreneurs through loans and other incentives	(1) Provide universal access to 10 years of education by 2010; (2) increase enrolment in tertiary education annually from 25 to 50 %; (3) increase percentage of trained teachers from 70 to 80; (4) reduce youth unemployment; (5) increase access to health care and housing and (6) providing protection to vulnerable groups, women, children and the elderly

Source: Compiled from IMF Country Reports on PRS (various years)
[a]Source: Chamhuri (2008, pp. 522–3)

6.4 Institutional Support

Institutional support for poverty alleviation has been examined focusing primarily upon planning, implementation and delivery mechanisms embarked upon by governments in the selected OIC countries. Effective institutional support goes a long way to enhance poverty alleviation efforts. If much attention is paid to ensuring effective planning, implementation and delivery, poverty alleviation programmes are more likely to meet their targets, thereby reducing a greater percentage of the people living in abject poverty and other forms of deprivation. Next in the discussion is country-based analysis of planning, implementation and delivery poverty reduction strategies pursued within the OIC countries and across the regions.

6.4.1 Planning, Implementation and Delivery

The analysis in this subsection focuses mainly on the various forms that poverty reduction programme planning, implementation and delivery mechanisms assume in the selected countries. This is an attempt to dig out the peculiarities (if any) of the planning, implementation and delivery strategies of the individual countries and across the regions as well. However, planning, implementation and delivery processes are closely interconnected in the sense that the ability to ensure effective delivery on the programmes is influenced in part by the kind of planning and implementation strategies undertaken.

6.4.1.1 African Region

A survey of the planning, implementation and delivery mechanisms adopted for poverty alleviation in this region reveals more or less similar pattern. Planning, just like implementation process, assumes a broad base, consultative approach in which the views of different groups of individuals across the social spectrum have been solicited. This consultative planning strategy has been perfectly carried out through seminars, conferences, community meetings and even in parliamentary sittings in some countries. The delivery mechanism takes the form of multidimensional approach. All departments in the various sectors of the economy coordinate the delivery of poverty programmes. Two country-cases in this region—oil-producing country (Chad) and non-oil-producing country (Gambia)—have been presented in Boxes 6.1 and 6.2, respectively.

Box 6.1: Planning, Implementation and Delivery Mechanisms for Poverty Alleviation in Chad

The Planning Process
The Steering Committee, which brings together representatives of the National Assembly, the public sector, the private sector and civil society, is an extension of the participatory process that characterised the preparation of the national poverty reduction strategy (NPRS).

The Implementation Process
The decree creating the institutional mechanisms for monitoring and assessing NPRS implementation and its enabling legislation were adopted in 2005. A Poverty Observatory comprises a Steering Committee, as well as sectoral and local entities, which act as the technical interface for this initiative. These institutions are supported by a Technical Secretariat and a Communications Unit. The NPRS Coordination and Monitoring Unit began operations in June 2005 (with UNDP support).

The Delivery Process
This Steering Committee disseminates information on the NPRS concept and objectives, validates sectoral and inter-sectoral strategies and programmes for poverty reduction, assesses the impact of measures on the beneficiaries and proposes periodic reviews of the strategy.

Source: Authors' Research based on Chad's PRSP/IMF Country Report No .07/282

Box 6.2: Planning, Implementation and Delivery Mechanisms for Poverty Alleviation in Gambia

The Planning Process

Basically, the PRSP will be overseen by a National Planning Commission (NPC). This document will serve as the strategy and blueprint that the NPC will implement. The National Planning Commission in collaboration with SPACO, now a Directorate under the Department of State for Finance and Economic Affairs, shall coordinate the PRSP II programme.

The Implementation Process

No one agency implements the five-year strategy. Regarding institutional arrangements, the High-Level Economic Committee, under the chairmanship of the Vice President shall continue to provide overall guidance for the implementation of the strategy until the National Planning Commission is established. Members of the thematic groups will continue to meet on implementation issues relevant to their respective mandates.

The Delivery Process

The Interdepartmental Steering Committee (IDSC), comprising Permanent Secretaries of key Department of States, will be strengthened with representation of NGOs and Civil Society Organisation.

Source: Authors' Research based on Gambia's PRSP/IMF Country Report No. 07/308

6.4.1.2 Middle East and Central Asian Region (Box 6.3)

The analysis in this region has been nothing different from the African region. The main idea behind the broad base, participatory approach to planning, implementation and delivery has been to galvanise public support for poverty alleviation programmes. Again, two country-cases—an oil-producing country and non-oil-producing country—have been outlined in the following boxes. However, it must be noted that there appears to be no marked difference in planning, implementation and delivery approaches between the oil-producing on the one hand and non-oil-producing countries on the other hand, at least in seeking a broad base, all-inclusive participation in the poverty alleviation programme designs, implementation and delivery (Box 6.4).

Box 6.3: Planning, Implementation and Delivery Mechanisms for Poverty Alleviation in Kyrgyzstan

The Planning Process

Process of NPRS-1 at the regional level accentuated by notable rise of local communities activity at all levels. To support this process, local poverty reduction programmes have been developed in all *oblasts* and individual *rayons*. Funds of republican and local budgets, funds of enterprises, microfinancial organisations, including credit union network, have been attracted to implement these programmes.

The Implementation Process

The main task of the Parliament of the Kyrgyz Republic in the implementation of the strategy will be provision of the legislation for the objectives and guiding lines of the document. Formulating of the normative and legal base, consideration and approval of state budget, systematisation and increasing of the legislation effectiveness.

The Delivery Process

The main directions of the social and economic development of the republic within the frame of the document are based on partnership of authorities, society and business; therefore, control over the implementation should also be public. Decisions regarding distribution of resources and correction of programmes should be made taking into account monitoring and assessment of the progress in the strategy implementation.

Source: Author's Research based on Kyrgyzstan's PRSP/IMF Country Report No. 07/193

Box 6.4: Planning, Implementation and Delivery Mechanisms for Poverty Alleviation in Uzbekistan

The Planning Process

The government has elaborated a midterm development plan for 2007–2010 which includes estimates of levels of investment and total government expenditure for the main sectors and industries of the economy. The increase of investment in the economy is identified in the Welfare Implementation Strategy (WIS) as one of the most important contributors to economic growth and welfare improvement. The total amount of investment in the country in the medium term will gradually increase and reach 24 % of GDP by 2010, representing an increase of 2.2 times compared to 2006.

(continued)

Box 6.4 (continued)

The Implementation Process

To successfully implement the strategy, i.e. the WIS, each responsible ministry, agency and *khokimiyat* will develop an action plan for the implementation of the strategy at the sectoral and local levels. The appropriate ministries and agencies will be responsible for the implementation of the strategy components at the national level. Local government bodies will carry out implementation of the strategy at the local level.

The Delivery Process

General coordination of the actions will be carried out by the Ministry of Economy, for which it will probably need technical support. The WIS will be implemented in close collaboration with ministries and agencies as well as with local self-government bodies and other civil society organisations.

Source: Authors' Research based on Uzbekistan's PRSP/IMF Country Report No. 08/34

6.4.1.3 East Asia, the Pacific and South American Region (Boxes 6.5 and 6.6)

The two country-cases selected in this region, as usual, appear to be no different from the country-cases in the preceding regions. Although the results may differ from one country to another, however, poverty alleviation strategy that seeks wider participation and acceptance appears to be a common denominator to all the selected countries and across all regions.

6.4.1.4 Planning, Implementation and Delivery Mechanisms for Poverty Alleviation Across the Regions

A cursory look at the planning, implementation and delivery strategies for poverty alleviation within the selected countries reveals a similar goal. The overriding objective in each country has been to galvanise public support and to raise public awareness as well about poverty and the need to close ranks to contain the menace of poverty. The only difference among these countries and across the regions perhaps lies in terminologies coined for the institutions and strategies engaged in the poverty alleviation process. Moreover, the fiscal amount of money and other resources that are at the disposal of each of these countries may differ. That apart, there has not been any significant variations as far as seeking public participation in the poverty reduction process is concerned.

Box 6.5: Planning, Implementation and Delivery Mechanisms for Poverty Alleviation in Malaysia

The Planning Process

The National Development Planning Committee (NDPC), which is a committee composed of senior governmental officials, including the Governor of the Central Bank, is responsible for formulating and reviewing all plans for national development and making recommendations on the allocation of resources. The EPU acts as the secretariat to NDPC, NDC and their subcommittees and hence provides the necessary linkages for the ministries and line agencies. The respective ministries and agencies maintain a close connection with EPU through their Planning and Development Division, especially on sectoral planning, development programmes and budgeting.

The Implementation Process

The planning and implementation mechanism is followed through to the state, district and local levels, involving the translation of macro policies and strategies into micro projects and programmes. The participatory planning and implementation processes involve both ‘top-down’ and ‘bottom-up’ processes and ensure the participation of key players, including government, private sectors, NGOs and beneficiaries.

The Delivery Process

In Malaysia, effective delivery mechanism is ensured through sound and rigorous planning and implementation process involving the Economic Planning Unit (EPU) and Implementation Coordination Unit (ICU) as key players and coordinators of poverty alleviation strategies and programmes. The structure of planning and implementation machinery at the federal, state, district and village levels includes the National Development Council (NDC), which consists of key ministers, is the highest policy-making body in planning and is responsible for planning, formulation and coordination of long-term socio-economic development policies such as the Five-Year Plans.

Source: Culled from Chamhuri (2008)

Box 6.6: Planning, Implementation and Delivery Mechanisms for Poverty Alleviation in Guyana

The Planning and Implementation Processes

Public consultations on progress towards the achievement of PRS goals and targets reflect the Government’s continuing commitment to involve key stakeholders, in particular the poor, in the formulation and implementation of policies and programmes designed to reduce poverty. The consultation process on the 2005 draft Progress Report aimed to:

(continued)

Box 6.6 (continued)

1. Disseminate information on progress made towards reducing poverty as elaborated previously and new programmes that will further augment planned actions.
2. Generate feedback from a cross section of the population as to whether the poverty programme is having its desired impact.
3. Provide a forum for civil society to elaborate their priorities and recommend actions. Regional analysis of the issues and recommendations is also presented. For the first time in the poverty reduction process, a special consultation was held for Members of Parliament to elicit their feedback on the draft final progress report. The objectives of the consultation were to provide Members of Parliament:
    1. An overview of the 2005 PRS Progress Report
    2. Present the issues and recommendations arising from the public consultations
    3. Indicate to what extent these recommendations were included in the final draft document
    4. Present the risks inherent in the medium-term poverty reduction programme

The Delivery Process

Other important legal and regulatory laws that were passed in 2004 included:

- The Small Business Act to facilitate the establishment of a small business council, a small business bureau and a small business development fund
- The Investment Act to stimulate the socio-economic development of Guyana and to attract and facilitate investment
- The Technical and Vocational Education and Training Act
- The Bill to Combat Trafficking in Persons

Source: Authors' Research based on Guyana's PRSP/IMF Country Report No. 06/364

6.4.2 Budgetary Allocation for Poverty Alleviation

Budgetary allocation for poverty alleviation is somewhat different from one country to another. In the majority of the OIC members, poverty alleviation features prominently in activities of government ministries and departments. This strategy makes budgetary allocation for poverty assuming a multidimensional trend. Thus, budgetary allocation covers wider variety of services that are deemed crucial in the alleviation of poverty. For instance, education, health care, water supply, improved sanitation, energy (electricity), farming, etc., constitute essential assets for poverty alleviation and livelihood sustainability.

For that reason, some of the selected OIC member countries, on the one hand, have chosen to allocation large portion of their development sector budgetary allocations to a variety of sectors that have both direct and indirect bearings to poverty alleviation and livelihood sustainability. Take the case of Cameroon in Table 6.4, for example, budgetary allocation to poverty alleviation lumps together the allocations to education, health, production and commerce (including peasant farmers) and productive infrastructure. All such sectors have been classified as social development or investment expenditure.

On the other hand, a few countries do have separate budgetary allocations for poverty alleviation. Countries such as Burkina Faso, Malaysia and Guyana have earmarked their budgetary allocations for poverty alleviation. However, no details have been outlined as to the specific areas where these poverty alleviation budgetary allocations have been spent. Intuitively, social and public services such as education, health care, rural agriculture and infrastructure are the prime targets of such allocations. This scenario suggests there has been no much difference concerning the exact areas where these budgetary allocations are spent. Perhaps the differences may lie only in the fiscal amount of the allocation (which is influenced largely by the economic strength of the country concerned) and the terminologies or phrases coined for poverty alleviation and livelihood sustainability. That is, budgetary allocation for 'social development' or 'social investment' or 'poverty alleviation', etc. This is probably where the differences lie among the selected OIC countries.

However, budgetary allocations to poverty reduction constitute quite substantial amount of the total allocations to the development sectors in the selected OIC countries. Then again, the allocations continue to increase annually. In countries where budgetary allocations to poverty alleviation decrease in a particular year, it appears to have been due either to (1) budgetary or financial constraints or (2) poverty incidence has reduced drastically (as in the case of Malaysia in its Ninth Malaysian Plan). The details of the pattern of budgetary allocations in a few OIC member countries have been presented in the Table 6.4. Each of these countries represents one of the three OIC regions—Africa, Middle East and Central Asia and East Asia, the Pacific and South America regions.

6.5 General Impact of the Poverty Reduction and Livelihood Sustainability Programmes

Impact assessment has been conducted using a set of indicators as benchmarks, and with those indicators, the degree of poverty reduction programmes impact can be somewhat measured. In this section, the general impact of the poverty reduction programmes has been conceptualised as the change in the poverty incidence (both income and assets/human poverty) following the inception of these programmes. The indicators selected include (1) *income poverty indicators*, that is, (a) the conventional international poverty income threshold of US$1 a day and (b) national poverty lines of the various countries and (2) *assets or human poverty indicators*, that is, literacy rates, employment rates, improved water supply and sanitation access rates and rates of undernourishment, etc.

Table 6.4 Budgetary allocations for poverty alleviation in selected OIC member countries

Country	Poverty allocation	Sector allocation						
	Year 2006	Development expenditure:						
Burkina Faso	*34.40 %* (105 350.52 Millions, FCFA)	*43.49 %* (306 221.15 Millions, FCFA^{a})						
		Year	*2004*	*2005*	*2006*			
Cameroon	*n/a*	Educ.	*27.8*	*28.9*	*28.7 (%)*			
		Health	*8.0*	*8.2*	*8.5 (%)*			
		SDE	*1.4*	*1.4*	*1.6 (%)*			
		P&C	*8.6*	*6.1*	*6.2 (%)*			
		PI	*15.1*	*16.3*	*16.8 (%)*			
		% of total ministries	*100*	*100*	*100 (%)*			
		Year	*2003*	*2004*	*2005*			
Yemen								
		Social expenditures (YR million)	*206,305*	*236,416*	*266,244*			
		Social expenditures (% of GDP)	*12.1*	*12.8*	*13.2*			
		Educ. expenditures (YR million)	*25,214*	*27,182*	*30,759*			
		Education (% of GDP)	*9.1*	*9.4*	*9.6*			
		Health expenditure (YR million)	*9,561*	*8,255*	*12, 847*			
		Health (% of GDP)	*1.9*	*2.1*	*2.2*			
		Social welfare fund (YR billion)	*18.8*	*24.0*	*28.2*			
		Social welfare fund (% of GDP)	*1.1*	*1.3*	*1.4*			
Malaysia^{b}	Seventh Malaysia Plan *(1996–2000)*							
	16,084.8 (RM Million)	*23.1 %* of Dev't expenditure						
	Eight Malaysia Plan *(2001–2005)*							
	62,918.2 (RM Million)	*27.1 %* of Dev't expenditure						
	Ninth Malaysia Plan *(2006–2010)*							
	4,465.3 (RM Million)	*2.23 %* of Dev't expenditure						
Guyana								
		Year	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*
		(% of GDP)	3.7	*5.3*	*5.5*	*5.9*	*6.3*	*6.4*
		Total (social spending)						
		(% of GDP)	*20.0*	*22.0*	*22.9*	*23.6*	*23.1*	*22.9*

Source: Compiled from IMF/WB Country PRSPs (various years)

[a] FCFA is the currency spent in Burkina Faso, i.e. Franc de la communauté financière africaine (franc of the African Financial Community). *n/a* data not available. This is 2006 allocation *SDE* social development and employment, *P&C* production and commerce, *PI* productive infrastructure, *Dev't* development

[b] This figure for Malaysia was obtained from Various Five-Year Development Plans cited by Chamhuri, S. (2008)

6.5.1 Income Poverty

An important factor of poverty that attracts international attention has been the lack of adequate income. Consumption levels of individuals and households alike are most often being captured by their income levels. The importance of income dimension of poverty underscores the need to ensure increasing incomes, particularly incomes of those occupying the lower levels of the income ladder. When economic growth is followed by equitable distribution of the economic gains, income inequalities are more likely to be done away with. It is for this reason that this income perspective has largely influenced the 'welfarist approach' to poverty. Every human being, according to the welfare approach, has a drive to maximise 'utility'. An individual can be considered poor if his/her utility is 'below a certain target or threshold level' (EPU & UNDP 2007, p. 6). Again, income has been an instrumental indicator in the UNDP's human development index (HDP).

Against the foresaid, income has been used as a crucial indicator to assess the impact of the poverty programmes pursued in the various countries selected. To achieve this goal, both the international poverty line of $1 a day and the national poverty lines of the various countries have been used to determine the percentage of the population that falls below the thresholds. What follows is the impact assessment within the regions.

6.5.1.1 The African Region

The incidence of poverty at $1 per day has gone down drastically in a few of the oil-producing countries, particularly among countries of the northern portion of Africa. However, in the majority of the remaining countries, poverty incidences, even at $1 per day, are quite high. This scenario suggests that much more efforts are required to increase the impact of poverty alleviation programmes in this region. National poverty lines are ambitious attempts to raise living standards in the respective countries. While some countries' national poverty lines are pegged at the international poverty line of $1 per day, many other countries have their national poverty thresholds at $2 per day and way above the $2 a day in some countries. Poverty lines generously set above $2 a day are indicative of the economic strength of the economies concerned to support such ambitious sustainable livelihood targets.

Although it is understandable that most national poverty lines are periodically reviewed and constantly revised to reflect the changing economic realities and market conditions, the reduction in poverty incidences at the national poverty lines has not been that much impressive in many of these countries. There has been a pattern of mixed performances among these countries in which a few countries are making headway, while many others are found wanting. There is then the need to close ranks to identify the factors underpinning such scenario to be able to contain the menace accompanying increasing incidence of poverty. See Table 6.5 for the detailed trends of the incidence of poverty at both the international and national poverty lines.

Table 6.5 Poverty incidences in African OIC member countries

	Y %	Y %	Y %	Y %	Y %	Y %
Country	International poverty line *(US$1 a day)*			National poverty line *(varies among nations)*		
Oil-producing countries						
Algeria	1988 (2)	1995 (2)	–	1996 (23)	1998 (12.2)	2004 (25)
Cameroon	–	1996 (32.5)	2001 (17.1)	1996 (53.3)	2000 (48)	2001 (40.2)
Cote d'Ivoire	1993 (9.9)	1995 (12.3)	2002 (14.8)	–	–	2006 (42)
Egypt	1991 (4)	1995 (2.6)	2000 (3.1)	1996 (22.9)	2000 (16.7)	–
Morocco	1985 (2.4)	1991 (2)	1999 (2)	1999 (19)	–	2007 (15)
Nigeria	1993 (59.2)	1996 (77.9)	2003 (70.8)	2000 (60)	–	2007 (70)
Tunisia	1990 (2)	1995 (2)	2000 (2)	2000 (6)	2001 (7.6)	2005 (7.4)
Non-oil-producing countries						
Burkina Faso	1994 (51.4)	1998 (44.9)	2003 (27.2)	1994 (44.5)	1998 (54.6)	2004 (46.4)
Gambia	–	–	–	1992 (64)	1998 (57.6)	2003 (61.3)
Niger	1992 (41.7)	1995 (60.6)	–	1993 (63)	–	–
Senegal	1991 (45.4)	1995 (24)	2003 (22.3)	–	–	2002 (33.4)

Sources: Compiled from UN MDGs 2008 and CIA World Factbook (various years) through nationmaster.com

Y % denotes year and percentage of population below the poverty lines. (2) means less than 2 %, (–) indicates no data

6.5.1.2 Middle East and Central Asian Region

The impact on poverty incidence at $1 per day appears much encouraging, as the majority of the countries in this region maintain less than 2 % of poverty headcounts. The remaining countries are posting poverty headcount rates of slightly above 2 %. At the national poverty lines, which all too often seek to raise livelihoods, only three countries (i.e. Azerbaijan, Kyrgyzstan and Yemen) have an above-40 % poverty headcount. The remaining countries can boast quite impressive poverty headcounts at their national poverty lines, that is, as low as 18, 14 and 13.8 % in some of the countries (see Table 6.6). Although the incidence of poverty in this region appears lower relatively, working to decrease these rates will cause a great service to the course of livelihood sustainability.

6.5.1.3 East Asia, the Pacific and South American Region

At both the two poverty lines, Bangladesh has been the only country in this region posting above 40 % of poverty headcounts as at 2004, which is higher than the non-oil-producing Guyana. That being said, there could be many factors that underlie such poverty picture in Bangladesh that may require separate investigative tools to uncover such factors. Aside from the Bangladeshi case, the remaining selected countries do have less than 10 % of their populations being poor at $1 per day (Table 6.7). Malaysia has managed to reduce absolute poverty rate (at $1 a day) to below 1 % in 2006. Impressively, the national poverty line shows a less than 10 %

Table 6.6 Poverty incidences in the Middle East and Central Asian OIC member countries

	Y %	Y %	Y %	Y %	Y %	Y %
Country	International poverty line *(US$1 a day)*			National poverty line *(varies among nations)*		
Oil-producing countries						
Albania	1997 (2)	2002 (2)	2004 (2)	2001 (30)	2002 *(25.4)*	2004 *(25)*
Azerbaijan	1993 (9.9)	–	2001 (3.7)	1995 (68.1)	2001 *(49.6)*	2002 (49)
Iran	1990 (2)	1994 (2)	1998 (2)	–	2002 (40)	2007 (18)
Kazakhstan	1996 (20.3)	1996 (2)	2003 (2)	1996 (34.6)	2001 (17.6)	2007 (13.8)
Kyrgyzstan	1993 (8.3)	1996 (20.3)	2003 (2)	2001 (47.6)	2003 (49.9)	2004 (33)
Turkey	1994 (2.4)	2000 (2)	2003 (3.4)	2001 (47.6)	2002 (20)	–
Uzbekistan	1993 (3.3)	1998 (19.2)	2003 (2)	2000 (27.5)	–	2004 (33)
Yemen	1992 (3.4)	1998 (15.7)	–	2001 (15.7)	–	2003 (45.2)
Non-oil-producing countries						
Jordan	1992 (2)	1997 (2)	2003 (2)	1997 (21.3)	2001 (30)	2002 (14.2)

Sources: Compiled from UN MDGs, 2008 and CIA World Factbook (various years) through nationmaster.com

Y % denotes year and percentage of population below the poverty lines. (2) means less than 2 %, (–) indicates no data

Table 6.7 Poverty incidences in East Asia, the Pacific and South American OIC member countries

	Y %	Y %	Y %	Y %	Y %	Y %
Country	International poverty line *(US $1 a day)*			National poverty line *(varies among nations)*		
Oil-producing countries						
Bangladesh	1992 (35.9)	1996 (28.6)	2000 (41.3)	2001 (30)	2000 (49.8)	2004 (45)
Indonesia	1996 (14.1)	2000 (7.2)	2002 (7.5)	1996 (17.5)	1999 (27.1)	2006 (17.8)
Malaysia	1992 (2)	1997 (1)[a]	2004 (0.6)	1997 (8.83)	2002 (10.8)	2004 (8.68)[a]
Pakistan	–	1999 (13.5)	2002 (17)	1993 (28.6)	1999 (32.6)	–
Non-oil-producing countries						
Guyana	1993 (8.1)	1992 (2)	–	1993 (43.2)	1998 (35)	–

Sources: Compiled from UN MDGs 2008 and CIA World Factbook (various years) through nationmaster.com

Note: *Y %* denotes year and percentage of population below the poverty lines

[a] These figures were obtained from p. 6 of the Malaysia's Household Income Survey in the UNDP's Monograph entitled *Malaysia: Measuring and Monitoring Poverty and Income*. Published in 2007 in collaboration with the Economic Planning Unit, Prime Minister's Department. However, the figures are rounded to 1 decimal place. (2) means less than 2 %, (–) indicates no data

poverty headcount in Malaysia. In addition, Indonesia has less than 20 % of poverty headcount at the national poverty line in 2006. As earlier noted in the preceding section, there is that growing need to bring the incidence of poverty at both poverty lines to the barest minimum levels in these countries. This can be achieved, perhaps, through concerted efforts among the Muslim countries.

6.5.2 Assets or Human Poverty

The assets or human poverty dimension concerns the services and opportunities (aside from income) that are essential to the proper functioning of an individual as a member of the society. The 'basic needs approach' to poverty analysis (i.e. the capability approach) falls under this assets or human poverty domain (EPU & UNDP 2007, p. 6). The importance of such assets and opportunities like the ability to read and write (literacy), the opportunity to work (employment), access to required food calories (nutrition) and access to good drinking water (improved water supply) have been vindicated by the UNDP's human development index (HDI) and the human poverty indexes 1 and 2 (HPI-1 & 2). These human development benchmarks have been constructed using solely the indicators afore-listed as the building bricks. For this reason, literacy rates, employment rates, improved water supply rates and rates of nutrition (undernourishment) have been employed in this section to assess the human poverty reduction impact of the programmes pursued in the various countries in the regions.

6.5.2.1 The African Region

Maintaining minimal poverty rates is essential to sustainable development and vice versa. Access to improved water supply and sanitation coupled with right quantity of balanced diet and calories very much aids efforts to maintaining longer and healthier human lives. Next in importance are the ability to read and write and the chance to secure a job. In that respect, the Africa OIC member countries vary in their abilities to meet these human development goals. Nutritional level, measured by percentage of undernourished people, seems to portray strong outlook as some countries are posting single-digit percentages of malnourished people. None of the selected countries has 40 % of malnourished people. The highest percentage is 35 in Chad.

Similarly, water supply appears encouraging. The majority of the countries have achieved 70 % and above in providing potable water to their citizenry. The exceptions here have been Cameroon, Nigeria (two oil-producing countries) and Niger (the only non-oil-producing country). These countries have less than 50 % of improved water access rates. Furthermore, literacy rates are high among both the males and females in the oil-producing countries aside from Chad that has slightly above average (55.7 %) for males and way below average for female (23.2 %). The national literacy has also been very low in Chad. The remaining oil-producing countries are posting stronger literacy rates, as high as above 90 % in some of the countries. However, literacy rates in the non-oil-producing countries are all below average with the exception of Uganda and Senegal.

Again, the employment figures turn to be higher for the males than females in all the countries—oil- and non-oil-producing countries. Ironically, employment rates in the non-oil-producing countries turn to be higher than in most of the oil-producing countries. Five out of the ten oil-producing countries selected have below 50 % of

Table 6.8 Assets/human poverty in the selected African OIC countries

			Literacy rate			Employment		
	Und/N	W/Supply	Male	Female	Total	Male	Female	Total
Country	%	%	%		%	%		%
Oil-producing countries								
Algeria	4	85	94.2	90.6	**92.5**	30.7	68.7	**49.8**
Cameroon	26	70	n/a	n/a	**n/a**	47.6	74.3	**60.9**
Chad	35	48	55.7	23.2	**37.6**	60.1	70.6	**65.3**
Cote d'Ivoire	13	81	70.8	52.1	**60.7**	35.2	80.2	**53.2**
Egypt	4	98	90.4	81.9	**86.2**	15.1	68.6	**41.6**
Libya	2.5	71	99.7	98	**98.9**	31	75.3	**54.1**
Morocco	6	83	83.8	66.5	**75.1**	23.7	71.6	**46.9**
Nigeria	9	47	88.6	84.7	**86.7**	41.9	77.2	**59.3**
Sudan	26	78	84.6	71.4	**77.2**	20.9	65.3	**43.1**
Tunisia	2.5	94	97	94.3	**95.7**	24.1	65.4	**44.7**
Non-oil-producing countries								
Burkina Faso	15	72	46.7	33.1	**39.3**	75.4	87.9	**81.6**
Gambia	29	86	n/a	n/a	**n/a**	54.3	78.7	**66.4**
Mali	29	60	36.1	22.5	**29.3**	64.8	76.2	**70.2**
Niger	32	42	53.4	25.7	**39**	66.6	91	**78.9**
Senegal	20	77	58.6	43.9	**51.3**	50.7	73.5	**62**
Uganda	19	64	88.3	84.2	**86.3**	78.1	82.9	**80.5**

Sources: Compiled from UN, MDGs Export 2008 and UNESCO via Nationmaster.com
Note: Figures taken are the most recent data
n/a data not available, *Und/N* undernourishment (% of population), *W/Supply* water supply

total employment rates, whereas all the non-oil-producing countries do have above 50 % of total employment rates. In fact, the lowest employment rate (62 %) among the non-oil-producing countries happens to be one of the highest employment rates among the oil-producing countries. This scenario could be traced perhaps to the labour-intensive and capital-intensive nature of the economic activities in the non-oil-producing countries and oil-producing countries, respectively. Further research into the impact of labour-intensive versus capital-intensive economic activities on employment among the OIC countries could be much useful (see Table 6.8 for details).

6.5.2.2 Middle East and Central Asian Region

In relative terms, this region has registered a tremendous success in human poverty reduction in three areas, namely, nutrition, water supply and literacy. The rates of undernourishment have been minimal. Only Uzbekistan and Yemen have double-digit rates for undernourishment. The remaining countries have single-digit rates of undernourished people. Furthermore, access rates to water supply are quite high reaching 100 % in two countries, with 66 % being the lowest water access rate. Then again, literacy rates are substantially high in all the countries, with the lowest rate being 80.4 and 99.9 % as the highest (Table 6.9).

Table 6.9 Assets/human poverty in the selected Middle East and Central Asian OIC countries

			Literacy rate			Employment		
	Und/N	W/Supply	Male	Female	Total	Male	Female	Total
Country	%	%	%		%	%		%
Oil-producing countries								
Albania	6	97	99.3	99.5	**99.4**	41.6	60	**50.6**
Azerbaijan	7	78	99.9	100	**99.9**	56	67	**61.2**
Bahrain	n/a	n/a	99.8	99.8	**99.8**	27.4	83.2	**60.6**
Iran	4	94	98.1	96.7	**97.4**	33.7	67.6	**50.8**
Kazakhstan	6	96	99.8	99.9	**99.8**	59.9	70.2	**64.7**
Kuwait	5	n/a	99.8	99.9	**99.9**	48.9	83.3	**70.6**
Kyrgyzstan	4	89	99.5	99.7	**99.6**	50	68	**58.7**
Oman	n/a	82	98.8	97.9	**98.4**	21	74.2	**51.9**
Qatar	n/a	100	97.3	97.9	**97.6**	34.8	85.3	**71**
Saudi Arabia	4	n/a	98.1	95.9	**97**	17	76.4	**51.3**
Turkey	3	97	98.4	94.4	**96.4**	95	68.5	**46.9**
UAE	2.5	100	98.6	96.5	**97.7**	39.3	90.7	**76.3**
Uzbekistan	25	88	99.4	99.3	**99.3**	51	64	**57.7**
Yemen	38	66	93.4	66.8	**80.4**	26	67.2	**46.7**
Non-oil-producing countries								
Lebanon	3	100	n/a	n/a	**n/a**	30.3	73.6	**51.2**
Jordan	6	98	99	99.2	**99.1**	23.9	68.2	**46.8**

Sources: Compiled from UN, MDGs Export 2008 and UNESCO via Nationmaster.com
Note: Figures taken are the most recent data
n/a data not available, *Und/N* undernourishment (% of population), *W/Supply* water supply

This has been the trend of literacy among both the oil- and non-oil-producing countries. The facilitating factor, in this respect, could lie squarely on the use of the native languages of the various countries as the medium of instruction. Unlike in the sub-Saharan African countries where foreign languages such as English, French, Portuguese, etc., have been used as the official languages and the media of instruction from the high school level way up to the university, many of the countries in this region use their various native languages as official languages and media of instruction in schools. This practice can facilitate the ability of many of the populace to read and write, at least functionally, in the mother languages than in foreign languages.

However, employment has failed to match the high performance in literacy, water supply and nutrition. Although, the rates of employment in the majority of the countries are above average reaching 70 % in three instances, none of the countries records 80 % of employment. Three countries have had their employment rates below 50 %. This situation is more likely to have adverse impact on incomes, as a chunk of the population is to be unemployed. Therefore, more labour-intensive, balanced with capital-intensive, job opportunities may have to be engineered to engage the idle hands—a need that will require closed collaboration among the OIC member countries.

Table 6.10 Assets/human poverty in the selected East Asia, the Pacific and South American OIC countries

			Literacy rate			Employment		
	Und/N	W/Supply	Male	Female	Total	Male	Female	Total
Country	%	%	%		%	%		%
Oil-producing countries								
Bangladesh	30	80	71.1	73.2	**72.1**	50	82.6	**66.7**
Brunei	4	n/a	99.6	99.6	**99.6**	41.6	75.5	**59.1**
Indonesia	6	80	98.8	98.8	**98.9**	44.3	77.5	**60.7**
Malaysia	3	99	98.2	98.4	**98.3**	45.2	78.4	**62**
Pakistan	24	90	79.5	60	**70**	30.2	79	**55.3**
Suriname	8	79	95.7	94.6	**95.2**	27.1	58.9	**42.8**
Non-oil-producing countries								
Guyana	8	93	n/a	n/a	**n/a**	37.9	77.7	**58.4**
Maldives	10	83	98	98.3	**98.2**	48.6	70.6	**59.9**

Sources: Compiled from UN, MDGs Export 2008 and UNESCO via Nationmaster.com

Note: Figures taken are the most recent data

n/a data not available, *Und/N* undernourishment (% of population), *W/Supply* water supply

6.5.2.3 East Asia, the Pacific and South American Region

In this region, the rates of undernourishment are high only in Bangladesh and Pakistan. Maldives has a double-digit rate of 10 %, which appears quite manageable. The remaining countries post single-digit rates of undernourishment. These single-digit figures show the minimal nature of undernourishment in this region, at least, among the countries selected for this study. However, access rates to potable water supply have been highly impressive in all the selected countries. Similarly, literacy rates show an impressive picture both between the two sexes, that is, males and females.

However, employment opportunities happen to skew away from females in all the selected countries. With the exception of Bangladesh having 50 % female employment rate, all the remaining countries do have below 50 % female employment rates. The total employment opportunities measured by employment rates are slightly above average in the majority of the countries in this region. Only three countries have 60 % and above of their population being employed. Overall, the impact on assets or human poverty of the poverty reduction strategies employed in countries of this region has been impressive in many aspects, but below average in a few others like female employment and undernourishment in a few countries (Table 6.10).

6.6 Constraints and Weaknesses of the Programmes

The factors constraining poverty reduction in the selected OIC countries may vary from one country to another. However, some factors may appear common to all the countries. The constraining factors can be classified along macro and micro-levels. At the macro level, certain factors work to constrain effective economic growth to enable the distribution of the benefits of growth. A common wisdom will teach us that without economic growth, there will be nothing to distribute. For this reason, some of the factors that have been identified as constraining economic growth in the majority of the selected countries include the following.

6.6.1 Over-Reliance on Primary Commodities

Over-reliance on primary commodities; thus, the majority of the OIC member countries are developing economies that rely overly on exporting primary and agricultural commodities such as cocoa, rubber, coffee, tin, manganese, etc. Most of these primary commodities are high in industrial and commercial value. However, very few of these commodities are exported in their processed form. The majority of the primary commodities are exported in their raw state, thereby adding very little economic value to these will-be valuable products. For example, cocoa and coffee are the two dominant crops in Ivory Coast that constitute a strong component of the country's resources. Chunk of the export earnings of Ivory Coast is derived from exporting these commodities, as cocoa and coffee accounted for 40 % of exports. In that sense, it can be argued that the Ivoirian economy is based essentially on coffee and cocoa. Therefore, exporting these two dominant commodities in their raw state, in the case of Ivory Coast, without processing them into furnished products will naturally not fetch the much-needed foreign exchange earnings. The majority of the selected countries are caught in similar situation.

6.6.2 Weak Investment Climate

Weak investment climate has constituted another major stumbling block to scaling up economic growth in many of the selected OIC countries. The weak infrastructure base could have caused weak investment climate prevailing in the majority of these countries. Some basic infrastructural amenities that are essential to business and economic activities are either inadequate or lacking in the majority of these developing countries.

6.6.3 Debt Servicing

Debt servicing; the public debt burdens of a chunk of the selected OIC are staggering. Therefore, servicing such huge external debts has a draining impact on GDPs in the countries concerned. This trend will automatically slow down projected economic growth rates in these countries. For instance, Lebanon's public debt was estimated at 165 % of her GDP in 2004, which rose close to 200 % by the end of the same year

(World Bank 2005, p. 13) making Lebanon one of the highest public indebted countries in the world. In addition, Ivory Coast's outstanding public debt fell from 191.9 % of GDP in 1997 to 126.9 % in 2000. According to the Ivorian Poverty Reduction Strategy Document, debt servicing accounted for nearly 70 % of fiscal revenue in Ivory Coast (IMF's PRS Country Report 2002, p. 44).

6.6.4 Financing Gap

Financing gap; lack of adequate funds to ensure a complete implementation of the designed poverty reduction programmes has been identified as emanating from the weak economic performance of these countries. Economic non-performance in many of the countries has slowed down poverty reduction programmes, thereby leading to failure in achieving the official poverty alleviation targets. For instance in Gambia, the overall cost of the programme has been estimated at US$754.7 million of which the government commits up to 30 % of US$335 million, which amounts to US$100.5 million based on revenue projections after debt service and donor commitment of US$174.4 million. Gambia will therefore need up to US$479.9 million to fill the financing gap (IMF's PRS Country Report 2007a, b, p. 120).

6.6.5 Weakening Public Ownership

Weakening Public Ownership; at the micro-level, the unimpressive impact on the poverty and livelihood conditions of the majority of the populations in the various countries has given way to public apathy in poverty reduction programmes and activities pursued by the governments. Kyrgyzstan's authorities have realised this constraint when they acknowledged there was the need to intensify public participation, as it was not forthcoming. The reason for this situation lies in the development disparity that still persists among regions in Kyrgyzstan, which, in turn, is due to factors such as unfavourable natural and climatic conditions, agrarian orientation of the economy of the regions, inadequate development of the services sector, etc. In sum, factors afore-discussed are among the major factors that have worked to constrain efforts of many of the selected OIC member countries to reduce poverty incidence and scale up livelihoods of their citizenry. While some of the countries are hard hit by such factors, others are better off relatively. Therefore, in the spirit of the OIC fraternity, there is the need for an intensification of collaboration among these countries.

6.7 Conclusion

The main objective in this chapter has been to investigate the role of government in the fight against poverty and livelihood sustainability in the various countries. The attention has been focused on the poverty reduction and livelihood sustainability strategies and programmes pursued in the selected countries. Since the year 2000, many of the selected countries have prepared their national poverty reduction strategies in closed collaboration with the International Monetary Fund (IMF) and the World Bank (WB). Such poverty reduction strategies have favourably been labelled as poverty reduction strategy papers (PRSPs) of the IMF and WB member countries. For that reason, poverty reduction strategies and the ways to fund the implementation of such strategies have been ironed out in these PRSPs.

As varied as their populations, resource endowments and other essential resources, the impact of the poverty reduction strategies and programmes on poverty incidence (both income and human or assets poverty) in the selected countries are found to vary from one country to another. The findings reveal that some countries have garnered much success in their poverty reduction efforts, while many others, particularly the non-oil-producing countries, have had so much trouble scaling down poverty incidence. However, this research could not statistically examine the correlation between good governance and poverty reduction because there were no consistent data on budgetary allocations to poverty reduction in many of the countries, which the study had wanted to use.

All the same, it appears that the poverty reduction targets enshrined in the Millennium Development Goals poverty could be eluding many of the Muslim countries used in this study. Frantic efforts are required to create the enabling environment for poverty reduction and livelihood sustainability through intensifying a workable collaboration framework among the OIC member countries. What should the nature of such collaboration assume? This question seems to have either eluded the attention of the authorities and many development practitioners in the Islamic countries for quite some decades. This study has worked towards addressing this question in Chap. 9. Prior to that, however, Chap. 7 empirically examines the efficacy of Zakat (Islamic faith institution) on poverty reduction and livelihood sustainability in four countries, at least with one country each of the three regions.

References

Chamhuri, S. (2008). Governance and poverty: The role of the state, good governance and enabling policy framework for poverty alleviation in Malaysia. In S. Chamhuri et al. (Eds.), *Linking rural poverty and environment: Governance and sustainable development policies*. Bangi: Lestari, UKM.

CIA. (2008). *The world factbook. Rank oil production*. https://www.cia.gov/library/publications/the-worldfactbook/rankorder/2173rank.html. Accessed 21 July 2008.

Economic Planning Unit & UNDP. 2007. *Malaysia: Measuring and Monitoring Poverty and Income*. Kuala Lumpur: UNDP.

International Monetary Fund. (2000). *Poverty reduction strategy papers* (Country Papers). http://www.imf.org/external/NP/prsp/prsp.asp. Accessed 9 Feb 2009.

International Monetary Fund. (2002). *Cote d' I voire: Interim poverty reduction strategy paper* (IMFCountry Report No.01). https://www.imf.org/external/np/prsp/2002/civ/01/index.htm.

International Monetary Fund. (2004). *Azerbaijan: Poverty reduction strategy paper progress report* (IMF Country Report No. 04/322). http://www.imf.org/external/pubs/ft/scr/2004/cr04322.pdf. 9 Feb 2009.

International Monetary Fund. (2005). *Nigeria: Poverty reduction strategy paper—National economic empowerment and development strategy* (IMF Country Report No. 07/433). http://www.imf.org/external/pubs/ft/scr/2005/cr05433.pdf. Accessed 9 Feb 2009.

International Monetary Fund. (2006). *Guyana: Poverty reduction strategy paper progress report* (IMF Country Report No. 07/36). http://www.imf.org/external/pubs/ft/scr/2006/cr06364.pdf. Accessed 9 Feb 2009.

International Monetary Fund. (2007a). *Chad: Poverty reduction strategy paper—2005 annual implementation progress report* (IMF Country Report No. 07/282). http://www.imf.org/external/pubs/ft/scr/2007/cr07282.pdf. Accessed 9 Feb 2009.

International Monetary Fund. (2007b). *The Gambia: Poverty reduction strategy paper* (IMF Country Report No. 07/308). http://www.imf.org/external/pubs/ft/scr/2007/cr07308.pdf. Accessed 9 Feb 2009.

International Monetary Fund. (2008a). *Cameroon: poverty reduction strategy paper—Progress report* (IMF Country Report No. 08/01). http://www.imf.org/external/pubs/ft/scr/2008/cr0801.pdf. Accessed 9 Feb 2009.

International Monetary Fund. (2008b). *Albania: Poverty reduction strategy paper—National strategy for development and integration* (*IMF* Country Report No. 08/269). http://www.imf.org/external/pubs/ft/scr/2008/cr08269.pdf. Accessed 9 February 2009.

International Monetary Fund. (2008c). *Republic of Uzbekistan: Poverty reduction strategy paper* (IMF Country Report No. 08/34). http://www.imf.org/external/pubs/ft/scr/2008/cr0834.pdf. Accessed 9 Feb 2009.

International Monetary Fund. (2008d). *Maldives: Poverty reduction strategy paper* (IMF Country Report No. 08/26). http://www.imf.org/external/pubs/ft/scr/2008/cr0826.pdf. Accessed 9 Feb 2009.

NationMaster. (2008). Poverty headcount. http://www.nationmaster.com/graph/eco_pov_hea_rat. Accessed 21 July 2008.

Potter, D. (2004). Democratization, good governance and development. In T. Allen & A. Thomas (Eds.), *Poverty and development into the 21st century* (pp. 365–382). Oxford: Oxford University Press.

UN. (2008). *The millennium development goals.* A Report. http://www.un.org/millenniumgoals/2008highlevel/pdf/newsroom/mdg%20reports/MDG_Report_2008_ENGLISH.pdf. Accessed 11 Nov 2008.

World Bank. (1992). *Development and environment.* World Development Report. New York: Oxford University Press.

World Bank. (2005). *Lebanon's public expenditure reform priorities for fiscal adjustment, growth and poverty alleviation* (Report No. 32857-LB). New York: Oxford University Press.

Further Reading

ODA. (1993). *Good government*. London: Overseas Development Administration.

Turner, M., & Hulme, D. (1997). *Governance, administration and development: Making the state work*. Basingstoke: MacMillan.

Chapter 7
Zakat as Policy Tool to Reduce Poverty and Improve Livelihoods

Abstract This chapter examines Zakat (a faith-based institution) as a potent wealth mobilisation and redistribution mechanism, which has the efficacy to reduce poverty significantly not only within countries but also among countries. Zakat occupies a central position among the five pillars upon which the edifice of Islam rests. This centrality should manifest in the fight against poverty. In its central position, Zakat should serve as a link between wealth and poverty, affluence and deprivation and, for a want of better term, between the nonpoor and the poor. Data on Zakat have been empirically gathered. A structured questionnaire has been used to elicit first-hand information on the role of Zakat in poverty reduction and livelihoods sustainability in the selected countries. The data were collected from the state's departments responsible for the administration of Zakat in the selected countries. That is, these are the few countries where Zakat has been given a legislative backing because Zakat has not been institutionalised in the majority of the OIC countries.

7.1 Introduction

In this chapter, data on Zakat have been empirically gathered. A structured questionnaire has been used to elicit first-hand information on the role of Zakat in poverty reduction and livelihoods sustainability in the case-study countries. The data were collected from the state's departments responsible for the administration of Zakat in the various countries. That is, these are the few countries where Zakat has been given a legislative backing because Zakat has not been institutionalised in the majority of the OIC countries. As such, not many countries could be included in this empirical analysis of the role of Zakat in poverty reduction and livelihoods sustainability in the OIC countries in terms of financial resources mobilisation and distribution.

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7_7,

7.2 The Centrality of Zakat in Poverty Eradication

The study examines Zakat as a potent wealth mobilisation and redistribution mechanism, which has the efficacy to reduce poverty significantly not only within countries but also among countries. Zakat occupies a central position among the five pillars upon which the edifice of Islam rests. This centrality should manifest in the fight against poverty. In its central position, Zakat should serve as a link between wealth and poverty, affluence and deprivation and, for a want of better term, between the nonpoor and the poor (Fig. 7.1). Zakat provides the Muslim Brotherhood a mechanism with which to contain the menace of poverty successfully. Indeed, it comes as no surprise that Zakat was effectively utilised in the early days of the Muslim *Ummah* so much so that it became extremely difficult, if not impossible, to locate the poor or the needy for purposes of paying Zakat.

The short arrows symbolise:

1. That not everything accumulated constitutes wealth and not every accumulated wealth is *zakatable*. The accumulated wealth must reach a certain limit (the *Nisab*) and must be of some particular kinds of goods and commodities.
2. That the nonpoor cannot just give whatever thing they wish to the poor because they are poor. For instance, things no longer wanted by the nonpoor, such as their 'rejects', will not find way through the robust medium of Zakat. As Allah (*s.w.t.*) cautioned: *'By no means shall you attain righteousness unless ye give (freely) of that which you love; and whatever you give, Allah knows it well'* (*al-Qur'an,* Ali 'Imrān 3: 92; English translation by Ali 2001). *'O ye who believe! Give of the good things, which ye have (honourably) earned, and of the fruits of the earth, which We have produced for you, and do not even aim at getting, anything, which is bad, in order that out of it ye may give away something, when ye yourselves would not, received it except of closed eyes. And know that God is free of all wants, and worthy of all praise'* (*al-Qur'an, al-*Baqarah 2:267; English translation by Ali 2001).

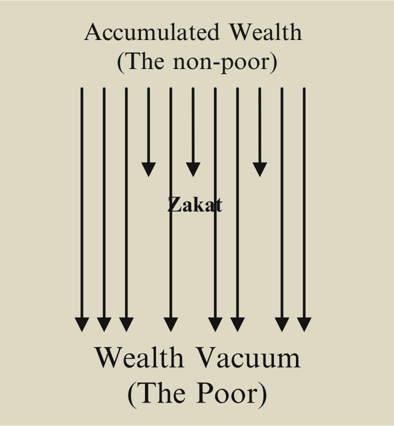


Fig. 7.1 The centrality of Zakat in poverty eradication (Source: Authors' Sketch 2010)

The long arrows, therefore, indicate:

1. That only zakatable items reach the poor through this medium.
2. Only wholesome items that appear pleasing to both the nonpoor and the poor are transferred through this medium.

7.3 The Effectiveness of Zakat Collection in the Selected Case-Study Countries

Effective Zakat collection has been examined from the perspectives of total revenue, its percentage of GDP, the pattern of distribution and its impact on the incidence of poverty. The data in Table 7.1 show quite huge amounts of revenue emanating from Zakat. For instance, revenue of RM 244,410,849.00 (US $67,891,902.5)[1] was realised in Malaysia in 2008. Furthermore, Yemen has collected total revenue of four billion in 2008 (US $20 million) and 281.7 million dinar in Sudan in 2008 (US $128 million). What has been impressive about these figures is the incremental nature of the revenues in all the countries. From the various starting years to 2008, there appears to be a constant increase in the total revenue of Zakat in the all the case-study countries, at least in absolute figures. Table 7.1 shows Zakat revenues realised over the past decade.

7.4 Distribution Pattern of Zakat in the Case-Study Countries

Eight categories of people have been identified in the Holy Qur'an as those entitled to the proceeds of Zakat. They include (1) the poor (*fuqara*), (2) the needy (*masakin*), (3) those employed to administer the fund, (4) those whose hearts have

Table 7.1 Zakat revenue in the selected countries

Country	Year	Revenue collected (in millions)	% of GDP	Currency
Malaysia[a]	1994	26.7	0.02	Malaysian Ringgit
	2008	244. 4	n/a	
Pakistan	1991	2,705.53	0.26	Rupee
	2006	8,510.3	n/a	
Sudan	1991	0.57	0.5	Dinar
	2008	281.7	n/a	
Yemen	1989	499.5	0.6	
	2008	4,000.0	0.10	Yemeni Riyal

Sources: Research survey for revenues in 2008 and IDB for revenues in other years
n/a not available
[a] This is applicable to only the Peninsular Malaysia

---

[1] This has been worked out by the researchers using an exchange rate of RM 3.60 to US $1.

re-inclined to faith, (5) freeing slaves (in bondage), (6) the indebted, (7) spending in the cause of Allah and (8) the wayfarer in need. All things being equal, each of the eight categories of individuals afore-listed must be supported from the proceeds of Zakat. However, this will not be the case due to varying conditions such as the different nature of people's needs, the magnitude and the sufficiency of the available funds. As corroborated by Al-Qaradawi (1393H), the distribution of Zakat funds must reflect the number and the needs of the recipients (IDB 1999).

The intent here is to examine the pattern of distributing Zakat funds in the case-study countries. Which category of the Zakat recipients is difficult to come by and which categories have received what percentage of the funds? In that regard and commencing with Sudan, the Sudanese Zakat law endorses the Qur'anic stipulation of distributing the proceeds of Zakat among the eight categories. However, the poor (*fuqara*) and the needy (*masakin*) are given much attention by allocating to them 45 % of the proceeds (IDB 1999, p. 70). However, due to the increasing number of the poor in the ensuing years, the pattern of distribution has changed as of 2003 as follows:

1. The poor and needy 61 %
2. The indebted 6 %
3. The wayfarer 0.5 %
4. The reconciled—a freeing slave 2 %
5. In the way of Allah 8.5 %
6. Zakat collectors 14.5 %
7. Administrative fees 7.5 % (Chamber of Zakat 2003)

In the case of Malaysia, the research survey indicates that all the eight categories have been given due attention. Nevertheless, the number of and the amount disbursed to the wayfarer (*Ibn Sabil*) are quite negligible. Perhaps this group of individuals is not huge in number. Again, the poor and needy are given much more attention in most cases. In addition, the rural areas received very much attention in terms of geographical coverage. Generally, more than 90 % of the poor are covered in the distribution of the funds (*Lembaga Zakat Selangor*, Malaysia 2009). In Yemen, the survey reveals that all the eight categories entitled to the funds of Zakat are more or less equally being considered. Moreover, all geographical regions are covered in the disbursement of Zakat funds in Yemen.

Similarly, Pakistan has devised a wider distribution pattern of Zakat funds. First, the allocation of Zakat tows a provincial pattern in which Zakat revenue is distributed among the six provinces in Pakistan. The provincial allocation also has been carried out largely to reflect the population of each province. For instance, the following percentages were allocated to each of the six provinces in 2006. That is, Punjab (57.36 %), Sindh (23.71 %), NWFP (13.82 %), Balochistan (5.11 %), I.C.T (0.63 %) and Northern Areas (0.75 %).[2] From this provincial start, the appropriate recipients

---

[2] This has been obtained from the Pakistani Government Official website on Zakat collection and distribution. For details, visit: www.pakistan.gov.pk/…/ZakatCollectionandDistributionSystem.doc. 7th August, 2009.

of Zakat funds have painstakingly been identified and documented for the disbursement. Pakistani Zakat law allocates 90 % of the revenue to the poor (IDB 1999, p. 70). As far as distribution is concerned, there have been some positive attitudes towards adopting an all-inclusive distribution pattern of Zakat in the case-study countries.

7.5 The Role of Government in the Administration of Zakat in the Selected Countries

The role of government in the administration of Zakat, under this section, has sought to examine the various ways by which the collection and disbursement of Zakat to fight poverty might have been enhanced. That is, if government has put in place measures that encourage the public to see the need for paying their Zakat to a particular recognised state body. To achieve this objective, six items in the research questionnaire were designed. Five of these items garnered 'agreed' and 'strongly agreed' responses from the State Departments of Zakat in the four case-study countries. Specifically, the items queried whether the role of government in creating the enabling environment for efficient administration of Zakat could be measured by:

(a) Institutionalising the collection of Zakat
(b) Capacity building in the administration of Zakat
(c) Designing national Zakat action plans
(d) Sensitising the general public on the need to pay Zakat, that is, publicity
(e) Encouraging payment of Zakat to recognised state institution
(f) Programmes that build public confidence

In fact, all these items produced positive responses. Thus, all the afore-listed items produced 'strongly agreed' responses from the Department of Zakat in Malaysia. In Yemen, the items received between 'agreed' and 'strongly agreed'. Such strong agreement among the case-study countries, which happen to institutionalise the administration of Zakat, seems to vindicate the relatively enormous sustainable livelihood benefits associated with strong state support for the administration of Zakat.

7.6 Impact Assessment of Zakat on Poverty Reduction and Livelihoods in the Selected Case-Study Countries

This section has qualitatively examined the income and human poverty reduction avenues opened to the poor through Zakat funds. The research questionnaire contained twelve (12) items designed to assess the impact of Zakat on poverty reduction and livelihoods sustainability. The two terms—*poverty reduction* and *livelihoods sustainability*—are used interchangeably, as livelihoods sustainability will increase if poverty incidence reduces substantially and vice versa. Therefore, these terms are inversely related. However, the following eight items were fully answered by the respondents:

1. The percentage of the total Zakat funds collected that has been disbursed
2. Zakat beneficiaries acquire income-generating skills
3. Increased income-generating opportunities
4. Lower vulnerability
5. Narrowing the income inequality gap
6. The percentage of beneficiaries covered
7. Increase access to social and public services such as health care, improved water, schools, sanitation facilities, etc.
8. Rural population covered

For the first item, the research findings show that two billion Yemeni riyals, YR (i.e. US $10 million) out of the total amount of four billion YR (US $20 million) collected as of 2008 have been disbursed. This represents half of the total amount collected as of 2008. In Malaysia, RM 190,404,443.00 out of the total amount of RM 244,410,849.00 collected as of 2008 were disbursed, representing a disbursement rate of 77.9 %. The majority of the items received between ‘agreed’ and ‘strongly agreed’ responses. Income-generating opportunities, in the form of giving training to the beneficiaries in small-scale entrepreneurial skills, have been undertaken quite often in these countries.

Those beneficiaries, who have already started their own small-scale to medium-scale business ventures, do have their skills being polished up. Aside from the low disbursement rate in 2008 in Yemen, which has been attributed to the low coverage of actual beneficiaries, all the items that were designed to assess the impact of Zakat on poverty reduction have produced strong and positive responses.

Again, three Zakat beneficiaries in Malaysia were made available for personal interview through the kind courtesy of *Lembaga Zakat Selangor* (Department of Zakat, Selangor). However, these three beneficiaries interviewed in Malaysia were just by way of additional information, as the officials concerned had given information on the impact of Zakat in the selected countries. The responses given by the three beneficiaries of Zakat in Malaysia were in the Malaysian language (*Bahasa Malaysia*). The English translations are as follows:

Beneficiary 1: Puan. (Madam) number one (no name for privacy reason)
Occupation: food caterer

1. *Can you share your experience on how receiving Zakat from Lembaga Zakat Selangor helps you in your business?*

I applied for Zakat in 2000 due to difficulties in life since I have many children to feed and irresponsible husband, who shirks his responsibility as a leader of the family. In 2007, I started to receive help in business from the Selangor Zakat Board after having participated in various courses and trainings that have been conducted by the Zakat Board itself. I received help from Selangor Zakat Board with the amount of RM 40,000 including shop and business equipments. *Alhamdulillah* (thank God), the business is still running.

2. *Have you ever taken any micro-credit from any institutions like Amanah Ikhtiar?*[3]

No, I have not. I have not made any micro-credit loan before, but maybe in the future.

3. *What can you say about Zakat assistance and any micro-credit loan, which one will you recommend to your colleagues who are in poverty now?*

I suggest, for those who are in *asnaf* (recipients of Zakat)group, it is better for them to seek advice and help from the Zakat Board rather than making any micro-credit loan at the very beginning.

4. *Why do you recommend Zakat or micro-credit loan?*

It is because, contracting loans from bank or other financial institutions require them to pay back the loans while they cannot guarantee whether the business will succeed or not. It really burdens them and might cause other problems in the future. Zakat, on the other hand, is different from loan where it is not burdening them as there is no paying back, instead it requires them to manage the aid properly and avoid mismanaging it. At the same time, urging them to strive hard to pull themselves out of the *asnaf* group.

5. *What is your advice on Zakat and poverty in the Muslim countries?*

In my opinion, Zakat does help the *asnaf* group to start a new life. The Zakat that is being given is not only for eating, drinking, clothes and for the household only, it is more to help and guide those who are in need to start a new life and a new hope in order to pull them out of poverty. So, the initiative of the Selangor Zakat Board needs to be used by the *asnaf* group properly to advance oneself in business and not just for their basic needs only.

6. *How does receiving Zakat assistance improve your socio-economic status?*

With the [financial] help from Zakat to initiate my business, it helped me so much in improving my livelihood and that of my family. My business has been running for 2 years now and my life is not as poor as before. With the support and guide from the Zakat Board, I am able to manage my business very well.

7. *How in your opinion can the distribution of Zakat be improved?*

To make sure that the distribution of Zakat is just and honest, the officers in Zakat Board must ensure that the Zakat receivers must be genuinely one from the *asnaf* group and really are qualified for the assistance. For the business's help, a frequent observation must be ensured by the Zakat Board's officers because there are some individuals who received Zakat using it for other purposes, for example, to pay personal debts *(this forms one group of the asnaf, however, the interviewee did not realise that)* and so on.

---

[3] This is a micro-credit institution in Malaysia.

Beneficiary 2: Puan. (Madam) number two
Occupation: cake and bakery shop

1. *Can you share your experience on how receiving Zakat from Lembaga Zakat Selangor helps you in your business?*

I applied for the help from Zakat because my husband died, and I have no job. After being qualified for getting help, I have joined a few courses held by the Zakat Board. From the courses I have attended, I became interested in starting my own business. The Selangor Zakat Board gave me the capital and equipment to start my business. *Alhamdulillah* (thank God), my business has been running for 7 years now that helps me to support my family.

2. *Have you ever taken any micro-credit from any institutions like Amanah Ikhtiar?*

Yes, I did make micro-credit loan from the *Amanah Ikhtiar* Malaysia.

3. If yes, how helpful is the credit (loan) you received?

I took loan because I needed rotational capital and to buy a few equipment for my bakery shop. The capital from the Zakat Board came as a starter for me to make business. With the loan capital, I can enlarge my business and gain more.

4. *What can you say about Zakat assistance and any micro-credit loan, which one will you recommend to your colleagues who are in poverty now?*

In my opinion, it is better if the *asnaf* group want to open or get involved in business, they should apply for help from the Zakat Board.

5. *Why do you recommend Zakat or micro-credit loan?*

I am suggesting Zakat because for a start, an *asnaf* group cannot afford to mobilise the capital to start the business. Apart from that, Zakat is not going to be paid back, and it is different from the micro-credit loan. So, the help from Zakat will help to start the business. However, the help is given based on specific qualification. This is because Zakat is a trust that is given to the receiver. For that reason, this help is not to be wasted and involved in any corruption practices.

6. *What is your advice on Zakat and poverty in the Muslim countries?*

In my opinion, poverty is not something that we can ask for. There are several reasons that someone can be in poverty. But that does not mean that we have no courage to try hard, but maybe because they (the poor) have no chance to try. For that reason, Zakat is very important in a Muslim's life. With Zakat, the life of *asnaf* group or the poor will be supported. Zakat is not a reason for an *asnaf* not to struggle and only depends on Zakat. That is why, for example, the Zakat Board is providing services such as courses and training. With this, the *asnaf* can gain knowledge and practise it and find a chance to gain earnings that can increase personal and family incomes.

7. *How does receiving Zakat assistance improve your socio-economic status?*

Alhamdulillah (thank God), from the help of the Zakat, I am able to improve and have a better lifestyle as well as to raise the socio-economic status of my family and myself. I am a single mother who was once depending on my husband. The Zakat

I received, I am not wasting it because the capital from the Zakat Board is the money from people. For that reason, I am determined to be a successful Muslim and help the needy.

8. *How in your opinion can the distribution of Zakat be improved?*
   The biggest challenge in distributing Zakat is to determine the *asnaf* group. In Selangor only, I observed there are many people applying for Zakat. In some cases, the people who are not qualified can sometimes be considered to help maintain an affordable lifestyle. In my opinion, the Zakat Board needs to be careful in distributing Zakat. I admit that the Zakat Board has done an excellent job, but I am afraid that there are people who have been overlooked and Zakat revenue being given to the unqualified persons. Also in distributing Zakat, the person needs to be honest and judge whether he/she is qualified or not. If they both play their important roles, I am sure that the distribution of Zakat can be more transparent, and many people can be helped.

Beneficiary 3: Puan. (Madam) number three
Occupation: laundry shop

1. *Can you share your experience on how receiving Zakat from Lembaga Zakat Selangor helps you in your business?*
   I received Zakat because I am a single mother responsible for five children, and I am one of the categories of *asnaf*. Before receiving Zakat, I was staying at my relative's house and did not have my own house. *Alhamdulillah* (thank God), a friend of mine helped me write a letter to Lembaga Zakat Selangor to seek help. At first, I was not even dreaming to start a business since Lembaga Zakat Selangor was already lending hand for food, allowances for daily life and to accommodate the education cost for my children. Then, Lembaga Zakat Selangor gave me the opportunity to start a business based on my interest that I have shown. The help is not just by giving the capital but also including training and courses such as finance courses, marketing, business handling and much more that have been conducted by the Lembaga Zakat Selangor. With the training given, it helps me to start the business. The capital as much as RM 50,000 was given with a contract for 5 years.

2. *Have you ever taken any micro-credit from any institutions like Amanah Ikhtiar?*
   Yes, I have made a loan from *Bank Rakyat* (Public Bank). This loan has made it possible for me to expand the business and to buy some important tools for my business. For example, to buy a new washing machine, a vehicle (a second-hand van) and buy another shop to accommodate the business needs due to rising customer demand. Enough money is needed for business rolling cycle and other purposes that have been explained above. That is why I need to make micro-credit loan, and it is because I am planning to open another special shop for tender customer (fixed customer) and another shop for daily customers.

3. *If yes, how helpful is the credit (loan) you received?*
   The loan from the Bank Rakyat has helped me to broaden my business and helped me to buy other assets that will smoothen my daily business. As I mentioned before,

with this loan, I can buy a second-hand van, and with the benefit of having my own vehicle I can make laundry courier services, especially for regular customer (tender from the company and factory).

4. *What can you say about Zakat assistance and any micro-credit loans, which one will you recommend to your colleagues who are in poverty now?*

In my opinion, for *asnaf* group, in their early stage, they should receive help from the Lembaga Zakat.

5. *Why do you recommend Zakat or micro-credit loan?*

I'm suggesting Zakat because for starting a business, we need capital, knowledge and guidance. Usually, *asnaf* group will start from zero. They have no capital to start a business, not only that they don't even have money for their living that is barely satisfying. The help from the Lembaga Zakat will open a chance for *asnaf* group to start a business, at the same time equip them with courses and the training. After their businesses have improved and become stable, only then they can apply for the loan from any institution or bank if required.

In my opinion, for the *asnaf* group to get the loan at very beginning is irrelevant because the monthly payment is high plus interest. It will not help them but instead burden them. I suggest if they are still in need of loan, the less risky is the loan through *Tekun Nasional*.

6. *What is your advice on Zakat and poverty in the Muslim countries?*

Alhamdulillah (thank God), I think in Malaysia, especially in the state of Selangor the distribution of Zakat system is more systematic and effective. The other states should also emulate the Selangor Zakat Board in carrying out collection and tithe distribution. Apart from that, associations such as OIC should also take Selangor's approach to tithe system. I am a tithe recipient that helped me to start a business, and based on my experience and observation, tithe grant will help the poor support their family and start a business. I, as a single mother, at first have no property to raise the children. Thank God for this chance and the help that is given, and now I can stand on my own feet and don't need other people's aid. However, in my opinion, poor group has to be strong and brave to take action. We are not going to be poor forever. Zakat Board is giving the chances to offer a business help. On the other hand, we should have our own initiatives to advance ourselves, evaluate capabilities, need to form profound interest to initiate business, sharpen the skills you have and the most important is not to be afraid to try out opening a business which can help to increase family incomes. Zakat is not restricted to giving capital and financial aid, but the help that is given includes training and periodic observations to make sure that the Zakat gets to the poor group and to achieve the objective of helping *asnaf* group.

7. *How does receiving Zakat assistance improve your socio-economic status?*

Alhamdulillah, Zakat does help me increase my family's socio-economic status and myself. In the beginning, my business was rough. In my first year, I didn't get any profit. It is a usual thing in business, we won't get the profit right away; we have to entertain our customer and so on. At first, the Zakat Board was still in their observation stage and still giving their help and return capital. *Alhamdulillah*, now I can earn small profit, and it is enough for me to support my family and raise my children. Now, I no longer receive help from them, instead now I am paying the Zakat and being able to help other people. I hope that after this I can be more developed and achieve my ambition to be a successful businesswoman. We who get help set up *Asnaf* Zakat Businessmen Group. We gather once a month to know any development and share any business information. By this way, it can help increase *asnaf* group potential in business field.

8. *How in your opinion can the distribution of Zakat be improved?*

In my opinion, in overall tithe distribution in Malaysia is good, especially in Selangor State. Tithe distribution can help poor people in undergoing life. On the other hand from distribution aspect, I think it needs more strict perusal so that the distribution can cover those who are really in need. This is because there are people that are assisted while they are not qualified for that help; I hope that the officers of the Zakat Board can go through it and not miss the people that need help. Apart from Zakat receivers, staff of the Zakat Board will also need to be filled with knowledge. For example, when they interact with the *asnaf* group, they need to examine them in psychological aspects because most of the *asnaf* group is in devastated and unstable emotion, so it is important that the officers and the staff of the Zakat Board are efficient in handling the situation carefully and sincerely and always try to understand *asnaf* condition that needs help.

7.7 Conclusion

From the preceding analysis, it appears convincing to revive our belief that Zakat is still a powerful mechanism in the fight against poverty and in livelihoods improvement in the Muslim countries. It is also convincing that government's role in the administration of Zakat can increase the efficiency as well as potentials in terms of revenue mobilisation and especially the disbursement of the revenue to the deserving people. There is the dire need for trust and public confidence so that what people paid as Zakat would go exactly to where it is expected and not change ways. Building such trust and confidence is crucial. This makes the role of government indispensible. Acting individually may not yield the expected results. Acting collectively can help the less-efficient governments to shape up, thereby following the good examples of the few successful countries. In short, there is the yawning need for not just collaboration, but workable collaboration across the Muslim countries. For this need, a multidimensional collaboration model has been proposed in Chap. 8.

References

Ali, A. Y. (2001). *The Holy Qur'an*. Original Arabic text with English translation and selected commentaries. Reprint. Kuala Lumpur: Saba Islamic Media.

Chamber of Zakat. (2003). *Start and performance of Zakat in Sudan*. http://www.zakat-sudan.org/download/ZAKAT_STATE.doc. Accessed 11 July 2009.

Islamic Development Bank. (1999). *The challenges of poverty alleviation in IDB member countries*. http://www.isdb.org/irj/go/km/docs/documents/IDBDevelopments/Internet/English/IDB/CM/Publications/Occasional%20Papers/poverty%20alleviation/PovertyAlleviation_IDB_MC.pdf. Accessed 31 Mar 2009.

Chapter 8
Addressing Pertinent Development Questions in the Muslim World

Abstract This chapter addresses both the research questions and the objectives upon which the entire book has been structured. The research questions have been raised based upon the authors' assumption that inasmuch as the poverty alleviation frameworks designed and implemented in the Muslim world may yield some positive results, the impact will not reflect uniformly in all the Muslim countries taking into account the existing differences in their natural resource endowments, level of socio-economic development and the creed of governance. For that reason, the following questions have been addressed in this chapter: what is the scale of poverty in the Muslim world? To what extent do resource endowments and utilisation influence social and economic development, thereby impacting poverty alleviation in the Muslim world? How potent and successful are the public poverty alleviation strategies and programmes pursued in the Muslim countries? And to what extent has the institution of Zakat been effectively incorporated into the public poverty alleviation strategies in the Muslim countries?

8.1 Introduction

The analysis is designed to follow the various chapters in which the essential components that enhance poverty reduction and livelihoods sustainability vis-a-vis resource endowments, levels of development and governance in the Muslim world have been examined. However, it is prudent to revisit the questions raised and objectives that this study has sought to address and achieve, respectively.

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7_8, © Springer Science+Business Media Singapore 2014

8.2 The Questions

The intent, under this subsection, is to address both the research questions and the objectives upon which this current study has been built. The research questions were raised based upon the researcher's assumption that inasmuch as the poverty alleviation frameworks engineered and pursued in the Muslim world may yield some positive results, the impact will not reflect uniformly in all the Muslim countries taking into account the existing differences in their natural resource endowments, level of socio-economic development and the creed of governance. For that reason, the following questions were raised:

1. What is the status of poverty in the Muslim world?
2. To what extent do resource endowments and utilisation influence social and economic development, thereby impacting poverty alleviation in the Muslim world?
3. How potent and successful are the public poverty alleviation strategies and programmes pursued in the Muslim countries?
4. To what extent has the institution of Zakat been effectively incorporated into the public poverty alleviation strategies in the Muslim countries?

The measures employed to address questions 1, 2, 3 and 4 afore-raised have already been presented in the preceding Chaps. 4, 5, 6, and 7. However and for purposes of further discussion, the salient indications have been presented either graphically or in tabulation to enhance clarity, visualisation and comparisons.

8.2.1 Addressing Question One

The first question enquires about the current poverty situation in the Muslim world. In a similar manner, the first objective has sought to assess the current poverty situation in the Muslim world. For this reason, the measures deemed appropriate and have been employed to assess and track the current poverty trend in the Muslim world include the poverty headcount (absolute), poverty gap (intensity) and squared poverty gap (severity of poverty) indices developed by James Foster, Joel Greer and Erik Thorbecke (1984) (FGT). These indexes have earlier been analysed (see Chap. 4 for details). However, the poverty gap index will be used in this section to address the first research question and objective. This is because the poverty gap index has the unique ability to show how far away the poor people are from the poverty line, and how this gap changes overtime.

The poverty gap index (PGI) used in this current study is the average sum of the entire population of each selected country. The PGI figures show the gap (amount shortfall) of the poverty line ($1 a day) required of the entire population (including the population of the poor)[1] to take the poor population out of poverty. In other words,

---

[1] Knowledge of the exact number of the poor people and the total amount of resources (in monetary terms) that is required to assist the poor population is important. Such knowledge could guide attempts to mobilise the needed resources from international and/or local sources.

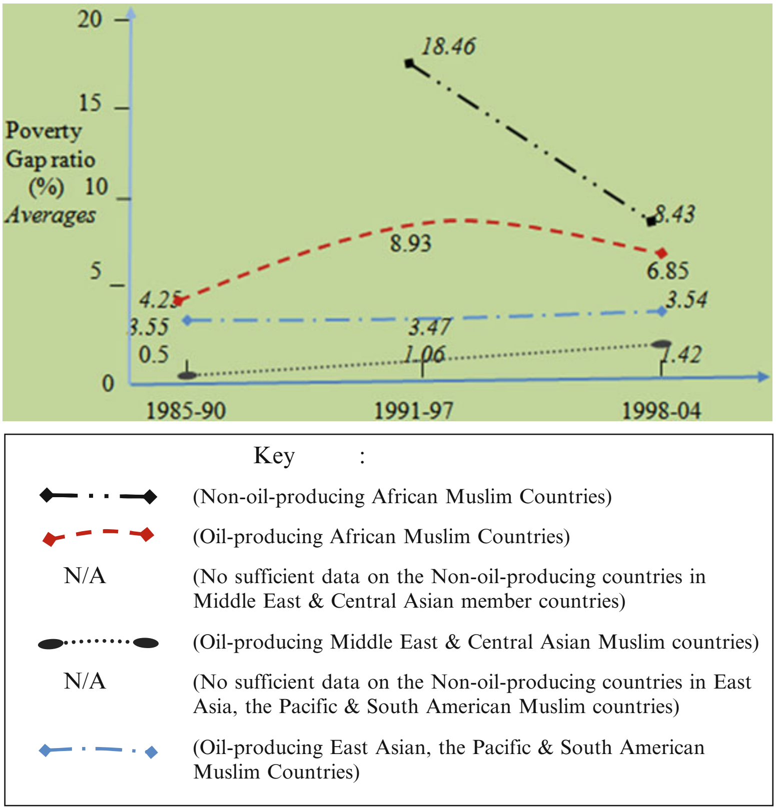


Fig. 8.1 Trend of poverty in the selected Muslim countries (Source: Authors' calculations based on PGI data in Chap. 4 of this study)

PGI shows the amount of resources (i.e. money in this case) needed from each individual in the entire population if a poverty fund was set-up purposely to lift the poor people out of poverty. Thus, if the funds were to be honestly used for that purpose. Furthermore, PGI shows how close, or otherwise, the average incomes of the poor are to the poverty line. Now going back to the incidence of poverty in the selected countries, poverty incidence is quite high, particularly among the non-oil-producing African Muslim countries. Generally, the majority of the oil-producing Muslim countries are relatively better off in the fight against poverty. This poverty scenario has been presented in Fig. 8.1.

8.2.2 Addressing Question Two

The research question two and objective two, though being worded differently, both were designed to investigate economic and social development performances of the Muslim countries. Thus, the research objective two sought to determine and research

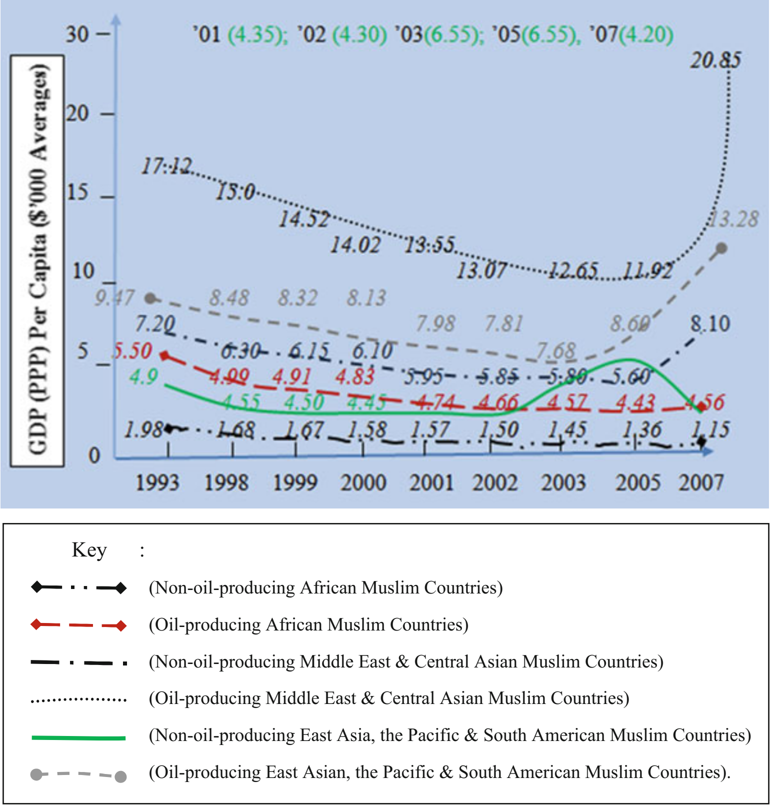


Fig. 8.2 Natural resource endowments and development performance in the selected Muslim countries (Source: Authors' calculations based on data on productivity in Chap. 5)

question two queried the extent to which the varying resource endowments among these countries could help explain the variations in their economic and social development. The appropriate measure to gauge socio-economic development has usually been the use of the total production of a country, which usually is captured by the gross domestic product (GDP).

There are two types of GDPs. These are the nominal GDP and the GDP purchasing power parity (PPP). In this study, the GDP (PPP) has largely been utilised. Again, GDP (PPP) per capita has been used rather than the total GDP (PPP). The GDP (PPP) per capita has been considered and greatly utilised because its calculations include non-tradable and basic goods and services that are crucial in sustaining livelihoods, particularly of the marginal poor people. In other words, GDP (PPP) per capita tracks the trends of living standards. This has been the advantage of GDP (PPP) per capita over the nominal GDP per capita—often being calculated based on foreign exchange and tradable goods and services among the world's economies.

Figure 8.2 shows the economic and social development performances of the selected countries. These countries have been categorised into oil-producing countries and non-oil-producing countries. This criterion has been used to determine somewhat the association of natural resource endowments (particularly mineral resources) with economic and social development performances of the selected Muslim countries. The research findings suggest that social and economic development performances of the selected countries, measured by GDP per capita PPP in this study, are deteriorating steadily in almost all the selected countries.

However, there are marked differences in the level of such deteriorations among these countries. As GDP (PPP) per capita emphasises access to non-tradable and basic goods and services in a country—goods and services most often used by poor people, the lowest and the middle-income groups, the constant reduction in per capita GDP (PPP) signifies the dwindling nature of livelihoods in the selected Muslim countries. Therefore, outsourcing the non-tradable goods and services locally will aid livelihoods sustainability and poverty reduction, thereby raising living standards of the people.

The constant deterioration in productivity (as shown by the constant reduction in GDP (PPP) per capita of almost all the selected countries except some increases in 2007 in a few countries) could be due to the following factors:

1. The weakening ability of these countries to obtain the much-needed non-tradable goods and services locally
2. The weakening role of import-substituting industries
3. The inability of these countries to safeguard the local production of the non-tradable goods and services against the smashing impact of the global market-economy

This scenario has adverse impact on poverty alleviation in the majority of the Muslim countries.

As possible solution to these deteriorating production performances, the study recommends (1) revamping local and indigenous industries, particularly import-supporting industries, and (2) intensifying partnership and collaboration among the Muslim countries so that such strategic industries in the relatively weaker economies could be given a boost from the relatively better-off counterparts.

Figure 8.3 shows the trends of export and imports (balance of trade). This seeks to buttress the researcher's supposition that import-substituting industries are fast weakening or have collapsed entirely in many of the selected countries. The constant balance of trade deficits, particularly in the non-oil-producing countries, constitute an indication of the dwindling impact of this mishap. To arrive at the total average balance of trade figures (as of 2008) of the selected Muslim countries, both the balance of trade figures engendered through trade with the industrialised countries and the developing countries have been summed up and divided by two.

$$\text{Thus,}\frac{b/t\left(i/c\right)+b/t\left(d/c\right)}{2}$$

Where b/t represents balance of trade (i.e. export minus import), (i/c) represents 'with industrialised countries' and (d/c) represents 'with developing countries'. For instance, the oil-producing countries (*OPC*) in the African region by adding

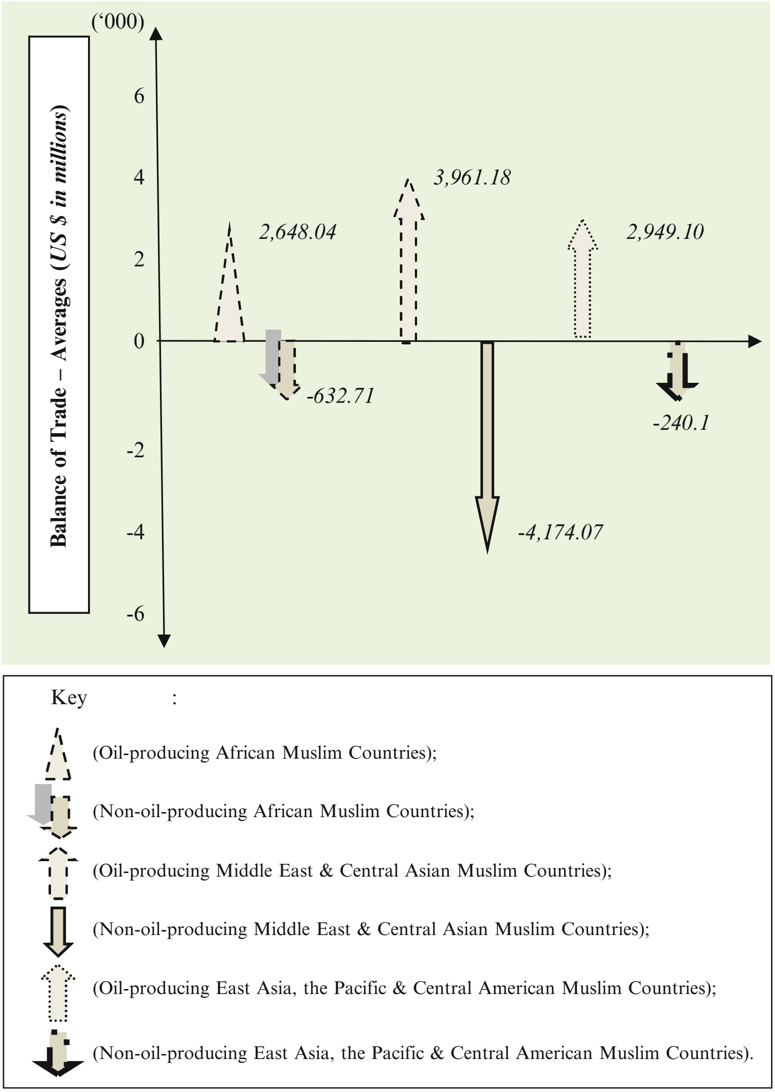


Fig. 8.3 Trend of balance of trade (averages) of the selected Muslim countries (Source: Authors’ calculations based on data in Table 5.22 in Chap. 5)

7,582.33 and −2,286.24 and dividing the total by 2 (i.e. 5,296.09/2) gives the average score of 2,648.045. The non-oil-producing countries (*NPC*) in the African region produce an average score of b/t of −632.71 (i.e. −528.25 + −737.17 = −1,265.42/2). The same formula has been used to arrive at the average b/t scores of the other regions. See Table 5.22 in Chap. 5 from which the averages have been calculated.

8.2.3 Addressing Question Three

Research question three enquires about the potency and success of the public poverty alleviation strategies and programmes pursued in the Muslim countries. In addition, objective three tries to address the question. The role of government has been particularly scrutinised in this section, although governance is essential in all aspects of development. From policy formulation to the implementation of poverty programmes, the role of government is not only crucial but also inevitable. The need to lead, mobilise and seek public opinion on poverty issues and to chart the overall development path of the country further makes the role of government important. For this reason, effective governance, from the perspective of this current study, should entail the ability of the state to design and formulate poverty reduction and sustainable livelihood policies and programmes that reflect the general aspirations of the public and to ensure the effective implementation of these policies and programmes.

Addressing research question 3 seeks to achieve objective 3, and this has evolved around assessing the nature of poverty reduction policy and programme formulation, the implementation of the strategies adopted and the associated impacts on the incidences of poverty in the selected countries. These aspects have already been articulated in Chap. 6. Have the poverty figures (headcount ratios) dropped considerably over time following the inception of national policies and programmes for the past two decades in the selected countries? Adequate answer to the above-raised question will suffice the quest in the research question three and objective three. Before presenting a diagrammatic trend of poverty in the selected countries, it is worthy to state here that a review of poverty reduction strategies pursued in the selected countries has shown wider participatory trend that has sought to reflect the wider spectrum of the society.

Using the national poverty lines to track progress in poverty reduction across the Muslim countries will not completely help achieve the exact objective. This is because many countries, as far as national poverty lines are concerned, did set their poverty lines generously higher than other countries. The national poverty line differentials seem to reflect the economic strength of the countries concerned. Nevertheless, the main objective here is to track whether the selected countries have been able to shed the poverty headcounts at their national poverty lines and the percentage of reduction achieved. Figure 8.4 indicates that no country has an average poverty figure above 50 % as of 2007. Many of these countries have been successful in reducing the incidence of poverty at the national line, while a few others have gained additional percentages in the poverty incidence. This could be due to the periodic adjustments in the national poverty lines. For details on individual countries, see *Income Poverty* in Chap. 6.

In Fig. 8.5, the authors have tracked the incidence of assets or human poverty by assessing the access rates of the population to social and public goods and services that are essential to poverty reduction and livelihoods sustainability. Although many of such goods and services have been examined in Chaps. 5 and 6, the intent here is

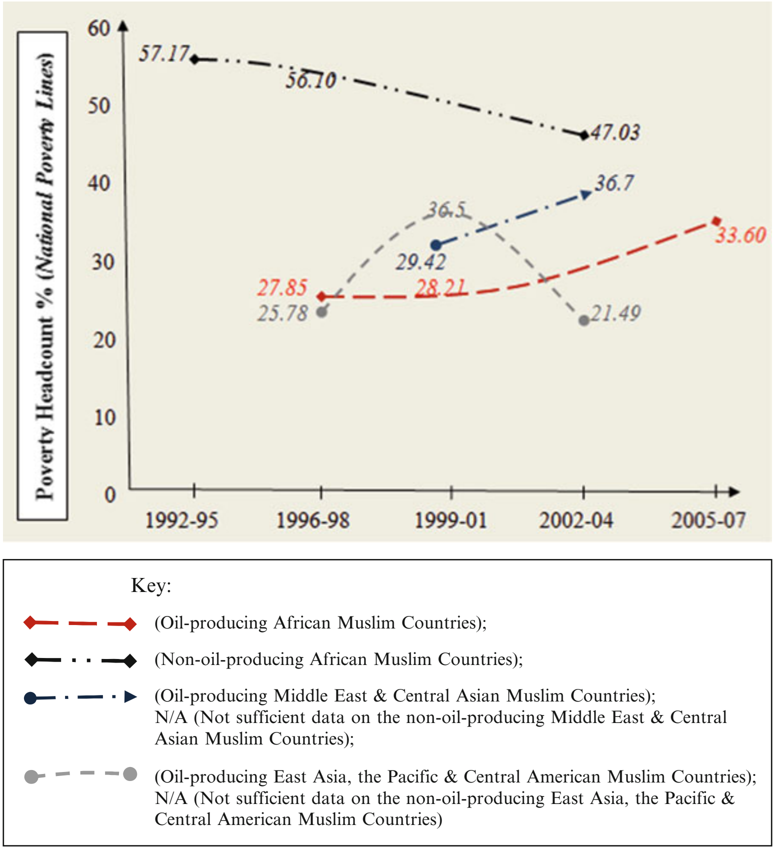


Fig. 8.4 Trend of poverty incidence (averages) of the selected Muslim countries (Source: Authors' calculations based on data on income poverty in Chap. 6)

to select a few of them and then show their trends diagrammatically. Goods and services selected here include the following: (1) undernourishment, (2) improved water supply, (3) literacy and (4) employment.

Undernourishment rates have appeared to be relatively moderate. The average percentage of undernourishment has been quite high in some of the oil-producing countries. However, the highest percentage (24 %) has been found among the non-oil-producing countries in the African region. Water supply rates have appeared quite impressive in the majority of the selected countries. The highest literacy rate appears in the Middle East and Central Asian region. Surprisingly, the highest employment rate (73.27 %) has been found among the non-oil-producing countries in the African region. This presupposes probably the labour-intensive nature of the economic activities pursued within the non-oil-producing African Muslim countries.

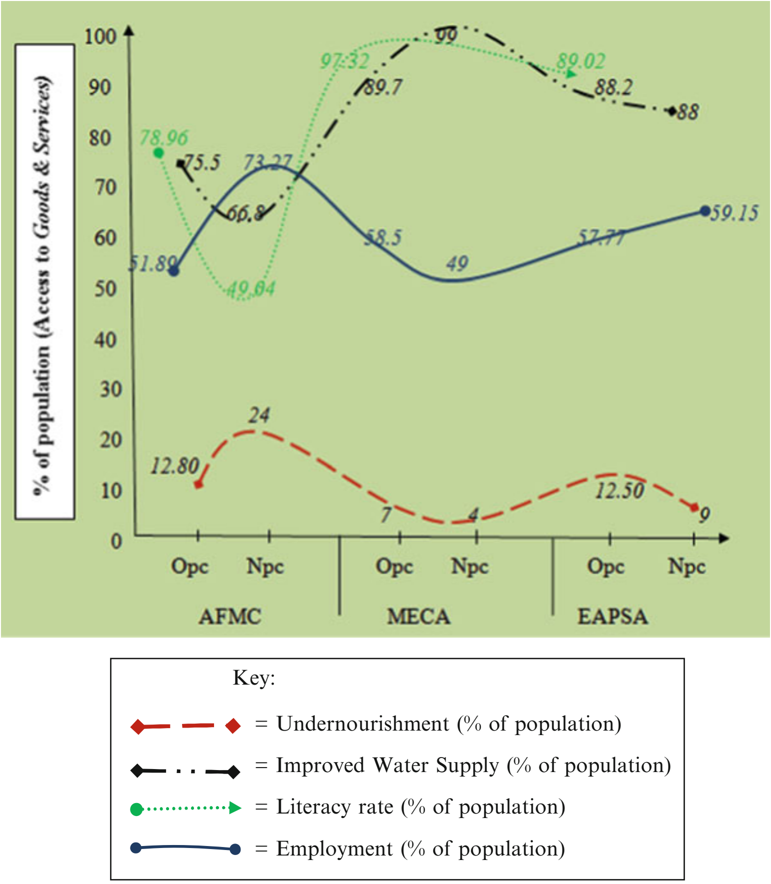


Fig. 8.5 Trend of human/assets poverty incidence (averages) of the selected Muslim countries. *Note*: African Muslim countries; *MECA* Middle East and Central Asian Muslim countries, *EAPSA* East Asia, the Pacific and South American Muslim countries, *Opc* Oil-producing countries, *Npc* Non-oil-producing countries (Source: Authors' calculations based on data on Assets/Human poverty in Chap. 6)

With reference to research question 3 and objective 3, there is the need to improve access to the essential goods and services that are crucial in the fight against poverty in the Muslim world.

8.2.4 *Addressing Question Four*

The whole idea behind the institution of Zakat is the idea of poverty reduction and livelihoods sustainability. That is, alleviating the plight of the less fortunate individuals in the society. Although not many countries have been included in the case study of

Zakat due to data constraint, the four countries selected have demonstrated how resources can be mobilised through Zakat for poverty reduction and livelihoods improvement. Data collected on the four countries have shown an impressive and constant increase in Zakat revenue over the past decade. The impact of Zakat on poverty reduction has been exemplified by the empirical evidences documented on the three Zakat recipients in Malaysia in Chap. 7 of this study. Similar incidences can be identified in many of the Muslim countries where Zakat has been given government's support. This has been the fourth objective in this study. That is, to examine the role of the state in enhancing Zakat for poverty reduction and livelihoods sustainability programmes.

A 'fourth economic sector' has been identified after the primary, secondary and tertiary sectors. The 'fourth sector' refers to the faith-based and philanthropy services rendered to the poor people in the world. This sector in most countries attracts tax exemptions due to its not-for-profit nature. Effective coordination of activities in the fourth sector by the government can bolster poverty reduction and livelihood sustainability efforts in the world, and the Muslim world is not an exception. Unfortunately, only a few governments support the administration of Zakat (faith-based institution) in the selected countries; in fact, the number is less than one-third of the 40 countries sampled. Corruption and mismanagement of Zakat funds have been cited as the factors that dissuade the public from endorsing the involvement of governments in the administration of Zakat. Nevertheless, the active and efficient participation of the governments in the various countries will bring a lot of good to poverty reduction and livelihood sustainability.

It is the researchers' firm conviction that when governments in the Muslim countries give the much-needed support coupled with corruption-free disbursement mechanism, the confidence required to attract people paying Zakat to the state Zakat institution can be restored. However and against the prediction of the current study, the idea of transferring excess proceeds of Zakat to other Muslim countries has not been well endorsed in some Muslim countries. It is not considered as necessary to transfer excess proceeds of Zakat from one region or state to another even within the same country. Nevertheless, transferring excess Zakat revenue to other less fortunate Muslim countries or communities is not something forbidden by Islam.

8.3 The Relationship Between Oil Resources, Productivity and Poverty Reduction in the Muslim World

The following two hypotheses have been set to determine the relationship between productivity and poverty reduction, on the one hand, and oil resources and poverty reduction, on the other hand, in the Muslim world. The first hypothesis ($H_{r)}$ states that

H_r: there is a relationship between growth in GDP per capita PPP and the level of poverty reduction in the Muslim countries.

Table 8.1 Correlation matrix between poverty reduction and growth in GDP per capita PPP in the selected Muslim countries

		Poverty headcount in the selected Muslim countries	GDP per capita PPP in the selected Muslim countries
Pearson correlation	Poverty headcount in the selected Muslim countries	1.000	−.606**
	GDP per capita PPP in the selected Muslim countries	−.606**	1.000
Sig. (1-tailed)	Poverty headcount in the selected Muslim countries	.	.002
	GDP per capita PPP in the selected Muslim countries	.002	.
N	Poverty headcount in the selected Muslim countries	21	21
	GDP per capita PPP in the selected Muslim countries	21	21

**Correlation is significant at the 0.01 level (1-tailed)

The dot '.' means that the same variables are paired with each other, and Pearson Correlation cannot be calculated for same variables

Alternatively, the null hypothesis (H_o) argues that

H_o: there is no relationship between growth in GDP per capita PPP and the level of poverty reduction in the Muslim countries.

Linearly regressing the averages of poverty headcount ratios at $1 a day from 1984 to 2004 of the selected Muslim countries and the averages of GDP per capita PPP, the correlation between poverty reduction and growth in GDP per capita PPP has been inversely positive, represented in the following values as $r = -.606$, $N = 21$, $p < 0.01$. This implies, as GDP per capita PPP—the independent variable—increases, the incidence of poverty, the dependent variable, decreases. The coefficient of determination (r^2) produces a value of .3672, which means 36.72 % of reduction in poverty is due to the regression (i.e. growth in GDP per capita PPP)—the independent variable. For this reason, the null hypothesis has been rejected. However, the relationship has not been so strong perhaps due to the dwindling growth in GDP per capita PPP in the majority of selected Muslim countries, as indicated in Fig. 8.5. Table 8.1 and Fig. 8.6 show the correlation matrix.

In Fig. 8.6, the regression equation is Y-intercept (31.247) + slope (−3.634), which means the regression line crosses the 31.247 point on the Y-axis, and the slope indicates that for every increase in X (GDP per capita PPP), Y (poverty headcount) values decrease by 3.634. R Sq linear = 0.367 means that the above-explained outcome is 36.7 % attributed to the independent variable X, that is, the GDP per capita PPP.

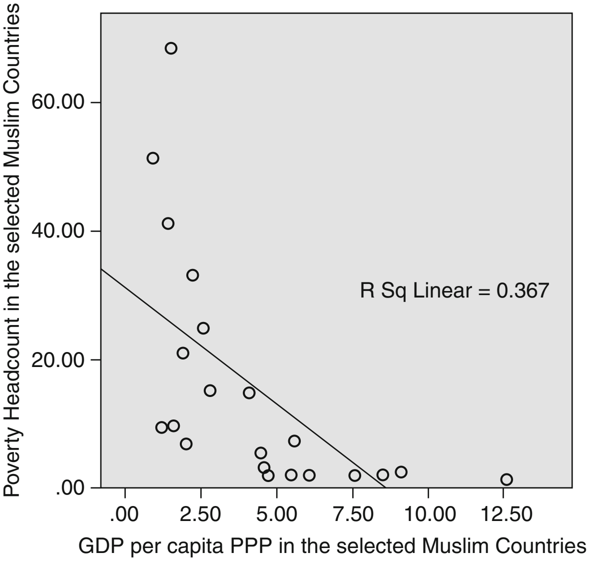


Fig. 8.6 Relationship between poverty reduction and growth in GDP per capita PPP in the Muslim countries as of 2008 (linear regression plot)

The second hypothesis states that

H_r: there is a relationship between mineral resource endowment (oil) and poverty reduction in the Muslim world.

Alternatively, the null hypothesis argues otherwise that

H_o: there is no relationship between mineral resource endowment (oil) and the poverty reduction in the Muslim world.

Again, using the average poverty headcounts of the selected oil-producing countries (at $1 a day) and their daily oil production capacity in barrels from 1984 to 2004, there was no correlation between poverty reduction and oil production, as shown in the following values: $r = .266$, $N = 21$, $p > 0.01$. For this reason, the null hypothesis has been accepted and retained. See Table 8.2 and Fig. 8.7 for details.

This scenario is not very unusual because there are pockets of high poverty incidences in some individual oil-producing Muslim countries like Nigeria, Cameroon, Bangladesh, etc., which are as high as in the non-oil-producing countries like Senegal, Niger and Burkina Faso and even higher in some instances. However, some individual oil-producing countries have registered tremendous gains in poverty reduction (see Table 4.1 in Chap. 4). Such tangled trends of poverty reduction and natural resource endowments among the Muslim countries could be untangled through effective collaboration to enable the better-off countries to benefit the less fortunate counterparts with their expertise and other resources at their disposal.

Table 8.2 Correlation matrix between poverty reduction and oil-resource endowments in the Muslim countries

		Poverty headcount in the selected Muslim countries	Daily oil production in barrels by the oil-producing Muslim countries as of 2008
Pearson correlation	Poverty headcount in the selected Muslim countries	1.000	.266
	Daily oil production in barrels by the oil-producing Muslim countries as of 2008	.266	1.000
Sig. (1-tailed)	Poverty headcount in the selected Muslim countries	.	.122
	Daily oil production in barrels by the oil-producing Muslim countries as of 2008	.122	.
N	Poverty headcount in the selected Muslim countries	21	21
	Daily oil production in barrels by the oil-producing Muslim countries as of 2008	21	21

The dot '.' means that the same variables are paired with each other, and Pearson Correlation cannot be calculated for same variables

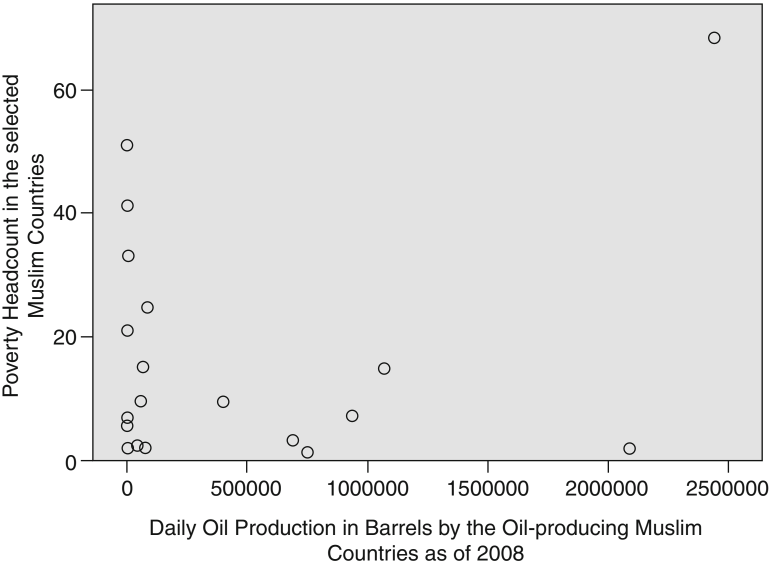


Fig. 8.7 The relationship between poverty reduction and mineral resource endowments in the Muslim countries (linear regression plot)

Further Reading

ICDT. (2008). *Trade among OIC member states*. Annual report. Edition 2008. http://www.icdt-oic.org/pdf/eng_report_2008.pdf. Accessed 3 Feb 2009.

Schacht, P. S., & Stewart, B. (1995). *Social statistics. A user friendly approach*. Boston/London/Toronto/Sydney/Tokyo/Singapore: Allyn & Bacon.

UN. (2008). *The millennium development goals*. A Report. http://www.un.org/millenniumgoals/2008highlevel/pdf/newsroom/mdg%20reports/MDG_Report_2008_ENGLISH.pdf. Accessed 11 Nov 2008.

Chapter 9
Towards a Practicable Development Collaboration

Abstract This chapter addresses the following question: what kind of collaboration or cooperation should be pursued to successfully improve livelihoods and reduce poverty substantially in the Muslim world? In the light of the findings that showed dismal performance of many of the Muslim countries in scaling up livelihoods and reducing poverty, the authors have proposed a general pattern of collaboration known as *Development Collaboration Octagon Model* (*DeCOM*) that seeks to pull resources and expertise to build stronger synergy equal to the daunting task posed by the deteriorating livelihood chances underpinning the general socio-economic underdevelopment in the majority of the selected Muslim countries. Out of this generic pattern, divisional and subdivisional patterns of cooperation may emerge that will capture the realities on the ground, particularly at the local and grass-root levels.

9.1 Introduction

The current study has been undertaken to examine poverty reduction in the Muslim world. The countries constituting the Organisation of the Islamic Cooperation (OIC) have been used as proxy of the Muslim world for this study. For this reason, the following two phrases 'OIC member countries' and 'Muslim world' are used interchangeably throughout this study because the selected countries are mainly OIC member countries. The study has examined the likely impact that the varying nature of resource endowments (particularly natural resources) among the countries and the governance will have on social and economic development, particularly on poverty reduction and livelihood sustainability in the Muslim world.

It is worthy to re-echo here that the impact of the poverty reduction strategies and programmes on the poverty incidence in the selected countries varies from one country to another. This is due to the different magnitudes of their populations, resource endowments and other essential resources. The findings reveal that some countries have been much successful in their fight against poverty, while many

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7_9,

others, particularly the non-oil-producing countries, have been saddled by higher poverty incidences. The poverty reduction target enshrined in the Millennium Development Goals appears to be eluding many of the developing economies, and the majority of such countries form part of the OIC countries sampled for this study.

Frantic efforts are, therefore, required to create the enabling environment for poverty reduction and livelihood sustainability through intensifying a workable collaboration among the OIC member countries. Such collaboration seems to be missing in the in the Muslim world for quite some decades. At least, in terms of improving livelihoods and alleviating the plight of the poor, no concrete results can be seen when compared to other similar organisations. It is against this backdrop that the authors have proposed the development collaboration octagon model (*DeCOM*).

9.2 Policy Recommendations

Based on the preceding analyses, the following recommendations have been put forward for the consideration of policymakers, development practitioners and poverty reduction activists in the OIC member countries:

1. It is highly necessary and socio-economically beneficial to revamp the local and indigenous industries, particularly import-substituting industries.
2. Intensify trade, especially in what may be referred to as trade for the poor, that is, to earmark and reduce or remove completely tariffs on certain goods and services that can have positive impact on poverty reduction and livelihood sustainability.
3. Intensify exchange of technical, administrative and industrial expertise among the Muslim countries.
4. Intensify government's role or support in the administration of Zakat in the Muslim countries.
5. To intensify partnership and collaboration among the Muslim countries so that strategic industries and expertise in the relatively weaker economies could be given a boost from the relatively better-off counterparts.

These recommendations have been made against the discovery of a constant decrease in GDP per capita PPP of almost all the selected countries except some increases in 2007 in a few countries—an important social and economic development measure that takes into account goods and services mostly used by the poor people to sustain their livelihoods. Despite the downward trend of the GDP per capita PPP, however, the study has found a correlation between poverty reduction and growth in GDP per capita PPP though not so strong. This means the correlation could be stronger if there was stronger growth in GDP per capita PPP. In addition, the endowment of mineral resources (particularly oil resources) has failed to yield any positive impact on poverty reduction and livelihood sustainability in a number of the oil-producing countries.

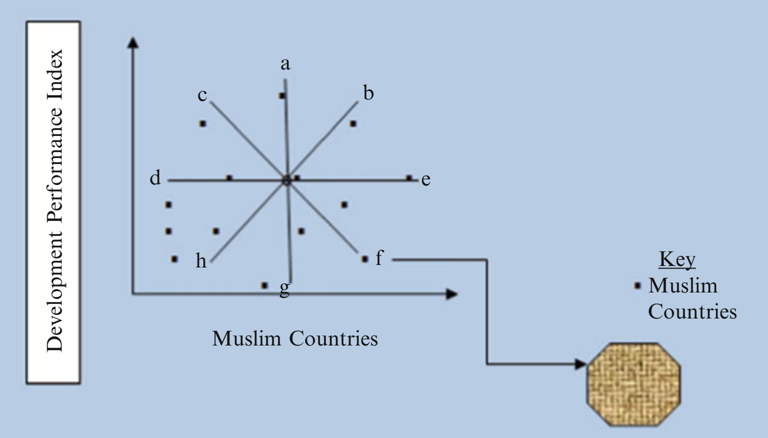


Fig. 9.1 Development Collaboration Octagon Model (DeCOM) (Octagon concept: multidimensional in nature) (Source: Authors' Research)

9.2.1 *The Development Collaboration Octagon Model* (DeCOM)

Important global development-oriented documents prepared by world bodies like the UN, World Bank, IMF, etc. have underscored the need for not only partnership and collaboration among nations when charting their development agendas but also those collaborations should reflect the local realities. For instance, the Agenda 21 document recognises the need for partnership among countries in tackling the global human development issues such as human settlements and the environment. However, such partnership must be built on the local needs and capabilities.

In the light of these findings, the author has proposed a general pattern of collaboration known as *Development Collaboration Octagon Model* (*DeCOM*) that seeks to pull resources and expertise to build a strong synergy equal to the daunting task posed by the deteriorating livelihood conditions underpinning the general socio-economic underdevelopment in most of the selected countries in the Muslim world. Out of this generic pattern, divisional and subdivisional patterns may emerge. For instance, *Poverty Reduction*, *Sustainable Livelihoods*, *Sustainable Environmental Management*, *Good Governance*, *Conflict Resolution or Crisis Management Collaboration Octagon* can emerge from the generic *Development Collaboration Octagon Model* (*DeCOM*).

In terms of efficiency in social and economic development performance, livelihood sustainability and the availability of resources needed to scale up development, the OIC countries may hypothetically portray an outlook as represented in Fig. 9.1.

This model shows hypothetically how the ability to manage socio-economic development can vary among countries in the Muslim world, which may be due to a number of factors like the varying degrees of resource endowments (both natural and human resources), creed of government, existing technology, population size, etc. In that perspective, effective collaboration that may yield productive resource utilisation, administrative and technical expertise to support sustainable human development, economic management and particularly poverty alleviation should adopt a multidimensional pattern. This has been labelled the *Development Collaboration Octagon Model*. The Octagonal pattern reflects horizontal, vertical and lateral collaborations in the generation and utilisation of development resources *within* and *across* the OIC countries. In the case of managing social and economic development, the ability to do so utterly varies among the OIC countries. This underscores the need for effective collaboration. In a real-life scenario, most multilateral collaborations often assume heavily skewed dimensions that may have very little general impact as far as the huge number of poor countries is concerned.

For instance, if a three-nation collaboration ensues among countries A, B and C in Fig. 9.1, such pattern of collaboration appears to be highly skewed, thereby excluding the average and below average member countries. In the model above, the average and below average countries will include D, E, F, G and H. Again, if collaboration develops horizontally among countries D, O and E, it is most likely that such pattern of collaboration cannot have any wider impact in the OIC fraternity as these countries appear to have barely an above-average capability and the needed resources to ensure meaningful poverty reduction and sustainable livelihoods.

Nevertheless, a pattern of collaboration that incorporates the weak, strong and strongest economies (in terms of poverty reduction and sustainable livelihoods) may assume either vertical or lateral dimensions, that is, AOG, COF and BOH. Such patterns of collaboration may have the potential to yield great impact as the below average or least developed countries are paired with the medium and the relatively more developed countries. However, this kind of collaboration may still need other essential features to unleash greater and wider impact. To help minimise the pitfalls characterising most conventional multilateral development collaborations as discussed above, the *Development Collaboration Octagon Model* (*DeCOM*) has been proposed that seeks to capture the horizontal, vertical and the lateral patterns of conventional collaborations. The Octagonal collaboration should lump countries A, B, C, D, E, F, G and H together in a group. Qualitatively ranked, each group of eight OIC member countries will then include the following countries:

A = excellent capability to manage economic development and livelihoods (relative standards)
B = very good capability
C = good capability
D = average capability
E = fair capability
F = poor capability
G = very poor capability
H = failed or zero capability

OIC member countries such as Somalia, Sudan, Sierra Leone and especially Somalia often described as the 'dead' or 'failed' economy, and other war-devastated countries like Iraq and Afghanistan may fall within the 'failed or zero capability' zone. Such countries cannot be ignored in these noble efforts to scale up Muslim countries' ability to manage social and economic development, especially in poverty reduction and livelihood sustainability within and across the OIC fraternity. Such failed or troubled economies or nonperforming economies should be incorporated into the mainstream of the development collaboration. The development needs of the so-called dead economies would be far from being met if they are paired with similar, like manner or medium-level member countries. The Octagonal pattern of collaboration can be extended to other areas of development endeavours. In that regard,

1. This octagonal pattern could be pursued within the individual countries in the Muslim world.
2. Collaboration among the Muslim countries could assume the trend of capacity building in socio-economic development management and livelihood sustainability, building good governance structures, conflict resolution and crises management in the individual Muslim countries and sharing other essential resources needed to facilitate successful achievement of development agendas.

In reality and as a golden rule of this concept, countries should have at least eight other member countries in a comparative advantage kind of engagement that reliably and mutually reflects the resource endowments, requirements, utilisation needs and, of course, poverty reduction and sustainable livelihood aspirations of member countries. Starting with eight countries would serve as a buffer if some countries decide to pull out of this collaboration along the line.

In Fig. 9.2, the average per capita GDPs (PPP) of the selected Muslim countries (40 countries in number) have been plotted in order to show empirically the respective standings of the Muslim countries with respective to their performances in productivity (using GDP). As mentioned earlier in the hypothetical *DeCOM* in Fig. 9.1, the Muslim countries have shown striking variations in their per capita GDPs (PPP)—a trend that could have been influenced by a variety of factors such as natural resource endowments, the existing level of technology, good governance structures, etc.

In such a scenario as illustrated in Fig. 9.1, effective collaboration or cooperation among these countries should assume the pattern discussed in the development collaboration octagon model (*DeCOM*). Again, the relatively smaller octagon diagram having the orange lines shows that similar pattern of collaboration can be pursued among countries within the individual regions of the Muslim world, that is, at the regional levels if need be.

Although, the *DeCOM* has been put forward seeking to enhance collaboration across the Muslim countries, particularly among the OIC member countries, nevertheless, the study has discovered (through personal discussions with an official of the OIC) that there are no strong obligations binding upon the OIC member countries. For this loophole and in the development interest of the Muslim countries, this current

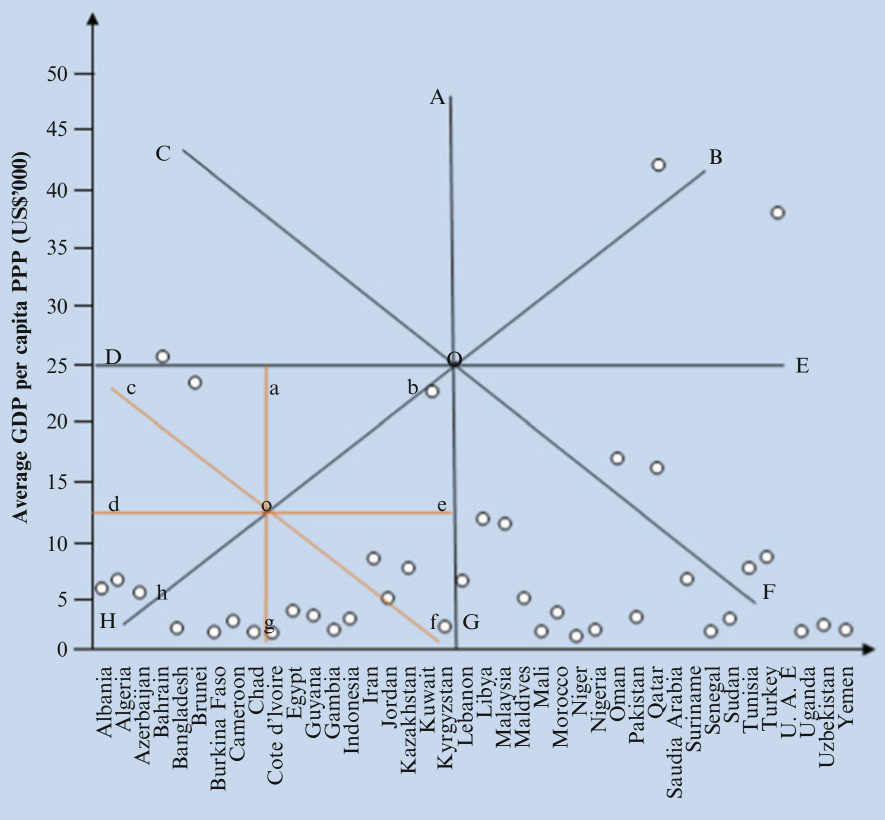


Fig. 9.2 *DeCOM* based on the average GDP per capita *PPP* in the selected Muslim countries from 1993 to 2007 (US$'000) (Source: Authors' Sketch based on GDP per capita PPP data of the selected countries from CIA, The World FactBook)

study is suggesting the dissolution of OIC in its current state to pave the way for fresh membership with principles and obligations binding upon all will-be members. This observation has been made against the background that the European Union and similar blocs have been shaped largely by strong principles, commitments and obligations.

9.3 Conclusion

Thus far, the current study has found that much has been achieved in the fight against poverty in many of the selected Muslim countries. Nevertheless, the majority of these countries have much to do in terms of poverty reduction and livelihood sustainability. The varying degrees of success in poverty reduction and livelihood sustainability among the selected Muslim countries call for meaningful partnership and collaboration. By such a move, exchange of expertise and resources can be made feasible for the general benefit of countries in the Muslim world.

9.3.1 Further Research

To what extent will the impact of mineral resource endowments on poverty reduction and livelihood sustainability vary among the oil-producing countries? Further research into this domain will facilitate efforts to identify the better-off Muslim countries within the oil-resourced clique of Muslim countries, as some oil-producing countries posed high poverty incidences. Knowledge of this can enhance the process of trying to match the Muslim countries for effective development collaboration as proposed in the aforementioned *DeCOM*.

Also, the study did not find any correlation between reduction in poverty headcounts and daily oil production (averages) in the oil-producing Muslim countries, perhaps because a few of the oil-producing Muslim countries (e.g. Nigeria, Cote, d'Ivoire, Cameroon, Chad, etc.) were found to have high poverty headcount rates similar to those found in many of the non-oil-producing countries. Further study could segregate the oil-producing countries into low-, medium- and high-income countries using gross national income (GNI) per capita in order to shed more light on the link between daily oil outputs, national income levels and poverty reduction.

Furthermore, research that seeks to examine the link between foreign direct investment (FDI) and domestic savings and how this link affects sustainable livelihood efforts in the Muslim world will be vital. This has been suggested against the backdrop that many of the selected countries that appeared to have relatively smaller or negative amounts of domestic savings were found to have higher FDI percentages. (See 'Investment and Savings' in Chap. 5 of this study for details). Undoubtedly, the ability of the Muslim countries, particularly the non-oil-producing countries, to mobilise substantial savings can boost social and economic development process, thereby improving livelihoods.

Further Reading

Francisco, S., & Gonzalo, A. (1999). *Development cooperation in a fractured global order: An arduous transition*. Ottawa: IDRC. http://web.idrc.ca/openebooks/276-7/. Accessed 8 Sept 2013.

Harun, Y. (n.d.). *How Islamic union will affect the economic development*. File://E\HarunYahaya-Article. Accessed 21 July 2007.

Korean Development Institute & Asian Foundation. (2010). *Emerging Asian approaches to development cooperation*. http://asiafoundation.org/resources/pdfs/EmergingAsianApproachestoDevelopmentCooperationConferencePapers.pdf. Accessed 8 Sept 2013.

Sachin, C., Thomas, F., & Elizabeth, S. (Eds.). (2012). *Development cooperation and emerging powers: New partners or old patterns?* New York/London: Zed.

Wikibooks. (2013). *Development cooperation handbook: Managing, evaluating and communicating in development programs*. http://en.wikibooks.org/wiki/Development_Cooperation_Handbook. Accessed 8 Sept 2013.

Index

A.-M. Abdulai and E. Shamshiry, *Linking Sustainable Livelihoods to Natural Resources and Governance: The Scale of Poverty in the Muslim World*,
DOI 10.1007/978-981-287-053-7,