

**Poverty in Secular and Islamic Economics;
Conceptualization and Poverty Alleviation Policy, with Reference to Egypt**

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1- Introduction:

The conceptualization of poverty and the means for its eradication differ in many aspects in Islamic economics as compared to secular economics. While in secular economics we conceptualize the needy person as the poor and the destitute (the ultra poor), in Islamic economics they add to the two groups (calling them the Fuqera and Masakin) two other groups: the Algharimun, who are overburdened with debts or lost their properties due to natural disaster, and Ibn al sabil (wayfarer) which denotes any person far from home who lacks sufficient means to meet his needs on the journey or stay. Differences exist, also, in the estimation of poverty in Secular and Islamic economics. Poverty in Secular economics is estimated by those who are living at the poverty line and below, while poverty in Islamic economics is estimated by the sufficiency level; those who are living below it are the poor. Moreover, while there is, more or less, a unified method for estimating the poverty line, this is not the case for the sufficiency level. The policy measures for poverty eradication differ, also, in several aspects, including the role of the state. Both types of policy, Secular and Islamic, are applied in Egypt for poverty eradication.

The objective of this study is to point out the identification of poverty in both Secular and Islamic economics. Three questions will be addressed in this respect: **First**, how is poverty defined and estimated in Secular and Islamic economics? **Second**, what are the main poverty eradication policies in both economics? **Third**, what are the types of poverty eradication policies applied in Egypt?

Accordingly, the study consists of four parts including the Introduction, which forms part one. Part two includes the definition of poverty and its estimation methods in both Secular and Islamic economics.

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Part three discusses the poverty alleviation policy measures in both economics. Finally, part four examines the types of poverty alleviation policy applied in Egypt.

2- Poverty Definition and Estimation in Secular and Islamic Economics:

A- In Secular Economics:

There are different ways of defining poverty and measuring it. One may classify those definitions into three types (Korayem, 1993): **The first type** includes what we may call the objective definitions of poverty. This definition specifies a specific level of income (expenditure), or index, or ratio which represents the borderline between the poor and the non-poor. The individuals who are at the borderline or below will be defined as poor whereas those above the borderline are the non-poor. This borderline, which is called the poverty line, may represent the minimum income(expenditure)² needed to meet the necessary expenditures on food and non-food items for the individual or household (the basic need approach); or the borderline may be specified as a certain level of relative income, e.g. 30% of the average society's income (Lipton, 1983; Glewwe & Van Der Gaag, 1990); or it may represent a certain level of food/income ratio following Engel's law, e.g. the household that spends 30 percent or 1/3 of its budget on food will be defined as poor (Hagenaars & de Vos, 1988; Van Praag & Baye, 1990). Welfare indices are also used in defining poverty borderline. The borderline is specified as a certain proportion of optimal attainable level of a chosen welfare index. Examples of these indices are the physical quality of life index (Lipton, 1983), the medical indicators of health and nutritional status (Glewwe & Van Der Gaag, 1990) and the durable consumption goods index (Hagenaars & de Vos, 1988).

The second type of definition is the subjective definition of poverty, which defines poverty from the perspective of the individual himself. If he feels that he does not get what he needs, no matter how he defines his basic needs, he will be defined as poor (Hagenaars & de Vos, 1988; Paul, 1989; Van Praag & Baye, 1990). This subjective definition of poverty usually gives a high poverty income level. **The third type** is the sociological definition of poverty. It defines the poor as those who take welfare assistance from society (Jones, 1990). Another definition that falls within this category is taking the poverty borderline as the official minimum income level; this is the income that the individual receives when he

² At the expenditure poverty line, zero saving is usually assumed. Thus, one may use income and expenditure synonymously to estimate the poverty line.

is on social assistance (Hagenaars & de Vos, 1988). According to this definition, people are poor when they are recognized “officially” as poor.

The most popular way of estimating poverty in secular economics is the estimation of the poverty line. This is done in two steps: First, estimating the annual household’s expenditure on food, based on planned low-cost balanced diets that ensure safe level of calories and protein intake for the household, given its size, age and gender structure. Second, estimating the expenditure (income) poverty line by estimating the household’s annual expenditure on non-food items. This can be done by using the ratio of food/total expenditure of the average household’s member in the expenditure brackets in the Households’ Survey, where the household’s expenditure on food is equal to what has been estimated in the first step above (Korayem, 1994).

Estimating poverty by specifying the borderline between the poor and the non-poor at a certain level of relative income (e.g., 30% or 40% of the average income on the national level) is also used frequently in the literature. However, specifying the borderline of poverty as 30% or 40%, etc., is quite subjective and depends on the author’s personal view. To have an objective criterion for the relative income borderline that separates the poor and the non-poor, a methodology has been developed based on the economic theory concept of equal-income distribution criterion (Korayem, 2002). Conceptually, income is equally distributed among the population if a given percentage of the population receives an equal percentage of the national income, e.g. ten percent of the population receives ten percent of the national income, twenty percent of the population receives twenty percent of the national income, etc. Accordingly, in the decile income distribution, one may differentiate between three groups: the low-income households (including the poor), the medium-income households, and the high-income households. The first group is the household deciles whose shares of the national income are less than 10 percent for each decile; the household deciles whose share of the national income are around 10% for each decile represent the second group; and the third group is those household deciles whose relative shares are greater than 10% of national income for each decile.

B- In Islamic Economics:

In Islamic economics, we have more than one definition of the poor: (1) The Quranic; (2) The Prophet’s Hadith and (3) The Islamic Thinkers.

(1) The Quranic Definition: The Quran gives the objective definition. The verses denote two levels of poverty which virtually represent all such groups of individuals potentially present in any economy at

any time: **(a)** those living at or below the poverty level defined as **the poor (al fuqara)**, and **(b)** those living very much below it, defined as **the destitutes (al masakin)**.

(a) The poor are the persons who lack material means, possessions or income to support them. The poor (fakir) finds himself in involuntary poverty, unable to satisfy his necessary needs. He may be disabled, handicapped, or having no assets or income, landless, unskilled, old, orphan or a poor widow. (UIHaq, 1996).

(b) The destitute (miskin) is in misery, dependent on others, either unable to work or not earning enough to maintain himself and his family. As compared to the poor (fakir), he is in a worse economic condition, much below the poverty level. Both groups cannot survive healthily without monetary or in-kind assistance, temporarily or permanently, to fill the inadequacy gap and to help ensure their need fulfillment with dignity.

While the state of being miskin implies a state of involuntary poverty, the Quran mentions one category of masakin who chose poverty voluntary. Those were the people, who, in the Prophet's time, had completely devoted themselves to learning, education, teaching and meeting priority social needs. As a consequence, they could not work and support themselves (Quran 2:273). They are entitled to be helped to reach their sufficiency level, considering the importance Islam attaches to the elimination of ignorance through literacy and education (UIHaq, 1996).

Beside the destitute and the poor, the Quran points out two other groups who need temporarily monetary assistance. They fall below their sufficiency level due to hazardous unexpected causes. Those are: **(c) the overburdened and (d) the wayfarer**.

(c) The overburdened (al gharimun) include two kinds: **The first** are those overwhelmed by debts contracted in good faith, for consumption needs or for business needs, and who are unable to repay it; they are simply in chronic debt. They become poor and get poorer while trying to pay back their debts, with no resources available to them or their families. **The second** are those who lose their properties due to natural catastrophes: fire, agricultural epidemic, etc.... Losing their properties gets them below the sufficiency level, to join the poor.

(d) The wayfarer (ibn al sabil), literally son of the road, denotes any person far from home, who lacks sufficient means to meet his needs on the journey and, consequently, faces hardship. Nowadays, the wayfarer is the category of people who, for some valid reason, are unable to return home, temporarily

or permanently. They are, thus, unable to use their resources at home to meet their needs. This would include people facing religious or racial persecution, political exiles or refugees and those pursuing knowledge or education far from home (UIHaq, 1996). They are considered permanently or temporarily poor until they reach their means to fulfill their sufficiency level (Mashhour in Spicker (ed.), 2007).

(2) The Prophet's Hadiths: The Prophet's Hadiths add to the Quranic objective definition the subjective definition of poverty. He indicates that poverty is a danger and threat for both individuals and societies. It is an unwanted situation from which every Muslim should protect himself. He himself prayed "O my Allah, I refuge to you from the evils of poverty" (IbnHanbal, 1953); and he advised his friends the following prayer: "Refuge to Allah from the evils of poverty, famine, degradation, oppressing and oppressed" (IbnHanbal, 1953).

(3) The Islamic Thinkers: Muslim thinkers - namely al Ghazali , al Shatibi, al Mawardi and ibn Ashour- came to the conclusion that fulfilling needs must be through conserving and protecting the five objectives of Islam (Makased El Shari'a), which form the foundation of the well-being of man in this life and in the hereafter. These objectives are: protection of religion, life, mind, property (wealth), and posterity (offspring). These objectives are divided into a three-level hierarchy: **Necessities, (b) Conveniences, and (c) Refinements.** (Zarqa, 1980; UIHaq, 1996).

(a) Necessities, or necessary needs³, comprise all things and activities that are essential to the preservation of the five foundations or requirements of good individual and social life according to Islam. They form the subsistence level.

(b) Convenience of sufficiency needs⁴ comprise all things and activities that are not vital to the preservation of the five foundations, but rather are needed to relieve or remove impediments and difficulties in life. They include matters that alleviate constraints or facilitate performing duties. They form the sufficiency level. The sufficiency level is defined by the khaliphs (especially Umar) who followed the Prophet and were guided by the teachings of the Quran and Sunnah, as: ration of food, necessary pensions for the needy, the poor and the handicapped (Asad, 1980). These practices continued through the rule of the third and the fourth khaliphs and for several years during the later period as well. As an example, sufficiency needs were fulfilled in town planning by taking into account

³ An example of **Necessities**, or necessary needs, is basic food; like taking proteins from vegetarian sources (e.g., beans in Egypt, which is heavily used by the poor).

⁴ An example of **Convenience** of sufficiency needs is taking proteins from animal sources (e.g., chicken and meat).

the requirements of mosques, offices, roads, markets, houses, shops, bath-houses, water supply, communications and grazing fields for cattle. Trade and travel roads were provided with amenities like rest and meal houses. (Zaman, 1981). Further Muslim societies succeeded in providing the sufficiency level to all their members; some experiencing abundant wealth even managed to meet some of their luxury needs in those days. (AbouObayd, 1975).

(c) Refinements include things that go beyond the limits of conveniences⁵. They include matters that complement, brighten or adorn life. (Zarqa, 1980). They form the richness level and the luxury needs.

Needless to say that fulfilling these needs must be in accordance with the Muslim principles. They must follow the scale of Islamic precedence (al awlawiyat), be licit (halal), and make no harm to the Muslim or his fellow men (la darar wa la dirar).

Poverty in Islam is living below the sufficiency level. As described above, the sufficiency level is the level for adequate human life in a given place and time. It is different from the subsistence or minimum vital. Estimating the sufficiency level can be done through estimating the cost of the items of each of the five Makased⁶. For preserving life, for instance, we estimate the cost of basic food, clothing and properly furnished shelter, etc. Another possible way of measuring the sufficiency level is by deriving it from the "nisab" level. It is the border line between poor and rich (Mashhour, 1993); between those who have their sufficiency and those who lack it. The one who have sufficiency are obliged to pay their duty of Zakah⁷ to those who are still in need for it. This sufficiency level is higher than the subsistence level accepted in Islam, only in case of lack of resources.

A more direct way in measuring the sufficiency level is by evaluating 93 gr. of gold 21 carats in current prices. This measure is applicable to all times and places because it responds to the changes in the price level, while its constituent covers the items preserving the five Makased with no definite quantity or quality. Each person has full freedom to choose those goods that will fulfill these specific needs (El Qaradawi, 1981).

⁵ An example of **Refinements** is eating luxurious food (e.g., caviar and smoked salmon).

⁶ As mentioned above in the text, the five Makased, which are the objectives of Islam are: protection in religion, life, mind, property (wealth) and posterity (offspring).

⁷ Zakah is a religious duty calculated as a fixed percentage on each form of wealth. For more details, see the text on "Mandatory Duties".

The state/government has a responsibility in fulfilling the sufficiency level for every member in the society. An example to that is the Khaliphat Omar ibn el-Khattab's attempt to measure human needs of food in his time. He ordered a specified quantity (garib = 22.7 kg) of wheat, turned it into flour, baked it and invited thirty men for dinner; they ate to complete satisfaction. Accordingly, he ordered for each individual, one garib monthly, knowing that this will meet his satisfaction need (AbouObayd, 1975; Salama, 1984).

This historical experience demonstrates how the precedence of monetary and in-kind resources to be distributed to their appropriate beneficiaries. This makes the sufficiency level closely related to the available resources, the number of needy and the general level of life in the society. It is different with changing places, times and resources. In case of lack of enough monetary and in-kind resources to cover the sufficiency level, the needy must be satisfied with the subsistence level until more available resources are collected (Mashhour, 2004).

3- Poverty Alleviation Policy in Secular and Islamic Economics:

A- In Secular Economics:

There are three types of poverty alleviation policies in secular economics (Korayem, 2002). The **first type** is those policies that target specific causes of poverty, like retirement, unemployment, loss of spouse, divorce and so on. The **second type** is those policies that aim to upgrade the living condition of the poor by reducing their cost of living through providing them with subsidies, in-kind or in-cash, and/or by providing them with social infrastructure and services, like providing the poor residential areas with potable water, sewerage, energy and communications, building roads, public transportation etc. The **third type** of policy is creating jobs for the poor. The third type of policy is the best for poverty eradication since it provides the poor with a continuous source of income generation, which is work. Although the first and second types of policy are less superior as compared to the first one, no society can do without those policies. These policies are used for those who are not capable to work because of age or physical disability and, also, for those who earn low income which is not sufficient to provide them and their families with reasonable healthy and dignified living conditions. The main provider of the three types of policies is the state (the government), and the second providers, with less impact because of their relatively less capabilities, are non-governmental institutions (NGO's).

B- In Islamic Economics:

Islamic policies and strategies to alleviate and eradicate poverty form a basic part of the Islamic economic system; they emerge mainly from the Islamic definitions of poverty. There are two kinds of built-in tools for poverty eradication: **Mandatory** and **Optional**.

The Mandatory Duties address every Muslim, whatever his economic status is, to work to fulfill his role in achieving sustainable development according to his innate possibilities and his acquired skills. Working and acquiring property is imperative for every Muslim. Thus working to obtain property and maintain a good life is a valuable effort and worship. It is stated as principle that “man can have nothing but what he strives for” (Quran 35: 39). The Prophet assures the importance and holiness of working (al Bukhari, 1976). Accomplishing the holy duty of productive work through different kinds of production or trade is a meritorious job. It must be performed according to regulations and restrictions related to gaining income and ownership; gaining them should be by legal means and spending them on legal aims. Thus, work is the main poverty eradication policy in Islam.

Another important policy measure for poverty eradication in Islam is Zakah. It is a mandatory duty for the wealthy people to perform. Zakah is an important means for poverty alleviation if work is not available or its return is not sufficient to meet the individual's basic needs in life. Every wealthy Muslim must pay Zakah to complete his worship to God (Quran 107: 1-7; 21:73; 19:31; 19:55). Being wealthy means having “Nisab” which is a given level of monetary or in-kind wealth exceeding one’s needs and his family. Zakah is a religious duty calculated as a fixed percentage on each form of wealth. It is calculated as 2.5% of most physical and financial assets, 5% of agricultural products from artificially irrigated land and 10% for naturally irrigated land; for cattle not used for land work it is levied in-kind after a minimum number for each kind. Zakah is to be paid at the end of each lunar year; only Zakah of the agricultural products is to be paid, mostly in-kind, at the harvesting time (Al Qaradawi, 1981). Zakah is given to the poor and the destitute to help them in meeting the basic needs in life. However, people should be given from the Zakah if they feel in need, even if they have their necessities and more, “give Zakah to those asking for it even if he is riding a horse, even if he has a private way of locomotion”. They should be given from Zakah after fulfilling the necessities of the destitute and the poor.

The Optional Duties are three: **Sadaqat, Awqaf, and Tawzif.**

(i) Sadaqat is a term used in the Quran to denote all social expenditure or spending including the mandatory one, Zakah. It comes from the root “sadaqa” which means to speak the truth, to be sincere. Sadaqat are all free-will offerings given in the sake of God by a Muslim out of love, compassion and concern for others, as well as what he is morally or legally obliged to give without expecting any worldly return. Sadaqat are, thus, social and charitable expenditures or gifts. (Quran 2:263-4, 271, 276; 9:79, 103-4; 58:13). Sadaqat plays a critical role in the Islamic society. Even where needs may have been met and poverty removed, they provide perpetual private resources for meeting personal and public wants, and promoting social development. They provide the members of society a means for self-development through altruism, as well as a mechanism to participate and contribute toward the health, peace and prosperity of society (UlHaq, 1996).

(ii) Awqaf: are the giving away of a Muslim’s assets or wealth for the sake of God, in favor of a category of people or a kind of social service to serve them forever. These Awqaf usually provide goods and services that help deeply in poverty alleviation and social development through meeting educational, social, cultural, health, infrastructure and general welfare purposes. They are used to cover an extremely wide range of social needs (goods and services), providing a prosperous, highly developed society, throughout a long period of the flourishing of the Islamic state. The Prophet encouraged this kind of wealth dedication to support social development; it is one of three deeds which the Muslim continues to collect their rewards after his death (Al Seddiq Al Hassani, 1968; 47:311). Sadaqat can play an important role by providing necessary funds for these Awqaf, known in the West as endowments or charitable trusts and foundations (Mashhour, 1997).

(iii) Tawzif: The third optional duty for poverty eradication in Islam is Tawzif, which is an occasional duty as compared to Sadakat and Awqaf. It is applied only in certain occasions. It is similar to secular taxes, but to be collected only from the wealthiest in the society to encounter special economic, social or/and political problems and for a limited period of time. It is the responsibility of the government to determine the clear causes to collect them, the level of wealth that must participate in these payments, the time needed to overcome problems they are meant to solve.

All these duties represent the core of every Muslim faith. Failing to achieve mandatory duties is a mark of weak faith and every Muslim is urged to fulfill them (Quran 24:37). Quran encourages, also, spending in optional duties, Sadaqat and Awqaf. Quran also asserts that it is not God who needs the social

expenditure but, on the contrary, it is the people themselves who are needful of good deeds. (Quran 47:38).

The success in alleviating poverty depends on the complete and strict application of these Islamic tools. The personal responsibility of the Muslim is to abide by these duties in order to reach the proper level of faith in the targeted society. The role of the state/government promotes, as a part of its responsibility, the four levels of duties (Zakah, Sadakat, Awqaf, Tawzif), which are inherent elements of the Islamic system aiming at alleviating poverty and enhancing social development.

The institution of Zakah is a state/government responsibility. Both collection and disbursement should be under close government supervision. Zakah is much too important a matter to be left at the discretion of the conscience of people alone. Though a good proportion of contemporary Muslims accomplish this act of worship, helping their fellow men in meeting their sufficiency needs, Zakah does not play its prescribed significant role in the collective life of the Muslim society (theUmmah) in recent centuries. It is the role of the Islamic government to establish the efficient machinery for collection and disbursement of Zakah in order to recuperate its preponderant role and function in the betterment of the socio-economic life, least of all in alleviating poverty and promoting social development (Mashhour, 1993). Also, state responsibility extends to the wise management of Sadaqat and Awqaf and their direction to fruitful investment and restoration in order to well accomplish their role in the development of the society. It can help by establishing foundations that collect these Awqaf and Sadaqat and channel them for the best of the needy and destitute.

In general, the state responsibility urges for governmental intervention and participation at different levels. For instance, where poverty is widespread and deep, Islam calls for a comprehensive strategy to help the poor through a well-targeted program of transfers and safety nets, including direct delivery and provision of necessities and conveniences, as well as a disproportionate attention to the needy through government expenditure and the removal of institutional barriers. Similarly, when a lack of work opportunities prevails, Islam urges for provision of capital through grants and loans to enable the unemployed/underemployed to become adequate income-earning members of the society. Meanwhile, Islam argues for a sufficiency wage-structure and equalization of work and educational opportunities policy that lead to increased income potential and opportunities (UIHaq, 1996).

These Islamic tools targeting poverty alleviation have deep positive effects on social uplifting. Fulfilling the mandatory and optional duties (Zakah, Sadaqat and Awqaf) as an obligation to the Muslim provide

an abundant amount of return collected yearly. The multiplier effect of these resources will be through their impact on increasing consumption, output, employment and income in the society.

4- Poverty Alleviation Policy Applied in Egypt:

Both types of policy, secular and Islamic, are adopted in Egypt. Both are complementary policies applied to achieve the objective of poverty alleviation in the society. An important example of such complementary policy is Nasser Social Bank.

A- Secular Economics Policies:

One may point out **three types** of policy in this respect: (i) the social security system; (ii) food subsidy; and (iii) employment creation policy. In Egypt, **the first type of policy** is represented by the Social Security System, which is provided by the Ministry of Insurance and Social Affairs (MISA) and consists of two components: (A) the Social Insurance System (SIS), and (B) the Social Assistance Program (SAP) (Korayem, 2002).

(A) Not all SIS programs can be identified as pro-poor. The criterion used to identify poverty alleviation policies under this system is the weak or nonexistent linkage between the contributions made by eligible participants, and payments they receive; payments should either considerably exceed contributions, or be paid out in response to no contribution at all. According to this criterion, two policies are identified for poverty alleviation in Egypt within the SIS: the Comprehensive Social Insurance Plan, which covers all those who have no insurance plan, and the Sadat Pension Plan which covers the poor aged sixty-five and above, and eligible heirs of people who died before July 1980 and were not covered by any pension plan.

(B) The SAP in Egypt consists of policies that provide monthly payments to the needy persons, and other measures which offer the poor one-time payments under certain circumstances, like childbirth, unemployment of the head of the family, release from prison and other occasions. The objective of the SAP is to provide financial assistance to needy households that are not covered by other insurance plans.

The second type of policy applied in Egypt to upgrade the living standard of the poor and the low-income people is food subsidy. This policy offers eligible households specific quotas of subsidized food

commodities (sugar, oil, rice and tea) through ration cards specified to those households. Besides, it provides subsidized type of bread (Balady Bread) through market outlets, on a first come first serve basis, with no distinction among the buyers regarding their economic conditions (Korayem, 2010).

The third type of policy is generating income to the poor by creating employment opportunities and helping them in building their own projects. Generally speaking, allocating investments and building projects by the state or the private sector will create jobs, and some of these jobs will be filled by the poor. On the other hand, creating jobs specifically for the poor will be done by giving them easy loans with low interest rates and long repayment periods to make their own projects. Those easy loans are provided mainly by the government, by special Funds especially created for this purpose, and by NGO's.

In this context, one may point out three sources in Egypt that provide funds for the poor and the unemployed to help them in general (especially the young ones) in building their own projects and generating their own incomes. Those are the Productive Families Project (PFP), the Nasser Social Bank (NSB⁸), and the Social Fund for Development (SFD) (Korayem, 2002). The three sources differ, though, in the amount of finances they provide to the target group and the type of projects they support. PFP has been established by the Ministry of Social Affairs (MISA), and targets poor Egyptian families by engaging them in home industries (making clothes, carpets, handicrafts, etc.) that enable them to earn a decent living. Beneficiaries undergo vocational training at the PFP training centers before starting their projects. In addition to loans, the PFP provides in-kind services (such as marketing), equipments, and raw materials to help families set up their projects.

The NSB is supervised also by MISA. It is primarily financed by the "Zakah" of public enterprises. Zakah is an Islamic tool for poverty alleviation and included in the Islamic policy bundle for poverty alleviation, as explained above. Additional resources are provided by other Zakah sources and by donations from local communities. The major task of the Bank is to finance public infrastructure projects (hospitals, ambulances, education centers). It provides, also, small loans at subsidized interest rates to finance small projects (Kheir El-Din, 1998; Loewe, 2000). In addition, grants in-cash and in-kind are provided to the disabled poor and the needy through a network of "Zakah" committee. Moreover, it provides

⁸ This may be included, also, in the Islamic economic policy tools presented in section B below. However, since the NSB has been established and is directed by one of the governmental ministries- the Ministry of Social Affairs- and part of its funds come from governmental means, we prefer to include it among the secular economic sources for poverty alleviation in Egypt. However, the affiliates of the NSB in mosques, collecting Zakah from the public, are among the Islamic economic policies adopted in Egypt, as will be shown below in the text.

interest-free loans to the poor to help them meet their financial obligations on special occasions and emergencies (such as marriage, sickness, death).

The SFD, which was established in 1991 to minimize the anticipated negative social impact of the Economic Reform and Structural Adjustment Program (ERSAP) on the Egyptian population, does not target the poor per se. It provides easy loans to finance all unemployed specified in six core groups (such as new graduates, Gulf War returnees, workers displaced by public enterprise reform and others)⁹. However, other means by which the SFD affects the poor include encouraging the participation of NGO's that assist low-income families and mobilizing local grass-roots initiatives in productive and social development activities that serve the poor.

B- Islamic Economic Policies:

Government of Egypt, Al-Azhar, Islamic banks and citizens help in establishing a number of foundations that apply one or more of the Islamic tools to alleviate poverty. One may point out the following foundations which serve this purpose in Egypt:

- (i)** Affiliates of Nasser Social Bank in mosques collecting monetary and in kind Zakah to distribute to its legitimate beneficiaries.
- (ii)** Food Bank collects raw and cooked food from donors to distribute it in slums and remote poor areas.
- (iii)** El-Kheir Foundation, an NGO, receives Zakah, Sadakat, and helps in funding Awqaf. It has several departments to distribute these mandatory and optional donations to their beneficiaries through creating work opportunities, giving medicines and medical and monetary help for the poor; providing payments of contracted debts to fulfill the needs of the imprisoned and poor; giving endowments for scientific research and graduate studies in Egypt and abroad and more.
- (iv)** Monetary Awqaf in Islamic branches of secular banks to promote scientific research, studies of graduate students, help Muslim foreign students (ibn sabil), and financing charitable associations.
- (v)** Charitable organizations helping training the poor for better work opportunities and empowering the weakest in society, like women and children.

⁹ For more details on the six core groups of the SFD finance target, see: Development Assistance Group (2000).

(vi) Multiple benevolent associations taking care of poor and destitute families in raising their children through monetary and in kind resources to meet their legitimate food, clothing, education, health and marriage needs.

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