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EFFECT OF ISLAMIC SOCIAL FINANCE EXCLUSION ON SUSTAINABLE LIVELIHOOD ASSETS ACQUISITION AND PERSISTENT POVERTY IN ZANZIBAR

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ABSTRACT

The aim of this paper is to examine the relationship that exists between voluntary and non-non-voluntary Islamic social finance exclusion and sustainable livelihood assets (social capital, natural capital, physical capital, and human capital) among the household's head in Zanzibar. The survey questionnaire was distributed to the head of household with sample size of 287 and data were collected and analysed based on both factor analysis and structural equation modeling using SPSS 23.0 and Amos 23.0 software. The results indicated that non-non-voluntary Islamic social finance exclusion factors impede financial inclusion of the poor in Zanzibar rather than voluntary Islamic social financial exclusion factors. This implies that non-voluntary Islamic social finance exclusion has great implication for the acquisition of the sustainable livelihood assets due to the combined effect of lack of awareness about Islamic social finance services on one hand and the cost associated to it on the other. This has great implications for the acquisition of the requisite livelihood assets needed to exit the persistent state of poverty raveling Zanzibar. This paper contributes to the government efforts through Waqf and Trust commission Zanzibar (WTCZ) to review these three Islamic

social funds (Waqf, zakat and almsgiving) for the purpose of poverty alleviation in Zanzibar.

Keywords: Voluntary exclusion; non-voluntary exclusion; Islamic social finance; Sustainable livelihood assets; Persistent poverty.

INTRODUCTION

Currencies The Islamic social finance sector broadly comprises the traditional Islamic institutions based on philanthropy; zakat, almsgiving and waqf; those based on mutual cooperation e.g. qard and kafala; and also the contemporary Islamic not-for-profit microfinance institutions that use for-profit modes primarily to cover costs and sustain their operations (Ali, 2014). In Tanzania, there is a high rate of financial exclusion compared to other countries in Southern and Eastern Africa. About 56 percent of the Tanzanian population has no access to financial services. Specifically, according to Fin-Scope Tanzania (2017) it is stated that the level of financial inclusion in Zanzibar is very low which represent only 35 percent of the total population (Elvis et al., 2017). This means that the higher portions of the Zanzibar population are excluded from formal financial services. Given the fact that Zanzibar is predominantly Muslims, a viable yet seemingly unexplored alternative, may be the various Islamic social finance alternatives namely zakat, waqf and almsgiving.

Since 1905 the administration of the Islamic social finance institution in Zanzibar has gone through different experiences. For instance, the route was started 1905 with Waqf Decree no. 2 and new Waqf Decree no. 2 of 1907. Consequently, the waqf Decree no. 15 of 1909 (amendment) followed by Waqf Property Decree no. 16 of 1916. Continuously, in 1946 a Waqf Validating Decree no. 5 and Waqf Validating Decree no. 6 of 1951(amendment) were followed by Waqf Property Decree of 1959 Cap 103 of the Laws of Zanzibar. The amendments go through several years and finally there is a New Commission of Waqf and Trust Commission Act, no 2 0f 2007.

However, people are still excluded from the Islamic social finance sector. Conventionally, exclusion seems more of economic factors, but from Islamic point of view, it reflects more on social, cultural and more importantly in religious aspects as well. In this aspect, people can be excluded in various ways from the Islamic social finance either voluntarily or non-voluntarily.

The Islamic social finance sector broadly comprises the traditional Islamic institutions based on philanthropy; Zakat, Almsgiving and Waqf; those based on mutual cooperation e.g. *qard* and *kafala*; and also the contemporary Islamic not-for-profit microfinance institutions that utilized for-profit model primarily to cover costs and sustain their operations (Ali, 2014). It is stated in the Islamic Social Finance Report (2014) by the Islamic Research and Training Institute (IRTI) that the potential of Islamic social funds remains unrealized as actual Zakat (compulsory annual contributions) and returns of Waqf (endowments) are not fully utilized in most countries in Sub-Sahara Africa especially those that do not have an Islamic microfinance industry, which further diminishes the optimal potential of Islamic social finance.

For historical and political reasons, each of the Muslims countries is at different stages of development as far as Zakat, Waqf and Islamic microfinance institutions are concerned (Obaidullah & Shiraz, 2015). One understanding is that those Muslim countries can make use of the Islamic Social Finance to offer solutions against the challenges of poverty and intergenerational transmission of poverty. The Islamic social finance has emerged as an effective tool for financing development in Muslims majority countries such as Indonesia, Malaysia, Bahrain and others. Researchers has been discovering solid evidence that Islamic social finance has the potential to help Muslims who are financial excluded for religious reasons or any other reasons to become financial included.

According to Zulkhibri (2016) Islamic instruments for redistributing income such as *awqaf, qard-al-hassan*, *Almsgiving* and *zakat*, can play a role in bringing more than 40 million people, who are financially excluded for religious reasons, into the formal financial system. However, the people are non-voluntary excluded from Islamic social finance.

Therefore, the main objective of this study is to examine the impacts of voluntary and non-voluntary Islamic social financial exclusion on the acquisition of sustainable livelihood assets and persistent poverty among the household's head in Zanzibar. Apart from this introduction, the paper comprises the literature review, methodology result and discussion, and conclusion and recommendation.

LITERATURE REVIEW

Islamic social finance exclusion

Notwithstanding the relative importance of financial inclusion for socio-economic development and its concord with the Islamic philosophy of distributive wealth and justice, it is interesting to note that Muslim dominated societies like Zanzibar still suffers financial exclusion either voluntarily or involuntarily.

Voluntary Islamic social finance exclusion is linked to people's knowledge of and exposure to Islamic social finance services. People are self-excluded from social finance due to their negative response or perception on Islamic social finance services (Jenkins, 2020). The large number of households who lives in rural area are often self-excluded from Islamic social finance because they are located in remote areas devoid of social finance services.

The impacts of voluntary exclusion from Islamic social finance sectors might affect a household's micro and small enterprises and sustainable livelihood assets acquisition as stated by (Adewale, 2014). Also, the Global Financial Development Report (2014) states that financial exclusion can lead the innovative business models to fail due to lack of financial literacy and poor sustainable livelihood assets.

Moreover, it has been found that lack of access to finance is not only the factor that might affect the household head on the acquisition of sustainable livelihood asset but there are other non-financial factors. These non-financial factors such as skills, social network and access to facilities have a significant impact on people's ability to achieve a greater inclusion and build their sustainable livelihood assets (Brown and Thrive, 2010).

Non-voluntary Islamic social finance exclusion on the other hand arises from insufficient income, lack of awareness of existence of Islamic social finance, religious factors and high risk profiles or from discrimination (Park & Mercado, 2015). The European

Commission, 2008 remarks that there is a wider spread recognition that most financial exclusion appeared as non-voluntary exclusion, in which some groups who are faced this lack awareness of the presence of Islamic social finance, lack of access to quality essential services such as job, housing, education or health care.

Majority of Muslims who live in non-Muslim countries are excluded from financial services because of lack of Islamic financial products. Study conducted by Warsame, Mohamed, & Hersi (2009) found that the majority of UK Muslims are financially excluded due to the absence of banking products that would meet their needs which also comply with shari'ah.

Non-voluntary financial exclusion is problematic and deserves policy action especially when there are some individuals that would like to use financial services but are excluded because of various barriers like high fees, distance and lack of suitable products (World Bank Group, 2015). According to Simon & Jong (2008) in UK two million adult do not have access to financial institution, at least three million people cannot get a normal credit and half of the poorest household has no home.

This meaning that all these groups are financially excluded. This situation implies that living in low income makes people unstable and more stress to the extent that the exclusion act as a barrier to personal development.

Sustainable livelihood assets

The core aim of the sustainable livelihoods approach can be achieved through supporting poor people to build up their assets. The Sustainable Livelihoods Framework is a tool for understanding how household livelihood systems interact with the outside environment - both the natural environment and the policy and institutional context. Cooper et al., (2011) define the Sustainable Livelihoods Approach (SLA) as an analytical model that seeks to build on the existing assets and strategies that people living in poverty use to support themselves, and then to identify what needs to change in order for their livelihoods to become more secure and sustainable. The sustainable livelihoods approach improves understanding of the livelihoods of the poor.

The Food and Agriculture Organization of the United Nations, presented by Christensen & Pozarny (2008), explain that, people's ability to escape poverty depends on access to assets and livelihoods are affected by the diversity and amount of assets and the balance between assets. Besides assets help to determine livelihood options and can be transformed into livelihood outcomes. The sustainable livelihood projects also help individuals acquire the skills they need to develop a reliable means of earning income and it can help the families to get the basics need to survive and to give people a chance to stand on their own feet. We could give out food, water, shelter to people for years on end – or we could help them once, by supporting them to start their own business to provide for themselves.

Sustainable livelihood is essential in the world today for a better living and helping the poor to take advantage of expanding economic opportunities. Bhuiyan & Hassan (2013), found that, access to credit has contributed towards improving sustainable livelihood of the borrowers of Grameen Bank and Islamic Bank. To have access to Islamic social finance could enhance the poor people's capability to improve their livelihood assets as well as their economics activities.

Persistent poverty

Illiteracy (inadequate education), poor nutrition, lack of sustainable livelihood assets are main challenges of persistent poverty. The Revolutionary Government of Zanzibar (RGoZ, 2008) through Zanzibar food security and nutrition policy mentioned that since independence the most cause of pertinent poverty in Zanzibar is lack of sufficient and adequate food (nutrition).

Low resources and lack of activities that generate income for the household, causes them not being able to take care of their children during their childhood. Rotarou (2014) mentioned that despite the development of tourism sector in Zanzibar there is still limited economic opportunity for the household head to participate. Thus, there is also a limited impact on poverty alleviation. Therefore, if no adequate policy recommendations and programs are implemented these poverty effects would persist.

METHODOLOGY

The quantitative method research design was used in this study in order to explore the phenomena of interest, explain and interpret the data widely and easily. The study was conducted in four districts in Zanzibar. The main reasons leading to the selection of these districts is that the area has largest number of poor people who have been using Islamic social finance (Waqf, zakat and Almsgiving) for a very long time. A total of 287 respondents of head of household were involved to provide information about the study investigation. This study selects the head of household as a respondent because such person takes the final decision on the economic activities within their household, whether they are rich or poor. The stratified random sampling technique was used in this study to select the respondents for the questionnaire survey. This method was used because the researcher was able to represent not only the overall population, but also key subgroups of the population, especially small minority groups who are voluntary and non-voluntary excluded from financial services. The data collection was done by distributing a questionnaire to the targeted population (head of households) in four regions in Zanzibar. The Structural Equation Modeling (SEM) was used in data analysis and presentation, which includes confirmatory factor analysis and the full-fledged structural model.

The study used this method of analysis and presentation because there are different numbers of variables (multivariable) available in this study. Also, SEM provides a way to test the specified set of relationships among observed and latent variables as a whole which is the case in this study. Also, SEM allows theory testing even when experiments are not possible (Carvalho & Chima, 2014). In addition, SEM was used because it was one of the most favorable statistical techniques among the social science research compared to other multivariate techniques, such as multiple regression analysis in examining the series of dependent relationships simultaneously (Rahman, Shah, & Rasli, 2015).

RESULT AND DISCUSSION

Descriptive statistics

Based on the social scientific studies some demographic attributes of the respondents (such as age, sex, education, occupation, income etc) should be considered to strengthen the conclusion drawn from the data collected on the basis of relevance and capability of the source of the data (Salkind, 2010). Table 1 below consists of the demographic profiles of the respondents.

Table Ralat! Tiada teks bagi gaya yang ditentukan dalam dokumen.**:** Demographic of the respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male Female	145 142	50.5 49.5
Age	18-29 30-39 40-49 50 and above	68 80 77 62	23.7 27.9 26.8 21.6
Marital Status	Married Single Divorced	203 50 34	70.7 17.5 11.8
Monthly income (in Tshs)	100,000-250,000 260,000-550,000 560,000 and above	188 74 25	65.5 25.8 8.7

Evidence from the table above suggests that the distribution of the questionnaire to the head of household was done almost on equal basis between males and females with 50.5% and 49.5% representation respectively. Age is another factor measuring the eligibility of being head of household. It is observed from the table 1 that there is a proportion of the household head in every age range. The majority of the respondents (78.4%) belong to the economically most active age group range between 18 and 49 years. Marital status of the respondents is also included because it is one of the most important social aspects especially for social support in poor households. Most of our respondents (70.7%) are married. Furthermore, the monthly levels of income represent 65.5 % of the respondents are getting a lower level of income per month. The household income is an important determinant of economic well-being in any society. In this aspect, the Zanzibar society falls short of this expectation which may have negative implications for its level of economic activities.

Factor analysis

Three analyses were conducted in this paper. These are; exploratory factor analysis, confirmatory factor analysis and structural equation modeling. These statistical techniques are widely applied in a social science research. These are the method of examining the relationship between observed variable and latent factors (Sawaki, 2011).

Exploratory factor analysis

The exploratory factor analysis using the principal component extraction method and varimax rotation of the items in the questionnaire was conducted. This was done on a probabilistic sample (n=287) of household heads in four districts, Zanzibar. By using SPSS version 23.0, the data were screened by examining the following output: descriptive statistics and correlation matrix, the Kaiser-Meyer-Olkin and Bartlett's test, ant-image matrices, communalities, total variance explained and rotated component matrix. For the descriptive statistics, the results of this study are reasonable and tolerable. This is because each item is measured on a 7-point likert scale and there is no mean score value that exceed 7 or below 1. The standard deviations are all nearly similar and show how far they are from the mean. The number of valid cases seemed adequate, according to Duran & Stival (2015) sample size of 200 and above is considered as acceptable. This study uses the sample size of 287 which is above 200.

The Kaiser-Meyer-Olkin is used to measure sampling adequacy, to test how the data is suitable for factors analysis. The result showed the KMO is 0.849, indicating that the present data were suitable for principal component analysis. Similarly, Bartlett's test of sphericity was significant ($p < .000$), indicating sufficient correlation between the variables in order to continue with the analysis. The next output is communalities which show the initial communalities before rotation and extraction communalities. The consideration is that after the extraction the communalities value should be more than 0.5 to be considered for further analysis. So, the result shows that the communality after extraction is above 0.50 for each item and range from 0.55 and 0.84. Other measurements are summarized in the table below.

Table 2: Tabular Presentation of measurement model Criteria Compared to Model Output

Measurement Model	Recommended Threshold	Result Output
KMO	KMO > 0.7	0.849
Bartlett's test	P < 0.05	0.000
Communalities	Extraction >0.5	>0.5
Total variance explained	Cumulative >60%	74%
Total components Matrix	Loading > 0.50	>0.50

Based on the result of table 2 above, it is recommended to proceed with next step which is confirmatory factor analysis.

Confirmatory factor analysis

The goodness of fit of the measurement model was also tested in this study. A confirmatory factor analysis was conducted on the four latent variables using AMOS 23.0. these four latent variables are; Involuntary Islamic social finance exclusion (IISFEX), Voluntary Islamic social finance exclusion (VISFEX), Inadequate sustainable livelihood assets (InadSLAs) and Persistent poverty (PP).

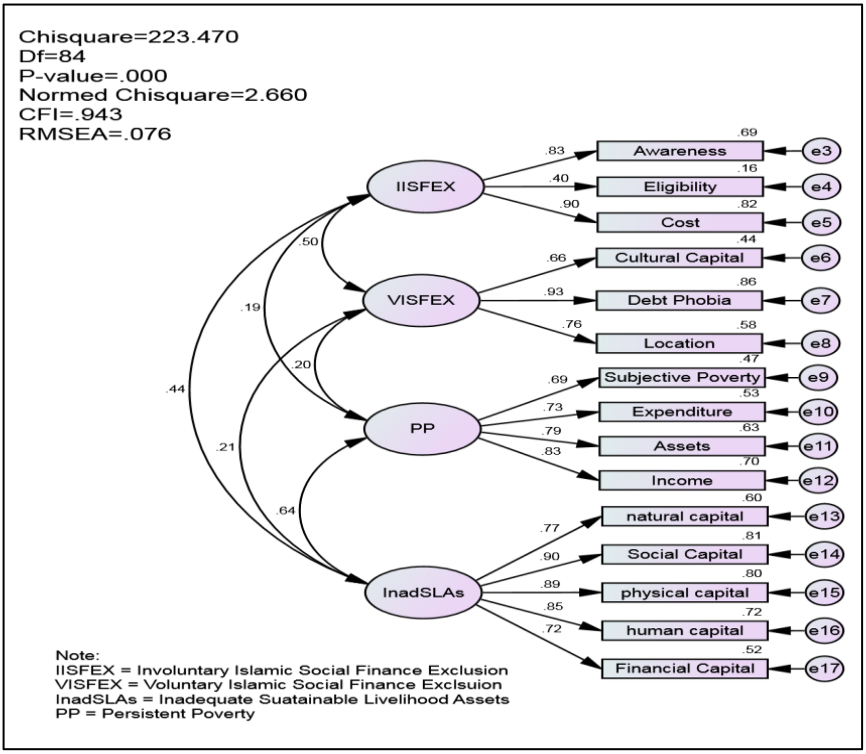

Figure 1: The Standardized Estimate for Confirmatory Factor Analysis (CFA)

From the figure 1 above, the measures of fit adopted in this study are the minimum value of the discrepancy between the observed data and the hypothesized model divided by the degree of freedom (CMN/df), the Comparative Fit Index (CFI), and the Root Mean Square Error of Approximation (RMSEA), as stated by (Pallant, 2007). The results are presented in the table below.

Table 3: Tabular Presentation of Fit Indices Criteria Compared to Baseline Model Output

Fir Indices	Recommended Threshold (several Authors)	The Model Output	Status
CMIN/DF	$2 \geq$ CMINDF ≤ 5	2.660	Accepted/Fit

RMR	RMR<0.10	0.071	Accepted/Fit
GFI	0 < GFI= 1	0.910	Accepted/Fit
LTI	LTI >0.90	0.929	Accepted/Fit
CFI	CFI >0.90	0.943	Accepted/Fit
PCFI	PCFI >0.50	0.754	Accepted/Fit
RMSEA	RMSEA ≤ 0.08	0.076	Accepted/Fit

The overall model fit seems reasonably good because all the measurement indices of the model fit are within the acceptable threshold.

Although, from the figure 1 above, the correlation of the observed variable and the corresponding common factors both can be measured by interpreting their regression weight of the output. In these four-factor model, the regression weights are all significant. That means all factors are correlated for this study due to the result from the table 3 below.

Table 4: Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Awareness	<---	IISFEX	.951	.062	15.445	***	par_1
Eligibility	<---	IISFEX	.532	.081	6.542	***	par_2
Cost	<---	IISFEX	.991	.058	17.139	***	par_3
Cultural	<---	VISFEX	.777	.065	11.886	***	par_4
Debt_Phobia	<---	VISFEX	.917	.051	18.070	***	par_5
Location	<---	VISFEX	.803	.057	14.071	***	par_6
Subjec	<---	PP	.962	.077	12.510	***	par_7
Expenditure	<---	PP	1.035	.077	13.504	***	par_8
Assets	<---	PP	1.093	.072	15.232	***	par_9
Income	<---	PP	1.076	.066	16.307	***	par_10
NaturalCap	<---	InadSLAs	.818	.054	15.276	***	par_11
SocialCap	<---	InadSLAs	.948	.049	19.268	***	par_12
PhysicalCap	<---	InadSLAs	.926	.049	19.097	***	par_13
Humancap	<---	InadSLAs	.947	.054	17.641	***	par_14
Financialcap	<---	InadSLAs	.818	.059	13.777	***	par_15

Furthermore, the validity and reliability test was conducted in this study and the results obtained are as follows:

Table 5: Validity and reliability measurement

	CR	AVE	MSV	MaxR(H)
IISFEX	0.773	0.555	0.251	0.874
VISFEX	0.832	0.627	0.251	0.893
PP	0.847	0.583	0.405	0.858
InadSLAs	0.917	0.689	0.405	0.930

The table above shows how the data is reliable and valid for the model. For the reliability test, composite reliability (CR) should be greater than 0.7 and it is clear that, the CR for all indicators are above 0.7. For the convergent validity, the value of the average variance extracted (AVE) from the above table are greater than significant level, which 0.5, which means that all four factors are valid because they are greater than 0.5. For the discriminant validity, the table above show that, the value of the maximum shared variance (MSV) is less than the value of the average variance extracted (AVE) which means there is a discriminant validity of the four factors extracted (Pallant, 2016).

Structural equation modeling

In this analysis the goodness of fit of the model was tested as in confirmatory factor analysis. The model fit was evaluated by considering some of statistics such as; Comparative fit index (CFI), Tucker Lewis index (TLI: also known as non-normed fit index), and the standardized root mean residual value (SRMR). The results of these measurement fit indexes support the proposed model (Pallant 2016).

Table 6: Tabular Presentation of measurement model Criteria Compared to Model Output

Fit Indices	Recommended range	The Model Output	Status
CMIN/DF	$2 \geq \text{CMINDF} \leq 5$	2.660	Accepted/Fit
RMR	RMR<0.10	0.071	Accepted/Fit

GFI	0 < GFI= 1	0.910	Accepted/Fit
LTI	LTI >.90	0.929	Accepted/Fit
CFI	CFI >.90	0.943	Accepted/Fit
PCFI	PCFI >.50	0.754	Accepted/Fit
RMSEA	RMSEA ≤ 0.08	0.076	Accepted/Fit

The hypotheses of this study were tested in this stage and the results were obtained by examining the structural relationship between the variables. The variable of this study are (a) Non-voluntary Islamic social finance exclusion (b) voluntary Islamic social finance exclusion (c) inadequate sustainable livelihood assets and (d) persistent poverty.

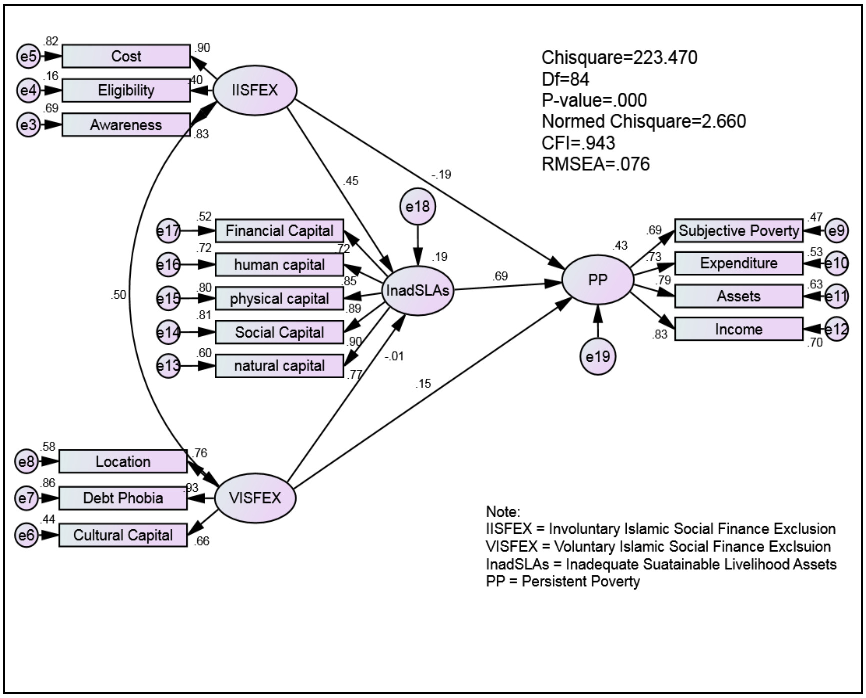

Figure 2: The Standardized Estimate for Structural Equation Modeling

(a) Non-voluntary Islamic social finance exclusion

In this study non-voluntary Islamic social finance inclusion factor is considered as an obstacle to those who are in need of financial assistance. The related measured variables which are used to measure this non-voluntary Islamic social finance exclusion for this study include: cost, eligibility and awareness. The following are the relevant hypothesis for non-voluntary Islamic social finance exclusion.

- $H1_{0:}$ There is no significant causal relationship between non-voluntary Islamic social finance exclusion and inadequate sustainable livelihood assets in Zanzibar.
- $H1_{1:}$ There is a significant causal relationship between non-voluntary Islamic social finance exclusion and inadequate sustainable livelihood assets in Zanzibar.
- $H2_0$: There is no significant causal relationship between non-voluntary Islamic social finance exclusion and persistent poverty in Zanzibar.
- $H2_1$: There is a significant causal relationship between non-voluntary Islamic social finance exclusion and persistent poverty in Zanzibar

The result shows that, there is a significant relationship between non-voluntary Islamic social finance exclusion and inadequate sustainable livelihood assets of the household head in Zanzibar. The researcher rejects the null hypothesis and accepts the alternative hypothesis. The null hypothesis is rejected because the p-value of this relationship is below the significance level of 0.05. This implies that lack of access to Islamic social financial services involuntarily could have effects on the asset acquisition among the household head in Zanzibar.

For the second hypothesis, the result show that there is a relationship between non-voluntary Islamic social finance exclusion and persistent poverty in Zanzibar but their relationship is negative which means when IISFX goes up the PP goes down. For this result the researcher fails to reject the null hypothesis even though there is a statistical relationship between these variables. This is because obtained statistical relationship makes no practical sense.

(b) Voluntary Islamic social finance exclusion

Individuals sometimes can decide to be excluded intentionally from having use and access of Islamic social finance (Waqf, Almsgiving and zakat). This might happen due to several reasons such as the community might have the wrong perception on the board that administer the distribution, also the aged people who though need the fund may lack criteria to receive the assistance and as such could not be entitled to access to Islamic financial services (Solo & Manroth, 2006; Johari, Ab.Aziz, & Ali, 2014). The following below are the relevant hypothesis for testing the impacts of voluntary Islamic social finance exclusion.

- $H3_0$: There is no significant causal relationship between voluntary Islamic social finance exclusion and inadequate sustainable livelihood assets among the poor in Zanzibar.
- $H3_1$: There is a significant causal relationship between voluntary Islamic social finance exclusion and inadequate sustainable livelihood assets among the poor in Zanzibar.
- $H4_{0:}$ There is no significant causal relationship between voluntary Islamic social finance exclusion and persistent poverty in Zanzibar.
- $H4_{1:}$ There is a significant causal relationship between voluntary Islamic social finance exclusion and persistent poverty in Zanzibar.

The results for the hypothesis number three indicate that, there is no significant causal relationship between voluntary Islamic social finance exclusion and inadequate sustainable livelihood assets among the poor in Zanzibar. This is because the p-value is greater than the significant level of 0.05. Therefore, the researcher fails to reject the null hypothesis. This meaning that if the household head are voluntary excluded from Islamic social finance, they will not be affected in terms of their livelihood asset acquisition.

However, the fourth hypothesis result shows that there is a significant causal relationship between voluntary Islamic social finance exclusion and persistent poverty in Zanzibar. This is because the p-value is less than the significant level 0.05. As such, the researcher rejects null hypothesis and accept the alternative hypothesis. It seems that from the same factor there is no any effect on sustainable livelihood assets acquisition but there is an effect on persistent poverty. This implies that self-exclusion can affect the economic activities of the household which increases the level of income. Although, the possibility of being voluntarily and financially excluded is heightened, most of the people will in fact experience barriers to inclusion which will affect any business activities that individuals are engaged. This result is compered to Christensen and Pozarny (2008). All this happen because the household are involuntary excluded from Islamic social finance.

(c) Inadequate sustainable livelihood assets

The sustainability of the livelihood of people can help them to become strong and better able to capitalize on its positive aspects. It is moderating variables which play the role of sustainable livelihood asset between access and use of livelihood asset and poverty reduction. The variables used to measure inadequate sustainable livelihood asset include: natural capital, physical capital, human capital social capital and financial capital. Fail to maintain or enhance of livelihood asset for the new generation, it can cause an effects of increasing poverty at the local and global level and in the long and short term (Majale, 2002). The relevant hypotheses are restated below:

- $H5_0$: There is no significant relationship between inadequate sustainable livelihoods asset and persistent poverty in Zanzibar.
- $H5_1$: There is a significant relationship between inadequate sustainable livelihoods asset and persistent poverty in Zanzibar

According to the result obtained in this study make the researcher to rejects the null hypothesis and accepts the alternative hypothesis. This is because the p-value is less than the significant level 0.05 that means there is a significant relationship between inadequate sustainable livelihoods asset and persistent poverty in Zanzibar. This point out that to have inadequate access to livelihood asset is one the main causes of intergenerational transmission of poverty. Persistent poverty is based on poor policy frameworks that does not guarantees inclusive provision of livelihood assets, and failure to reduce the rate of vulnerability (Olajide, 2015). So, the result shows that there is a lack of access and use of livelihood assets among the household head in Zanzibar.

CONCLUSION

This paper has described and analyzed the impacts of non-voluntary Islamic social finance exclusion on the acquisition of sustainable livelihood assets among the household's head in Zanzibar. Based on the study findings it is concluded that non-voluntary Islamic social finance exclusion factors impede financial inclusion of the poor in Zanzibar. Accordingly, this study concludes that non-voluntary Islamic social finance exclusion (IISFEX) seems to have a stronger implication of financial exclusion in Zanzibar. This is due to a combined effect of lack of awareness about Islamic social finance services on the one hand and the cost assigned to it on the other. So, the study concludes that non-voluntary Islamic social finance exclusion has great implication for the acquisition of the sustainable livelihood assets needed to exit persistent poverty. Based on the statistically significant regression weights recorded from non-voluntary Islamic social finance exclusion to inadequate sustainable livelihood assets, it can be concluded that financial exclusion affects the poor in Zanzibar. This is because it excludes the household from acquiring requisite human capital, physical capital, natural capital and financial capital needed for their sustainable livelihood.

RECOMMENDATIONS

The study recommends integrating waqf, zakat, and almsgiving for the purpose of enhancing equal acquisition of sustainable livelihood assets among the household. Successful integration of waqf, zakat, and almsgiving in line with proper allocation would help greatly to alleviate persistent poverty among the low-income earners and unemployed people in Zanzibar. In order to achieve this, strategies that would ensure acquisition and enhancement of the livelihood assets are required. The livelihood assets, such as human, physical, social, natural, and financial capitals, are important.

To support this, the study conducted by Amuda (2013) in Nigeria, conclude that integration of waqf, zakat, almsgiving , and other public funding will contribute massively to the Nigerian Muslims households if the collected charities are managed properly by the pious. Therefore, this study recommends to the government, through WTCZ, to review these three social funds (waqf, zakat, and almsgiving) as an attempt to enhance the equality acquisition of livelihood assets to the households. This is because some of these households are financially excluded from conventional source of finance for a longtime due to the religious belief that abhors interest on loan and lack assets to secure their loan. By enhancing acquisition of these livelihood assets through waqf, zakat and almsgiving would help to mitigate financial inclusion barriers in Zanzibar. In this case, poor household can also finance investments, such as human capital, in sustainable livelihood assets.

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