

**DEVELOPING STANDARDS FRAMEWORK FOR THE
ZAKAT INSTITUTION IN SUDAN**

BY

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ABSTRACT

To date, poverty is still the most troubling affliction facing societies. In the Muslim world, the state of poverty is alarming. Despite the possession of wealth and vast natural resources, one third of the world's poor reside in Muslim countries. Sudan is one of those Muslim countries that has yet to address its wide-spread poverty. Many poverty alleviation schemes have been adopted to reduce the severity of destitution, nevertheless this challenging task is yet to be accomplished. It is evident, in Islamic history, that Zakat institutions had tremendous success in eradicating poverty throughout Islamic civilizations. Nonetheless, due to the colonization and secularization of many Islamic countries under the western conquest, this institution was neglected and overlooked. However, the pressing need to tackle the affliction of poverty has brought life to this socio-economic instrument with the hope that it would be the answer to poverty in Muslim countries and the world at large. In spite of this revival, the current role of the Zakat institution faces many management constraints and challenges hampering its progress. Standards have been regarded as a benchmark for efficient management in many institutions, however very few studies have examined the potential of standards in enhancing the efficiency of Zakat Institutions. Regarding Sudan, there is a scarcity of literature investigating the challenges hindering the Zakat institution in Sudan. In addition, to the best of the researcher's knowledge, there are hardly any studies that have developed standards framework to enhance the Zakat institution in Sudan. Therefore, the main objectives of the study are: to investigate the challenges facing the Zakat institution in Sudan as well as explore principles that would be essential to the development of a Zakat Standards Framework. Initially, a review of literature was conducted to propose principles of a Zakat Standards Framework, which were then investigated using a mixed method approach. The principles proposed were; *Performance Assessment, Manpower Planning & Development, Transparency & Accountability, Evidence-based Decision -Making, Resource Optimization and Coordination & Collaboration*. Qualitative data was collected via an interview with 12 Zakat experts in Sudan regarding the challenges facing Zakat institutions, in addition to investigating the status of the proposed principles of the Zakat Standards Framework. Quantitative data was collected via a survey questionnaire from 292 Zakat employees representing 21 administrative units in the Zakat Institution in order to validate and confirm the proposed principles as essential for the Zakat Standards Framework. Regarding, the first research objective, findings showed many internal and external challenges hindering the efficiency of the Zakat Institution from achieving its objectives. Findings of the second objective revealed that the Zakat Standards Framework comprised of the proposed principles would greatly help in enhancing the efficiency of the Zakat Institution in Sudan. Furthermore, the study highlighted many issues related to the status of each of the proposed principles as well as challenges that may arise in the implementation of the Zakat Standards Framework. Overall, the findings present a worthy contribution to Zakat literature in general and particularly in Sudan. It also provides practical implications to Zakat administrators, especially in Sudan.

Keywords: Standards, Zakat Institutions, Poverty, Poverty Alleviation, Sudan

خلاصة البحث

حتى الآن ، لا يزال الفقر أكثر المشاكل التي تزعج المجتمعات . حالة الفقر في العالم الإسلامي مقلقة . على الرغم من امتلاك الثروة والموارد الطبيعية الهائلة ، فإن ثلث فقراء العالم يقيمون في البلدان الإسلامية . السودان هي واحدة من تلك الدول الإسلامية التي لم تعالج بعد الفقر المنتشر على نطاق واسع . تم اعتماد العديد من خطط التخفيف من حدة الفقر للحد من حدة الفقر المدقع ، ولكن هذه المهمة الصعبة لم يتم إنجازها بعد . من الواضح في التاريخ الإسلامي أن مؤسسة الزكاة حققت نجاحًا هائلًا في القضاء على الفقر في جميع أنحاء الحضارات الإسلامية . ومع ذلك ، وبسبب استعمار وعلمنة العديد من الدول الإسلامية في ظل الغزو الغربي ، تم تجاهل هذه المؤسسة والتغاضي عنها . ومع ذلك ، فإن الحاجة الملحة للتصدي لآفة الفقر قد أعادت الحياة إلى هذه الأداة الاجتماعية والاقتصادية على أمل أن تكون هي الحل للفقر في البلدان الإسلامية والعالم بأسره . وعلى الرغم من هذا الانتعاش ، إلا أن الدور الحالي لمؤسسة الزكاة كان ضئيلاً لأنه يواجه العديد من القيود والتحديات الإدارية . تعتبر المعايير بمثابة معيار للإدارة الفعالة في العديد من المؤسسات ، إلا أن القليل من الدراسات قد لاحظت إمكانات المعايير في تعزيز كفاءة مؤسسة الزكاة . بالنسبة للسودان ، هناك ندرة في الأدبيات التي تسلط الضوء على التحديات التي تواجه مؤسسة الزكاة في السودان . بالإضافة إلى ذلك ، على حد علم الباحث ، لا توجد دراسات أخرى ترصد إمكانات المعايير لتعزيز مؤسسة الزكاة في السودان . لذلك ، تتمثل الأهداف الرئيسية للدراسة في: التحقيق في التحديات التي تواجه مؤسسة الزكاة في السودان وكذلك استكشاف المبادئ التي ستكون ضرورية لتطوير إطار معايير الزكاة . في البداية ، تم إجراء مراجعة الأدبيات لاقتراح مبادئ إطار معايير الزكاة ، والتي تم بعد ذلك التحقيق فيها باستخدام نهج مختلط . المبادئ المقترحة هي: تقييم الأداء ، تخطيط القوى العاملة وتطويرها ، الشفافية والمساءلة ، صنع القرار القائم على الأدلة ، تحسين الموارد والتنسيق والتعاون . تم جمع البيانات النوعية من خلال مقابلة مع 12 من خبراء الزكاة في السودان حول التحديات التي تواجه مؤسسة الزكاة ، بالإضافة إلى التحقيق في وضع المبادئ المقترحة لإطار معايير الزكاة . تم جمع البيانات الكمية من خلال استبيان مسح من 292 موظف زكاة يمثلون 21 وحدة إدارية في مؤسسة الزكاة من أجل التحقق من صحة المبادئ المقترحة وتأكيدها على أهميتها لضرورة تطوير إطار معايير الزكاة . وفيما يتعلق بالهدف الأول من البحث ، فقد أظهرت النتائج العديد من التحديات الداخلية والخارجية التي تعوق كفاءة المؤسسة في تحقيق أهدافها . كشفت نتائج الهدف الثاني أن إطار معايير الزكاة المكون من المبادئ المقترحة سيساعد بشكل كبير في تعزيز كفاءة مؤسسة الزكاة في السودان . علاوة على ذلك ، سلطت الدراسة الضوء على العديد من القضايا المتعلقة بحالة كل من المبادئ المقترحة بالإضافة إلى التحديات التي قد تنشأ في تنفيذ إطار معايير الزكاة . بشكل عام ، تقدم النتائج مساهمة قيمة في أدبيات الزكاة بشكل عام وخاصة في السودان . كما أنه يوفر تداعيات عملية على مسؤولي الزكاة ، خاصة في السودان .

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DECLARATION

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*This thesis is dedicated to my dear parents Ghalib Elmaghrabi and Fatin
Abdelmohsin, my beloved wife Tasneem who showed me her sincerest love and
support, my dear brother, sister and family*

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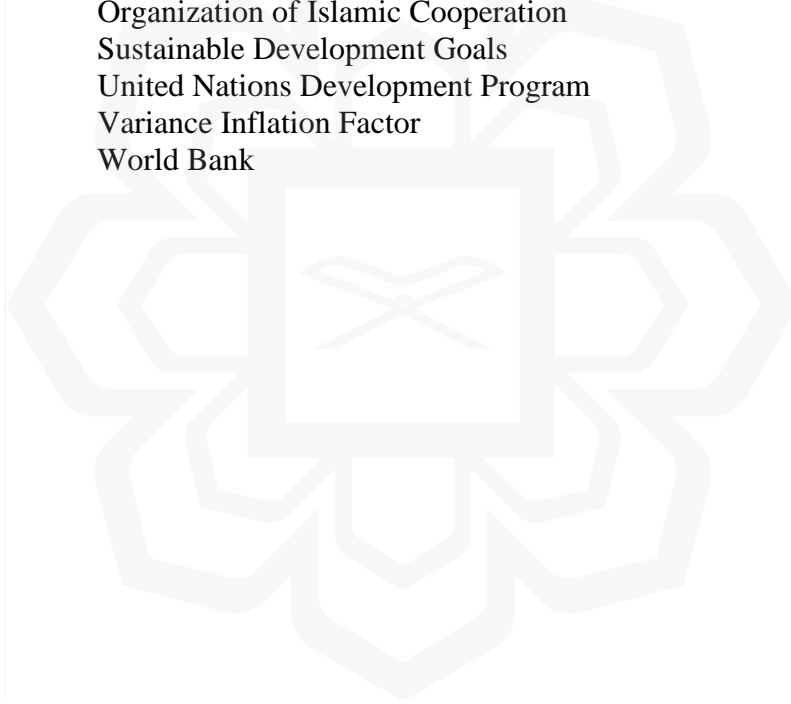
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LIST OF ABBREVIATION

AAOFI	Accounting and Auditing Organization for Islamic Financial Institutions
AFESD	The Arab Fund for Economic and Social Development
BSI	British Standards Institute
DSA	Debt Sustainability Analysis
GCC	Gulf Cooperative Council
GDP	Growth Domestic Product
IDB	Islamic Development Bank
IMF	International Monetary Fund
ISO	International Organization for Standardization
IPRS	Interim Poverty Reduction Strategy
MDGs	Millenium Development Goals
MPI	Multidimensional Poverty Index
NGOs	Non-Governmental Organizations
OIC	Organization of Islamic Cooperation
SDGs	Sustainable Development Goals
UNDP	United Nations Development Program
VIF	Variance Inflation Factor
WB	World Bank



CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

Poverty and humanity have been at endless conflict since man's existence. Civilizations throughout history have been plagued with poverty and that has had an immense impact on their economies. This era has reached the pinnacle of industrial, technological, and economic advancement. However, to date, poverty and destitution are still widespread and considered one of the world's most pressing issues (Hossain, 2012). The source of poverty is due to the inability to access economic resources and utilize them for a particular productive economic activity (Kusuma & Sukmana, 2010). Other factors include; poor governance, lack of resources, economic instability, violent conflict, disease and drought and climate and geographical conditions (UNSDSN, 2012). Another root cause is attributed to the unequal distribution of wealth. A phenomenon which has become a matter of global concern as many see that the economic developments and advancements of the past years have not been equally distributed amongst members of society (Torras, Moskalev, Hazy & Ashley, 2011). Eradicating poverty and the attainment of sustainable development are some of the most complex obstacles that developing countries face. Towards the end of the 1960s, developing an infrastructure, liberalization and encouraging investments nationally and internationally were considered the ideal ways of overcoming poverty. However, the efforts of such strategies have proven to be futile given the current poverty rate as it is still on the rise (Hassanain & Saaid, 2016).

According to the latest statistics, based on the most recent available comprehensive data on global poverty in 2017, an estimated 689 million people lived below the international poverty line of \$1.90. Due to the Covid 19 pandemic, it is estimated that a further 88-115 million people will be pushed into poverty (World Bank Group, 2020). However, a more comprehensive statistic complementing the \$1.90 poverty line and measuring Global Multidimensional-Poverty that covered 5.9 billion people from 107 countries, showed that the number of destitute living in poverty averaged

1.3 billion people, with Sub-Saharan Africa and South Asia being the most poverty afflicted.

The severity of poverty is alarming at a global level and Muslim countries are of no exception. Despite notable development, the percentage of poverty in Muslim countries remains relatively high and their percentage compared to world poverty is increasing. Whereas 22% of the world's poor lived in OIC countries in 1990, in 2011 their status was at a threshold of over (33.1%) of the world's poor (Hussain et al., 2015). The most recent available data from 2007-2017 indicates that approximately 241 million people in OIC member countries are living in poverty (COMCEC, 2019). However, there is a lack of data for countries such as Afghanistan, Guyana, Somalia, Suriname and Syria as well as post-covid statistics which would project a much higher rate of poverty in OIC member countries.

Sudan, a country that is both an OIC member as well as located in the Sub-Saharan Africa, is one of the most poverty afflicted countries in that region. According to the Interim Poverty Reduction Strategy Plan (IPRSP, 2013), 46.5% of the population is below the poverty line and striving to live on an income of 21 USD a month per household. There are great disparities with regard to the level of poverty between the states and amongst the rural and Urban populations. With the vast majority of the population living in rural regions (an estimated 67%), rural poverty is at 57.6% while 26.5% represents the urban poverty level.

With a captivating and vast cultural diversity and a unique complex structure of multi-ethnicity it is located in the north-eastern region and is the third largest country in Africa occupying a landmass of 1,882,000 sq. km. and housing a population of 41 million people. Sudan possesses an abundant supply of natural resources and arable land (World Bank,2018). However, despite Sudan's abundance of natural resources, agricultural land and water and forest resources it has been plagued with drought, civil unrest, decades of war and internal conflict (Mohamed, Ahmed and Bureau, 2015). These factors have had a massive impact on its economy and made it one of the most impoverished countries in Africa (Powelt, 2010). The region has been in a state of turmoil for most of its years after gaining its independence (World Bank, 2017). Sudan has witnessed two civil wars between the north and the south in the years of 1955-1972

and 1983-2005, which have weakened Sudan's infrastructure and economy. Peace was achieved with the comprehensive peace agreement (CPA) of 2005 which resulted with the secession of the south in 2011 and the formulation of the independent Republic of South Sudan (The World Bank, 2011). This separation generated many economic tremors which have led to the increase of the state of poverty in Sudan. Mainly the loss of 80% of Sudan's oil fields, a loss in which the repercussions have thrown Sudan into its current vulnerable state of economic instability and dire state of poverty.

It is evident that Sudan has had its share of economic and political shocks that have subsequently led to its current state of poverty. The civil war and succession of the South greatly weakened Sudan's infrastructure and economic stability. Fused with the imposed economic sanctions and staggering external debt to the IMF and the World Bank, stability and development programs in Sudan seem almost futile. Many government initiatives have been undertaken. However, mismanagement, lack of transparency, corruption and embezzlement of public funds cast doubt into the extent of efficiency of such efforts (Almosharaf and Tian, 2014). This calls for new measures to be undertaken and new programs undergone to revive Sudan from its current poverty crisis.

Various attempts have been undertaken to reduce poverty and potentially alleviate it. International agencies such as the United Nations, Non-governmental Organizations, the World Bank and the International Monetary Fund as well as domestic and local agencies have exerted many efforts in the hopes of achieving poverty reduction. Irrefutably, investments in poverty alleviation policies and strategies can have high economic and social attainment (Salih, 1999). Moreover, the increasing rate of global poverty has made poverty alleviation strategies imperative and vital over the years, yielding varying results (Baghebo and Emmanuel, 2015). However, the extent of the impact these policies have on the poor or how far these strategies have been effective in reducing the rate of poverty has been met with success and failure. Current studies on poverty and its reduction indicate that a significant gap exists between the objective of alleviating or eradicating poverty and its accomplishment. It appears that the efforts of various attempts globally and domestically have been ineffective. More alarming is the fact that despite the massive amount of resources committed to those strategies, the poverty situation worsens, and more and more people fall victim to poverty rather than be salvaged (Baghebo and Emmanuel, 2015).

There have been many efforts exerted to alleviate poverty in Sudan, both domestic and International. However, given Sudan's current poverty status quo, those efforts have yet to make a change in Sudan's poverty situation. Of those efforts was the Government's great dependency on foreign aid. However, the fact that access to it was with ease contributed greatly to the complexity and severity of the financial problems that befell Sudan, subsequently but gradually leading to the current state of economic disparity and dreadful state of poverty. The current poverty situation has prompted policy makers, academicians, and organizations to pursue alternative solutions for this predicament.

Islamic societies have a renowned legacy of philanthropic institutions, a practice that signifies the core of philanthropy within the Islamic faith. These institutions represented an immensely vital role in delivering social services from poverty alleviation to healthcare to education. Zakat is such an institution. For over 1400 years Zakat has signified an essential pillar of the Islamic Faith. Zakat was known to those living in the Arab region before the revelation of Islam. However, post revelation, the mention of Zakat during the Makkan period did not emphasize an obligation but rather a voluntary contribution (sadaqah) that was left to the faith, generosity and strong sense of brotherhood of individuals. In fact, a specific amount of payment had not been determined yet. Only in the second year of Hijra, the Medinan Period, did Zakat transform from a voluntary payment to an obligatory payment with its regulations. The reason being is that in the Medinan period the Muslim community had grown. A sovereign society with spiritual, economic and political power had flourished. Henceforth, the Zakat institution was established and regulated by the state. Collectors and distributors were sent to collect Zakat and distribute it to the rightful recipients (Powlet, 2010).

As the third pillar in which the Islamic faith was founded upon, it constitutes one of the most fundamental obligations in the Islamic religion. It is perhaps considered the first pillar of the Islamic economic system. It symbolizes the primary and most imperative tool for realizing Islamic economic justice and the provision of sustenance to the financially and economically less fortunate (Bello and Bello Dogarawa, 2008). It has played a crucial function in establishing justice and fairness within a society (Bremer, 2004). As a social security system, Zakat is an indispensable instrument that can very well be the answer to the world's poverty epidemic. Historically, Its track record in Islamic societies proves that the Zakat institution has contributed to the

eradication of poverty and established a nation self-sustaining and prosperous (Mkuu, Effandi, and Yusoff, 2017) Simply put, the Zakat institution is an instrument established by Islam to enhance social welfare and alleviate poverty. It functions as a unique mechanism of obligatory allocation of wealth from the rich to the poor in the community (Dogarawa, 2008). The Islamic Economic System advocates a system of equality in a concept that recognizes that the wealth of a society should not be accumulated in the hands of a few but rather provides a perpetual apparatus from within the economy, to endlessly allocate income from the rich and designate it to the poor thereby alleviating poverty and bringing prosperity. If appropriately collected and properly distributed, it will contribute to the role of resolving issues such as unemployment, debt and unequal wealth distribution in a Muslim society (Bello and Bello Dogarawa, 2008). All of which are issues that are major causes of severe poverty and destitution. The eradication of poverty through Zakat has been emphasized greatly and evidence of this concept has been made evident in Islamic history. From a historical perspective, two prominent incidents confirm Zakat's sheer potential in not partial but total and complete eradication of poverty (Mohsin, 2013).

Zakat has proven it is more than capable of combating poverty as well as bringing about socio-economic justice. By removing the hardship endured by the poor and the needy, satisfying their basic needs and minimizing social tension as a result of bridging the rich and poor gap, Zakat creates a system of social security (Hossain, 2012). A system that can be compared, if not more ideal, than that which exists in numerous developed countries in the west (Wahab and Rahman, 2011). Islam emphasizes on universal brotherhood and achieving social and economic justice. The teachings of Islam stress unity and equitable wealth shared by all. It envisions a reality where resources are utilized equally and efficiently by all members of a society thereby creating justice and fostering brotherhood. Hence, Islam introduced into our world institutions and platforms that can be utilized to combat and eliminate poverty.

This then raises the question as to what happened to the Zakat Institution and how did Islamic societies lose such a remarkable mechanism. The reason is mainly attributed to the segregation of religion from the state. A phenomenon that dominated the Muslim world as a result of colonization. Although each country's experience varied, widespread evolution of Islamic charities throughout the years underwent the same changes.

The West had colonized all Muslim territories by the mid-19th century, except what remained of what was then the powerful Ottoman Empire. This led to a process that not only witnessed the raid of enormous natural resources but more importantly the complete deterioration of former Islamic institutions (Siddiqui, 2012). During a period that spanned 150 years, Islamic institutions were taken control of, put under state authority, substituted with state-run alternative institutions or entirely shutdown. Islamic institutions such as Zakat were seized and taken control of by the state. The state recognized these charitable institutions as a threat due to their increasing influence and dominance and wanted to exploit these institutions assets to fund and sustain state-run institutions. However, what truly led to the downfall of these institutions was; as some grew and expanded, others fell victim to poor governance and lack of efficient management, which also diverted their assets to the misuse of private individuals and the rise of legal disputes concerning their functions. This led to the interference of the state using 'reform' as an excuse to suppress and seize control of these institutions and then exploit their revenues and assets for their bidding. Thus, restricting or rather eradicating these institutions completely. One by one, Islamic institutions fell to the grasp of the state in every country. Even in the mighty Ottoman empire, which was the last prominent Islamic empire, these institutions were seized and raided for political control and state finance. What began by the predecessors of the Ottoman Empire was continued by the secular Kamal Ataturk who assumed control and suppressed these institutions. His Egyptian counterparts as well as the British Colonial powers strived to restrict and limit the influence of the Islamic charitable institutions, hindering their efforts in spreading wealth and opulence throughout the nation. State Continued efforts to limit the influence of these institutions successfully spanned two centuries and led to the deterioration and eventual elimination of these institutions (Bremer, 2004).

However, in recent years, it has become clear that the need to revitalize and rehabilitate these institutions is not only a duty but rather a must to overcome the current poverty pandemic that has afflicted many of the countries globally and Muslim countries in particular. Muslim countries have lagged in many industries, despite their over-dependence on western ideologies. This has prompted the revitalization of mechanisms, Islamic in essence, to address the current issues. Islamic institutions have emerged as the alternative for economic development and the identity which has been suppressed by western colonialism (Sarif, 2013).The pressing need to bring about social

justice and equality in the late 20th century and early 21st century has prompted many policy makers to rethink their strategies and find alternative solutions. Zakat has emerged as that solution in what has been called the renaissance of Islamic Philanthropy (Bremer, 2004). The current crises embody an opportunity for Muslims to signify the Islamic economic system as an alternative. This system is efficient, if properly executed, as it is derived from the teachings of the Holy Quran and the Sunnah of the Prophet (PBUH) and his companions (Islahi, 2015). Moreover, it is a system with a rich history, encompassing over a thousand years of implementation as well as a comprehensive ideology carefully designed to overcome any constraints facing humanity. The Zakat institution amongst other institutions focuses on distributing wealth. Islam emphasizes not just the production of wealth but rather ensuring that wealth be equally dispersed amongst members of society.

Regarding Sudan, Zakat has played a vital role in the effort to alleviate poverty. It is also deeply embedded in the Sudanese culture and thus institutes a feeling of social solidarity (Bryon, 2013). It is the main source of targeted Social safety net interventions, funding 87% of the governments interventions (Kjellgren, 2014). The Zakat system was introduced in Sudan in the late 1980's with private organizations overseeing its collection. The establishment of the Zakat chamber and the introduction of the first law of Zakat in 1990 indicated the independence of Zakat from the Tax system. However, the Sudan has yet to develop an efficient Zakat collection and distribution system (Mesawa, 2016). The current rate of poverty in Sudan, 46 % of the population, is testimony to the severity of poverty Sudan is currently experiencing. Despite the experience that the Zakat institution in Sudan has accumulated over the course of three decades regarding Zakat and its matters, it is in much need of enhancing its efficiency.

The Zakat institution in Sudan suffers from mismanagement which has led to hindrances that have restricted Zakat from being efficiently utilized. Inefficient mechanisms of distribution, poor targeting procedures, and lack of technical assistance were shortcomings that made Zakat efforts less effective (Kjellgren, 2014). Corruption and unaccounted funds are at the forefront of these hindrances as well as the failure of the Zakat administration in Sudan in identifying the institutions that have evaded their Zakat payment (The Sudan Tribune, 2013). Failure in the Zakat chamber's control system and of a proper management mechanism has led to a deficiency in its

performance throughout its functions. This resulted in the lack of clarity and the vagueness of statistical data, inadequacy of qualified human resources, difficulty of identifying recipients eligible on receiving Zakat and the failure to coordinate with state authorities in ensuring that Zakat is promptly collected (Mohsin, 2016; Sabeel, 2009). Moreover, Lack of coordination between the Zakat Chamber and the financial services system is a key constraint in Zakat's efficiency (Hassanain and Saaid , 2016).

The sheer potential this institution has in alleviating and eventually eliminating poverty is unfathomable. However, due to neglect, inefficient management and poorly administered Zakat institution in Sudan, it has not been able to realize its full potential and contribute to the alleviation and potential eradication of poverty. The success of Zakat in meeting its objectives is dependent upon its efficient management. The objective of Zakat management is to attain the best possible result in the practices of Zakat. Hence, the efficiency in Zakat management must be evaluated in terms of attaining that particular objective in the best possible way (Rahman et.al 2003). This requires Zakat Institutions to execute their tasks in the most optimum manner and ideally utilize their available resources. Thus, emphasizing the need to enhance Zakat efficiency.

One way that efficiency can be achieved is if it is emphasized through adopted Standards. Having existed for many years, Standards today are recognized as being an essential tool for an organization to assess its level of efficiency (NPES, 2005). Standards aid in resolving fundamental, organizational, and technical complexities, which if left unsolved, could result in inefficiency and poor economic consequences. They assist organizations in overcoming a multitude of issues and thereby create a sustainable environment for an organization to flourish (BSI, 2015).

Nevertheless, much of previous research has drawn attention towards the inefficiency within the Zakat institution; Inefficiency in management (Abdullah, 2010; Muhammad Syukri Salleh, 2014) inefficient collection and distribution (Kjellgren, 2014), unqualified staff (Obaidullah, 2015), lack of transparency (Wahid et.al, 2004), negative public perception (Roshaiza et.al, 2016), burden of documentation (Azman, Mohammad and Syed Mohd Najib, 2012) and administrators lack of adequate managerial and administrative knowledge (Suheera, Nashri and Jamaldeen, 2015). In the case of the Zakat intuition in Sudan; limited literature addresses the hindrances

hampering the efficiency of Zakat in Sudan; inefficient collection and distribution system (Mesawa, 2016); absence of transparency, monitoring and an evaluation system (Kjellgren, 2014); and lack of qualified staff (Obaidullah, 2015), makes the need to efficiently manage the Zakat institution still a concern (Mesawa, 2016). Furthermore, limited studies observed the concept of standards for Zakat and very limited studies observed the capability of alleviating inefficiency through adopted standards (AAOIFI, 2015; Basir et al., 2017; Beik et.al, 2015). To the researcher's knowledge, there is no literature addressing the potential of Standards to enhance the efficiency of the Zakat Institution in Sudan and aid in the potential alleviation of poverty. Thus, this instituted the gap which inspired the current study. Accordingly, this study has taken a new approach to consider the role of Standards in addressing the challenges that hinder the efficiency of the Zakat institution in Sudan.

1.2 PROBLEM STATEMENT

Islamic history provides a track record that the Zakat institution had been successful in eradicating poverty throughout Islamic Civilizations. It is considered the first Islamic economic system and a vital mechanism in bringing about economic justice and poverty alleviation. However, as a result of the colonization and secularization of many Islamic countries under the western conquest, many Islamic social and financial institutions deteriorated including the Zakat institution, which had been neglected and overlooked. Nevertheless, due to the pressing need of an instrument to establish social and economic justice, the world has witnessed a revitalization of Islamic philanthropic institutions. Due to the vital importance of Zakat and its capability in alleviating and eventually eradicating poverty, the Zakat institution has witnessed such a revival across the Muslim world in recent years. The modern Muslim state has put great emphasis in ensuring that the Zakat Institution must achieve its objectives, mainly that of alleviating poverty.

In Sudan, where the potential of this institution is promising, it suffers from mismanagement and lack of efficiency that has hindered it in achieving its objective of poverty alleviation (Balla et al., 2013). Mismanagement normally arises due to weak governing structure, poor quality of Human Resources, absence of policy manuals to ensure proper control, as well as lack of transparency and accountability. In the case of