The role of zakat in the provision of social protection: a comparison between Jordan, Palestine and Sudan

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THE ROLE OF ZAKAT IN THE PROVISION OF SOCIAL PROTECTION: A COMPARISON BETWEEN JORDAN, PALESTINE AND SUDAN

Anna Carolina Machado, Charlotte Bilo and Imane Helmy

Zakat is one of the five pillars of Islam and considered a religious duty for wealthy people to help those in need through financial or in-kind contributions. In Muslim-majority countries, it has a long tradition of being part of the provision of social welfare. Countries vary significantly in the institutionalisation of zakat, ranging from obligatory to voluntary contributions. In some countries, the State supervises the collection and management of funds. The purpose of this article is to discuss the different modalities of zakat in Jordan, Sudan and Palestine, comparing them in terms of organisational nature, legal status and the services they offer. It also analyses how the Zakat Funds are placed within the broader social protection system in the country. The article is based on a desk review of academic literature, and documents and reports produced by governments and international organisations. It shows that although Zakat Funds are based on the same principles, they can differ greatly in terms of institutional arrangements and benefit provision. For instance, while zakat contributions are mandatory in Sudan, the systems in Jordan and Palestine rely on voluntary contributions and are rather small compared to other national social protection programmes in these countries. Nevertheless, they play an important role in providing cash, food, health care and education services to the poor. There is no ‘one-size-fits-all’ solution in terms of the institutionalisation of zakat, yet decentralisation seems to be important, as the case of Sudan demonstrates. Moreover, implementing an efficient collection system seems to be crucial to increase funding, yet the mechanisms to develop it (i.e. through a mandatory tax or voluntary transfers) are context-specific. Tax incentives can be an alternative way to increase contributions. Improving coordination among state institutions is crucial to enhance the role of Zakat Funds as providers of social protection. However, assessing its feasibility and ensuring the commitment of relevant stakeholders are essential steps for this process. Lastly, a ‘de-politicisation’ of Zakat Funds seems to be important to maintain the public trust that zakat has traditionally enjoyed.

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1 INTRODUCTION

Zakat is one of the five pillars of Islam and can be understood as a form of religious duty, purifying one’s wealth and at the same time functioning as a means to redistribute wealth to those in need. In Arabic, zakat means, among others, growth and purity (Dean and Khan 1997). In Muslim-majority countries, it has a long tradition of providing income, goods for consumption and other basic services such as health care and education to poor and marginalised populations. A growing body of research has investigated the role of zakat in the provision of social protection—understood here as income and in-kind transfers with the aim of protecting vulnerable people against risks—and its importance as a poverty reduction mechanism (see Ali 2014; Hassan 2010; Hassananin and Saaid 2016; Ibrahim and Ghazali 2014). Although much of the criticism of zakat institutions evolves around their lack of coordination, efficiency and transparency (Johari, Ali, and Aziz 2015), zakat has several advantages when it comes to assisting poor people. In countries where the State provides limited social protection—due to ongoing conflicts, for example—zakat can play a crucial role in providing support to those in need.

This article discusses the role of Zakat Funds in the provision of social protection in the Middle East and North Africa (MENA) region. The purpose is to assess different modalities of zakat in three countries where it is regulated in some form by the State—namely, Jordan, Palestine and Sudan. We provide an overview of their organisational nature and legal status, the services they offer and the extent to which they reach particularly vulnerable groups, thus contributing to an assessment of the advantages and challenges of zakat as a social protection mechanism and an instrument to reduce poverty and empower those in need.

Our findings are based on a desk review of academic, peer-reviewed literature as well as reports published by international organisations and information provided online by governments and national Zakat Funds. The choice of the three countries was further motivated by the availability of literature in English and in Arabic. Large Zakat Funds also exist in other countries in MENA, such as Libya, Algeria, Yemen and the Gulf States. However, there is a lack of more detailed literature on the organisation of Zakat Funds and their services in these countries.

In Section 2 we provide an overview of zakat and its different modalities in the Muslim world. Section 3 comprises an analysis of Zakat Funds in the three countries, with the aim of presenting their main characteristics and role within the countries’ social protection systems. Next, Section 4 discusses some of the common challenges faced by the three cases analysed. We then offer concluding remarks in Section 5 to highlight further research questions regarding zakat.

2 SETTING THE SCENE: WHAT IS IMPORTANT TO KNOW ABOUT ZAKAT?

As put by Dean and Khan (1997, 198), “Islam is not opposed to personal wealth, but to its accumulation at others’ expense. Zakat functions to prevent accumulation and prevent exploitation or social conflict.” It needs to be differentiated from Sadaqah, which is a form of charity and meant to be voluntary. According to Hasan (2006), zakat became a formal and compulsory transfer system in the second decade of Islam (622AD).
The amount of zakat is usually defined as 2.5 per cent of all productive wealth accumulated over the course of a year. The items of wealth considered to determine the nisab—the minimum amount that one needs to have before being obliged to pay zakat—can vary and includes gold and silver as well as agricultural products and livestock. However, in modern times, business assets, bank accounts, financial assets and rentable buildings are also considered (Hassan 2010). The Quran lists eight categories of people who can claim the right to receive zakat, the two most common being those who are poor and those who are needy.4

As a centuries-old institution, zakat is not usually tied to a political spectrum (Malik 2016) and often enjoys high levels of public trust. More recently, zakat resources have become a significant source of funding for humanitarian actions, and in some countries it has been channelled through public institutions to support national poverty reduction schemes.

Estimates indicate that the volume of zakat collected every year is not negligible. According to a recent study in Indonesia, Malaysia, Qatar, Saudi Arabia and Yemen, these countries alone collect at least USD5.7 billion every year, while the global volume of zakat surpasses tens of billions of dollars (Stirk 2015). In Pakistan alone, it is estimated that zakat was equal to 1.5 per cent of gross domestic product (GDP), or USD8.1 billion purchasing power parity (PPP), in 2012 (Hasan 2015).

A related concept to zakat is waqf (plural awqaf), which is a permanent endowment of personal assets or other belongings made by a donor who also determines its purpose and beneficiaries. Awqaf have great social significance in Muslim societies, as they finance important social services, such as hospitals, orphanages, schools and sanitation systems (Hasan 2006).

The way zakat is administered differs across the world. Nevertheless, in a significant number of countries the State exercises some form of decision-making power or supervision. While zakat collection is legally imposed in a few countries in MENA, such as Saudi Arabia, Libya, Sudan and Yemen, others have structured systems for their collection which are considered voluntary (Hasan 2015). In Saudi Arabia, zakat is administered by a department within the Ministry of Finance. In Yemen it is collected by the Zakat Chamber (diwan-azZakat), and funds are distributed at the governorate and district level, as well as to the Social Welfare Fund, in which zakat contributions are merged with other funds used for social protection. In comparison, the central Zakat Fund in Lebanon is considered a civil society organisation (ESCWA 2014).

In Morocco and Tunisia, zakat donations are voluntary and collected by mosques, although the introduction of a central fund in both countries is under discussion. Outside MENA, Malaysia is an interesting case and often seen as a relatively progressive system (Hasan 2015), where the use of private zakat collection agencies has helped the country to increase zakat funds by 400 per cent since 1991 (ibid.).

3 CASE STUDIES

3.1 SUDAN

In 2011 the Government of Sudan approved a comprehensive reform programme to address economic and social challenges. The key pillars of the reform were to reduce fuel subsides, boost growth and strengthen social safety nets as an important instrument to alleviate poverty (which
affected 46.5 per cent of the population in 2010) and reduce unemployment (Kjellgren et al. 2014). *Zakat* is the most important source of social protection in Sudan, providing assistance in many forms, ranging from unconditional cash transfers to medical expenses and seasonal assistance to families during Ramadan and in case of emergencies (Kjellgren et al. 2014; Turkawi 2015). The Zakat Fund in Sudan has the following policy goals: to provide a safety net against drought, desertification, disasters and epidemics; mitigate poverty by providing cash and in-kind support; establish projects for the benefit of poor and needy members of society; and tackle unemployment through training and support small projects (Hassanain and Saaid 2016).

### 3.1.1 Legal background and institutional arrangements

In Sudan, the law covering *zakat* and taxes was introduced in 1984 to make *zakat* payment compulsory and place it under a single authority with taxes. Then, in 1986, a new law established an independent chamber, the Sudanese Zakat Chamber, to separate *zakat* from other taxes. And finally, the Zakat Act of 2001 became the principle guiding document for *zakat*, establishing it as a socio-economic institution charged with providing safety nets (ibid.).

The Ministry of Welfare and Social Security (MoWSS) manages the Zakat Fund through the Zakat Chamber, which operates as a semi-autonomous agency. The Fund has an extensive institutional infrastructure that reaches all the way down to the village level. Cash and in-kind revenues are collected from all over the country, administered centrally and then redistributed through state and local administrative structures (Kjellgren et al. 2014).

The Zakat Supreme Council of Trustees serves as a board of directors and includes the MoWSS, the General Secretary and 20 other members from academia as recommended by the Minister. In addition, each state has its own State Council of Trustees. The Federal Supreme Council issues directives about expenditure allocations, while the State Council of Trustees is responsible for creating and selecting members of the Zakat Community Committees at the local level. Additionally, each state has its own State Grievance Committee (ibid.).

While the Zakat Chamber has some paid employees, volunteers commonly help in the collection and distribution of contributions. These volunteers play an important role in accessing *zakat* contributors and potential beneficiaries through their networks and contacts (ESCWA 2014).

### 3.1.2 Zakat financing

In Sudan, Muslims earning over SDG10,000 (about USD3,575) per year are required to pay 2.5 per cent of their annual income to the Zakat Fund. Non-Muslims pay a social solidarity tax at an equivalent rate. The *zakat* laws of 1986 and 1990 permit the State to collect these taxes on wages and salaries. The law also dictates that 61 per cent of the revenue collected should be transferred to poor and needy households (Kjellgren et al. 2014).

It is worth mentioning that the Zakat Fund’s budget is independent from that of the Ministry of Finance. The increasing growth rate of *zakat* mobilisation over recent years is shown in Table 1. Additionally, according to the 2016 annual report of the Zakat Fund, a total of SDG2,574,066,831 was collected in 2016, showing an increase of 22.6 per cent from 2015. Funds were collected in cash and in-kind, including agricultural products and livestock.
TABLE 1
Total zakat collection in Sudan (SDG and USD thousands) and growth rate, 2004–2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (SDG ‘000s)</th>
<th>Growth rate (%)</th>
<th>Amount (USD ‘000s)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>271,352</td>
<td>12.0</td>
<td>117,978</td>
<td>12.0</td>
</tr>
<tr>
<td>2005</td>
<td>314,483</td>
<td>16.0</td>
<td>157,242</td>
<td>33.3</td>
</tr>
<tr>
<td>2006</td>
<td>357,141</td>
<td>14.0</td>
<td>178,573</td>
<td>13.6</td>
</tr>
<tr>
<td>2007</td>
<td>404,486</td>
<td>13.0</td>
<td>183,858</td>
<td>3.0</td>
</tr>
<tr>
<td>2008</td>
<td>445,281</td>
<td>10.0</td>
<td>202,400</td>
<td>10.1</td>
</tr>
<tr>
<td>2009</td>
<td>497,439</td>
<td>12.0</td>
<td>198,976</td>
<td>-1.7</td>
</tr>
<tr>
<td>2010</td>
<td>592,637</td>
<td>19.0</td>
<td>219,495</td>
<td>10.3</td>
</tr>
<tr>
<td>2011</td>
<td>807,801</td>
<td>36.0</td>
<td>213,592</td>
<td>-16.4</td>
</tr>
<tr>
<td>2012</td>
<td>1,198,636</td>
<td>48.0</td>
<td>210,289</td>
<td>14.5</td>
</tr>
<tr>
<td>2013</td>
<td>1,299,678</td>
<td>8.0</td>
<td>220,286</td>
<td>4.8</td>
</tr>
</tbody>
</table>


According to Hassanain and Saaid (2016), several challenges remain, even though the creation of a country-wide, decentralised infrastructure and a system of accountability and governance has contributed to steady growth. For instance, Sudan’s vast territory and difficulties in identifying ‘zakatable’ wealth, especially in areas which are affected by instability and where populations are nomadic, are constraints that remain to be solved.

3.1.3 Services offered and level of coverage

Zakat resources fund about 87 per cent of the government’s social safety net interventions in Sudan (excluding subsidies). In 2016, 2.6 million households benefited from zakat (Zakat Fund 2016). In terms of geographical coverage, the Fund covers the whole country and has an extensive structure that reaches down to the village level.

In 2011, the Higher Institute of Zakat Sciences partnered with the Central Bureau of Statistics to conduct a poverty census. Beneficiaries are identified by local branches of the Zakat Fund using the poverty census database, which includes data disaggregated by gender, state and locality. However, the database is not readily accessible to the local committees where the targeting takes place (Kjellgren et al. 2014; Turkawi 2015).

The Zakat Fund provides a number of services, such as cash transfers, subsidies and productive support to poor households, while the amount of benefits depends on the type of support given (Machado et al. 2018). Education fee waivers and student support grants are also provided by zakat. The latter supported 80,000 university students from poor households to pursue higher education in 2016 (Zakat Fund 2016).

Since 1996, contributory health insurance has existed for those employed in the formal sector. The Zakat Fund and the Ministry of Finance and National Economy work in partnership to increase coverage of the non-contributory National Health Insurance Fund by sponsoring contribution fees for poor households (Kjellgren et al. 2014). In 2016, 16.41 million individuals were covered through the Fund (approximately 43 per cent of the population), of which more than half (8.78 million) were classified as poor (National Health Insurance Fund 2017).
3.1.4 How is zakat embedded within the national social protection system?

Zakat constitutes an important financial and institutional framework for providing a social safety net to the poor and vulnerable population of Sudan. The Sudan Poverty Reduction Strategy explicitly mentions that Zakat Committees should be strengthened, while the five-year Economic Reform Programme (2015–2019) includes the target to increase zakat assistance. However, there is no institution that has the authority to coordinate all zakat interventions in the country, nor is there a clear vision for any institutional coordination to select and deliver the services offered by the Zakat Chamber, pension funds or other social security funds. As a result, there is overlap between zakat payments and other funds. Beneficiary databases for zakat and the National Health Insurance Fund are also not firmly linked yet (Kjellgren et al. 2014; Turkawi 2015).

The Zakat Fund in Sudan does not have an independent complaints mechanism at the community and/or village level. There is room for improvement in the Fund’s programming, particularly in the areas of equity, adequacy, scalability, transparency and accountability, given the limitations in the existing monitoring mechanisms and the lack of a unified registry (Kjellgren et al. 2014). On a positive note, its financial resources, being independent from the government budget, are not only very sustainable but also have the potential to grow over time (Hassanain and Saaid 2016).

3.2 PALESTINE

The State of Palestine is characterised by a fragmented territory, divided into two main areas: the Gaza Strip (on the Mediterranean coast) and the West Bank (on the Jordanian border). The situation of poverty is particularly worrisome in Gaza, where 38.8 per cent of the population live in poverty, compared to 17.8 per cent in the West Bank (World Bank 2015). The conflict-ridden environment in which Palestine is embedded has contributed to deteriorating living conditions and a high number of refugees and internally displaced persons (Ameta 2015; Jones and Shaheen 2012).

Zakat-funded programmes in Palestine have a long tradition of providing assistance to the most vulnerable, which has to be seen against the background of limited state structures given the conflict with Israel. Zakat Committees were traditionally seen as apolitical, enjoying high levels of public trust and significant support from donors from abroad (Milton-Edwards 2017).

3.2.1 Legal background and institutional arrangements

Zakat Committees in the West Bank and Gaza have been exposed to different legal and political structures, given the different authorities that have exercised power over the two territories. The Zakat Committees in the West Bank were regulated following the Jordanian legal framework, while in Gaza there was no clear legal framework for zakat until 2007 (Schäublin 2012). The regulation of Zakat Committees changed in both areas after the political split of the Palestinian territories in 2007. This led to the Hamas takeover of the Gaza Strip, while the Fatah-controlled Palestinian Authorities continue to govern the West Bank.

In 2007, the previous 92 Zakat Committees in the West Bank were dissolved, and 11 central committees were formed (Schäublin 2009). According to Milton-Edwards (2017), the reorganisation of zakat can be seen as an attempt by the Palestinian Authorities to reclaim
legitimacy in the West Bank. In 2007 the Central Zakat Fund was created as a body housed within the Ministry of Awqaf and Religious Affairs, which is responsible for overseeing the different Zakat Committees. Its board members are chosen by the Ministry (ESCWA 2015). According to ESCWA (ibid.), donors abroad and Palestinian residents were worried that the reforms could disrupt the community-based nature of the Zakat Committees.

After the political split in 2007, Hamas took the Gazan branch office of the Ministry of Awqaf and turned it into its own Ministry of Awqaf (Schäublin 2012). In 2010, 32 Zakat Committees were registered in Gaza. Similar to Fatah in the West Bank, Hamas also started exercising more centralised power over the Zakat Committees in Gaza, and records exist that show that Fatah members were removed from Gazan Zakat Committees (ibid.). In general, Zakat Committees have now become highly politicised, in line with other forms of social assistance and foreign aid in Palestine.

### 3.2.2 Zakat financing

Zakat collection is not legally enforced in either of the two territories. In the West Bank, there are many forms of payment, including coupons or donations to local stores. A limited amount of the zakat in the West Bank comes from domestic sources and their own productive projects (making up about 10–15 per cent). The rest of the funding comes from external sources (ESCWA 2015). Local zakat contributions make up only a small proportion of the funding, whereas other types of funding, in particular sadaqa (voluntary donations, often for orphans) and in-kind donations, are much larger. In 2011, Zakat Committees received funding worth USD103,174 in zakat, compared to USD9.7 million in donations for orphans. A large proportion (60–70 per cent) of local zakat is collected during Ramadan. It is estimated that only 3–5 per cent of those eligible to pay zakat in the West Bank actually do so, as many prefer to give ‘private zakat’ to family members or neighbours (ibid.).

In comparison to expenditure levels of other social protection programmes, zakat-funded schemes are much smaller. For example, the Palestinian national cash transfer programme had an annual expenditure of USD100 million, compared to USD9.54 million for orphan sponsorship and financial assistance to poor families combined, the two major cash schemes provided by zakat in the West Bank (average between 2007 and 2011; see Table 2).

Over the past several years, more attention has been paid to the relationship between Zakat Committees and Hamas as a potential link to terrorism. In particular, the USA’s designation of Hamas as a terrorist organisation negatively impacted the funding situation of Zakat Committees, especially for those in lower-income governorates and those along the Separation Wall in the West Bank (ESCWA 2015). Similarly, Zakat Committees in Gaza also came under increased financial pressure. One particularly tense moment came after the political split. At that point, the Palestinian Authorities froze the bank accounts of some 16 Gaza Zakat Committees, which at that time increased dependency on local fundraising (Schäublin 2012).

### 3.2.3 Services offered and level of coverage

The largest programme by far offered by zakat in the West Bank is orphan sponsorship. It is important to note here that children without fathers are considered orphans in Palestine. The mother of the child may be alive, meaning that support to orphans often indirectly also supports female-headed households (ESCWA 2015). In addition to cash and in-kind transfer programmes (see Table 2), Zakat Committees run their own hospitals and health care centres.
As in other countries, a lot of zakat contributions are made seasonally, particularly during Ramadan. In general, zakat assistance is rather small and seen as complementary to other programmes. Regarding the benefit level, for example, it constitutes only one half to one third of what the national cash transfer programme provides (ibid.).

### TABLE 2
Selected zakat-funded social transfers in the West Bank

<table>
<thead>
<tr>
<th>Programme</th>
<th>Number of beneficiaries (annual average between 2007 and 2011)</th>
<th>Expenditure (annual average between 2007 and 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orphan sponsorship</td>
<td>20,505 orphans</td>
<td>USD7.86 million</td>
</tr>
<tr>
<td>Financial assistance to poor and vulnerable families</td>
<td>9,480 families</td>
<td>USD1.68 million</td>
</tr>
<tr>
<td>Food packages</td>
<td>46,560 households</td>
<td>USD0.91 million</td>
</tr>
<tr>
<td>Medical treatment, tools, insurance and subsidies</td>
<td>8,265 individuals</td>
<td>USD0.64 million</td>
</tr>
<tr>
<td>Emergency assistance</td>
<td>4,000 households</td>
<td>USD0.11 million</td>
</tr>
</tbody>
</table>


Targeting is based on applications, and beneficiaries are selected by local committees. The positive side of this is that local social workers usually know the community very well. Moreover, proxies can also submit applications, which is particularly important for people living in more remote areas or elderly people. In 2013 a points-based system that uses a computerised registry was being discussed to identify those most in need (ESCWA 2015). The Zakat Committees in Gaza also offer orphan sponsorships and support to poor families and students (Schäublin 2012), but unfortunately there is less information regarding, for example, the number of beneficiaries.

#### 3.2.4 How is zakat embedded within the national social protection system?

With the centralisation of Zakat Committees in the West Bank, some have argued that there is now room for better integration into the national social protection system. Others, however, have criticised the centralisation, arguing that the strength of Zakat Committees traditionally lies in their neutral position and decentralised manner which allowed for direct contact with beneficiaries.

Regarding coordination across different social protection providers, it has been noted that information on beneficiaries was often not shared, which can lead to potential overlaps or exclusion errors. However, an electronic database was created to gather and share information on beneficiaries (ESCWA 2015).

The 2010 draft national social protection strategy explicitly mentioned Zakat Committees as a provider of social assistance to the most vulnerable households. The importance of zakat is acknowledged, but also the lack of coordination (Ministry of Social Affairs 2010). However, interestingly, in the latest draft social development strategy for 2017–2022, Zakat Committees are not explicitly mentioned (Ministry of Social Development 2017).
3.3 JORDAN

Compared to the rest of the region, Jordan has a well-developed social protection system that provides long-term assistance to its population (Röth, Nimeh, and Hagen-Zanker 2017). Non-contributory social protection schemes are offered by the National Aid Fund (NAF) and the National Zakat Fund (NZF). Zakat in Jordan implements a number of services for both Jordanians and non-Jordanians, including financial assistance, in-kind provision of food and support to cover health care expenditures.

3.3.1 Legal background and institutional arrangements

Jordan’s zakat is one of the oldest Islamic charitable funds in the region, and the first law regulating the collection of zakat was issued in 1944. The NZF was created by law in 1978 and is today a key institution in the national social protection system. Zakat-funded schemes are financed by private voluntary contributions and, based on the principles of justice and equality, all assistance programmes are available to everyone, regardless of nationality (TAG Consultants 2013).

The NZF is part of the Ministry of Endowment and Islamic Affairs, which holds the president’s chair on the Zakat Council, created in 1988 as a board of directors that gathers representatives from different institutions, including the Grand Mufti of the Kingdom, the Ministry of Finance, the Ministry of Social Development, and members of the private sector appointed by the Council of Ministers (ibid.). The board is responsible for proposing the Fund’s general policy and approving plans and the institution’s general budget.

The NZF is the major institution responsible for managing zakat resources in the country, including collection and distribution. With branches in all governorates (Zakat Fund Offices) and an additional 233 voluntary Zakat Committees, local representations are present throughout the country and are responsible for targeting beneficiary families, collecting contributions and supervising and following up the work of zakat (Kingdom of Jordan n.d.).

3.3.2 Zakat financing

The Fund’s resources are mainly based on: i) zakat contributions from Muslims in the country; ii) donations and gifts (both in the form of cash and in-kind); and iii) charitable items and any other resources approved by the board of directors. According to the Fund’s regulations, administrative and management costs shall not exceed 10 per cent of the Fund’s annual income (TAG Consultants 2013).

Figure 1 presents zakat expenditure for the period 2002–2010, showing that the NZF’s total spending has increased gradually over the years. The Fund received a large single donation of JOD3.3 million in 2010 that allowed for increased expenditure on in-kind assistance in the form of food. Resources have increased steadily, and in 2015 the allocations for the monthly cash assistance programme alone accounted for JOD7 million (three times higher than the JOD1.2 million in 2010), while the orphan sponsorship programme, its largest programme, received JOD13 million (compared to only JOD425,000 in 2010) (Kingdom of Jordan 2015; Wartonick 2011)—see Table 3.
3.3.3 Services offered and level of coverage

As previously pointed out, zakat benefits in Jordan include occasional in-kind transfers, job creation and income generation initiatives, emergency cash transfers, a health care programme, monthly cash assistance to poor people and a cash support scheme specifically targeting orphans. Elderly people (aged over 60 and living alone), people with disabilities (including organisations that provide support for them), people affected by emergencies (such as floods, fires or earthquakes) and poor students are also entitled to receive zakat support. Zakat Offices and Committees are responsible for receiving application forms, and a team of social researchers
is in charge of assessing requests and visiting the applicants. The final decision is then left to the Director of Studies and the Managing Director (TAG Consultants 2013).

In 2015 the emergency aid programme benefited more than 30,000 families, while regular monthly cash assistance reached 20,000 households in the same year. The orphan sponsorship programme, which establishes a direct relationship between the sponsor and the child, accounted for the largest share of zakat spending in 2015 and benefited more than 43,000 children (Kingdom of Jordan n.d.). Additionally, the health care programme protected over 150,000 poor individuals from the financial risks that can be incurred due to medical expenses (see Figures 2 and 3).

The benefit level of the emergency aid (a one-off payment) is not fixed and is determined on an ad hoc basis. However, the regular cash assistance provides beneficiaries with JOD30 per month, and an additional JOD5 per household member (not capped). Orphan sponsorship is also set at JOD30 per month, transferred every two months (TAG Consultants 2013).

3.3.4 How is zakat embedded within the national social protection system?

Compared to the NAF (the largest non-contributory social protection scheme in Jordan), the NZF can be seen to constitute a rather minor part of the social assistance available in the country. Figure 4 presents a comparison of both funds’ spending levels between 2002 and 2010; it shows that in 2010 the NAF spent JOD81.1 million, compared to JOD5.3 million by the NZF. However, zakat has been growing, and in 2015 its monthly cash benefit reached 20,000 families, compared to nearly 91,000 benefited by the NAF’s recurrent cash support in 2017 (Machado et al. 2018).
Importantly, only poor families who are not receiving support from any other assistance programme are entitled to receive zakat. However, the lack of a common registry of beneficiaries among different government initiatives (especially those of the NAF and the Ministry of Social Development) still represents an obstacle to better coordination of poverty reduction programmes in the country.

Although zakat in Jordan is available for both national and foreign families (unlike the NAF, which is available for Jordanian families only), the application requirements for the NZF set significant barriers for the most vulnerable non-Jordanian families in the country. For instance, a copy of a passport or a family book is required for registering for assistance (TAG Consultants 2013). This means that refugees who left their countries with little or no documentation are potentially not covered.

Although the Zakat Fund in Jordan expanded its coverage between 2010 and 2015, most services provided are short-term, and the level of benefits disbursed are generally low. Moreover, the substantial influx of refugees over recent years presents key challenges not only for zakat but for the whole Jordanian social protection system (ILO 2017).

4 DISCUSSION

The type of collection, organisational structure and, importantly, political motives can determine the role that zakat plays in providing support to poor and vulnerable members of society. This section looks at some of the main challenges and opportunities for zakat by pointing out the main commonalities and differences across the three countries analysed.
4.1 FINANCING: ZAKAT OPENS UP FISCAL SPACE FOR SOCIAL PROTECTION

The extent to which zakat can be used to finance social protection measures varies not only in the way it is collected and administered but also with the country's geographic and political conditions. In Sudan, zakat is mandatory and reaches proportionally more households than in Palestine or Jordan. Therefore, Sudan's creation of a decentralised collection system has helped ensure a steady increase in zakat collections. Despite the country's vast size and difficulties in identifying wealth to determine the nisab, Sudan presents an interesting case of zakat collection being managed in such a way that it constitutes a crucial source of revenue for financing not only in-kind and cash transfers but also health insurance.

In Palestine and Jordan, on the other hand, zakat constitutes a rather small part of the national social protection systems. In Palestine, zakat is highly dependent on contributions from abroad. While the Zakat Committees enjoyed high levels of public trust for a long time, recent political struggles and subsequent centralisation reforms have contributed not only to a decrease in public trust but also in zakat contributions. Schäublin (2012), therefore, argues for a decentralised model under a unified legal framework for both Gaza and the West Bank, stressing the importance of political independence. Others have highlighted the importance of tax incentives and restructuring the way in which zakat funds are invested (Majeed 2016). Jordan's Zakat Fund is one of the oldest and most consolidated legal systems in the region. Voluntary donations are collected by Zakat Committees and channelled up to the central level for redistribution. This has consolidated the Fund's capacity to act on a national level. Programme expenditure levels have increased since 2010, which has strengthened its role as a potential mechanism to expand fiscal space for social protection in the country.

4.2 SELECTION OF BENEFICIARIES: ENSURING THAT THOSE MOST IN NEED RECEIVE ZAKAT

While the Quran establishes the eight categories for those who should receive zakat, the selection is at the discretion of the Zakat Funds' administrators. The selection of beneficiaries in Palestine and Jordan is ultimately made at director level on a case-by-case basis. While this might decrease transparency and lead to the exclusion of people in need, it has the advantage of relying on case workers who often know the community and their needs very well. It also allows for more flexibility in times of emergencies, as exceptions can be made, which is not possible if the system uses very 'strict' targeting.

An electronic database can help ensure that those most in need are reached. Yet the case of Sudan also shows that it is important to have a readily accessible database. While the Sundanese Zakat Fund has established clear criteria for the selection of beneficiaries and created a database providing disaggregated data, local committees do not have ready access to it.

All Zakat Funds offer support to orphans, and such programmes in Jordan and Palestine are of significant size. While orphans are indeed a particularly vulnerable group, the question arises whether the focus on orphans might exclude other vulnerable children who still have both of their parents. Future research in this direction could help shed light on this question.
4.3 INTEGRATING ZAKAT INTO THE BROADER NATIONAL SOCIAL PROTECTION SYSTEM

A state institution supervises the Zakat Funds in all three countries analysed. When looking at the integration of zakat into national social protection systems, one can observe that, in Sudan, zakat is explicitly mentioned in the country’s poverty reduction strategy and in recent national policy frameworks, such as the Economic Reform Programme (2015–2019). Nevertheless, the case of Sudan also shows that a clear vision for institutional coordination and the sharing of information across different institutions is needed to avoid overlaps, which could also help integrate the different services better.

Similarly, in Palestine, it has been noted that the exchange of beneficiary information between the Zakat Fund and the Ministry of Social Affairs is rather sporadic, leading to possible overlaps (ESCWA 2014). Although the centralisation of zakat under the supervision of the Ministry of Awqaf was intended to make zakat more efficient, critics have pointed to the missing linkages between the different government institutions (Milton-Edwards 2017). The case of Palestine also shows that a mere inclusion in government structures does not necessarily lead to better collaboration between different stakeholders but that political factors play a key role. In fact, all three cases of Jordan, Sudan and Palestine show that better coordination with other government institutions could help ensure that the most vulnerable households are indeed reached.

5 CONCLUSIONS

Zakat, the religious duty to give a certain amount of one’s wealth to those in need, has played an important role in providing social assistance for centuries. Zakat Funds are becoming increasingly more institutionalised and are part of many countries’ social protection systems, providing cash, food, health care and education services to poor people. This article discussed the Zakat Funds in Jordan, Palestine and Sudan. A number of key messages can be taken away from these case studies:

- There is no ‘one-size-fits-all’ solution in terms of the institutionalisation of zakat, yet decentralisation seems to be important, as the case of Sudan demonstrates.

- Implementing an efficient collection system is also crucial to increase funding, yet the mechanisms to develop it (i.e. through a mandatory tax or voluntary transfers) are context-specific. Similarly, the way contributors are determined in the countries analysed also depends on the definitions of nisab. Additionally, tax incentives can be an alternative way to increase contributions.

- Improving coordination among state institutions is crucial to enhance the role of Zakat Funds as providers of social protection. However, assessing its feasibility (for example, the sharing of databases requires resources and infrastructure) and ensuring the commitment of relevant stakeholders are essential steps for this process.

- A so-called ‘de-politicisation’ of Zakat Funds seems to be important to guarantee the high levels of public trust which Zakat Funds have traditionally enjoyed, especially for those that are highly dependent on external funding.
This article has further highlighted a number of areas that deserve more in-depth research to better understand the opportunities and challenges of zakat as a poverty reduction mechanism. Future research should focus on **coverage and targeting analysis** by investigating who is not yet covered by zakat (and other services provided by the State) and where they live. Likewise, it is relevant to analyse whether or not some vulnerable groups have less access to zakat than others (ethnic minorities, refugees).

In general, few studies exist that **evaluate zakat in terms of outcomes** (access to services or poverty reduction), which can be partially explained by the scarcity of data. Evaluation in this direction could be helpful to further advocate for the strengthening of zakat institutions. It is crucial for the managing authorities to consolidate data on Zakat Funds and make them publicly available, not only to improve the accuracy of research but also to **provide the means for increasing public transparency** and accountability.

The overall context of subsidy reforms in MENA and the increased redistribution of social spending to more targeted assistance (as in the case of Sudan) reinforces the importance of zakat-funded schemes as mechanisms to support new poverty reduction strategies. Indeed, as stated in this article, zakat has become an increasingly relevant way to promote wealth redistribution and poverty reduction. Institutional Zakat Funds should, therefore, be recognised as part of the main non-contributory social protection system and as crucial actors within poverty reduction policies in Muslim-majority countries. Governments can also play a key role in improving the efficiency of zakat schemes (Malik 2016) by taking over responsibility for the collection and distribution of zakat contributions.

**REFERENCES**


NOTES

2. The others four pillars are: testimony, prayer, fasting and pilgrimage (Dean and Khan 1997).
3. Note that for Shia Muslims the payment of zakat can be up to 5 per cent (Hasan 2015).
4. The other zakat beneficiary categories include those employed to administer the Zakat Fund, new converts to Islam, those in bondage, those in debt, those committed to some act of service or devotion, and wayfarers (Hasan 2006).
5. Outside the Middle East and North Africa, Pakistan and Malaysia also have a mandatory zakat collection system. For further information on zakat in other regions, see Hasan (2015).
6. Note that this information refers to the situation in Yemen before the start of the conflict in 2015. More recent information on the current state of affairs was not found at the time of writing this article.
8. The Ministries of Awqaf in the West Bank and in Gaza both have their own websites: West Bank: <www.pal-wakf.ps/site> and Gaza: <www.palwakf.ps/ar/index.php>.
9. At the time of writing this article, no information could be found on the current status of discussion.