



Algeria's Experience in Zakat Administration: From the Zakat Fund to the National Office for Awqaf and Zakat

Souad HOUHOU¹; Hassina HOUHOU²

^{1,2}University of Biskra (Algeria)

Email: ¹souad.houhou@univ-biskra.dz; ²hassina.houhou@univ-biskra.dz

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Abstract

The administration of zakat constitutes one of the fundamental pillars of Algeria's financial and social system, as the state seeks to regulate this religious obligation within a modern institutional framework that ensures the efficient collection and distribution of its proceeds. This study examines Algeria's experience in zakat administration, highlighting the structural transition from the “Zakat Fund”, established in 2003, to the “National Office for Awqaf and Zakat”, created pursuant to Executive Decree No. 21-179 in 2021. The research focuses on analysing the legal and regulatory framework of the office, a public institution of an industrial and commercial character that enjoys financial autonomy. It also aims to assess the performance of the Zakat system, as well as the newly introduced mechanisms of digitisation and electronic payment designed to increase Zakat revenues. The findings indicate that this model has streamlined administrative operations and achieved steady growth in total revenues. However, the experience has also encountered challenges related to the limited investment of zakat funds and the failure to achieve the expected revenues relative to the actual scale of wealth, which call for strengthening trust and transparency and broadening the zakat base.

Keywords: Zakat, Zakat Fund, National Office for Awqaf and Zakat.

Introduction

Zakat is regarded as one of the most important economic and social pillars of Islamic systems, as it serves as an effective instrument for redistributing wealth, fostering social solidarity, and reducing the poverty gap. In Algeria, the administration of this obligation has undergone significant structural transformations, beginning with the stage of individual and ritual practice and culminating in its institutionalisation within modern legal and regulatory frameworks seeking to maximise the efficiency of collection and distribution.

The establishment of the Zakat Fund in 2003 constituted a pioneering step toward the institutional organisation of zakat, as over the years of its activity, the Fund succeeded in financing thousands of microprojects for young people under the slogan We do not give to him so that he remains in need but rather so that he becomes a zakat payer. Despite its relative success and the steady growth in financial proceeds, the experience nevertheless encountered administrative challenges and an accumulation of responsibilities borne by the wilaya directorates, necessitating a transition toward a model that was more independent and specialised.



The establishment of the National Office for Awqaf and Zakat pursuant to Executive Decree No. 21-179 represents a strategic transformation in administrative economic thinking in Algeria, as zakat was transferred from being merely an activity under the supervision of the directorates of religious affairs to being a public institution of an industrial and commercial character possessing legal personality and financial autonomy. This new arrangement seeks to address past shortcomings through digitalisation, the adoption of electronic payment mechanisms, and the establishment of strategic partnerships with financial and economic institutions.

This article seeks to elucidate the legal and institutional framework of this newly established office and to analyse the development of zakat proceeds in Algeria across three principal stages: establishment, expansion, and recovery and empowerment. It also discusses the effectiveness of the mechanisms adopted for managing investment projects and the extent to which this institutional transformation is capable of building bridges of trust with zakat payers and achieving the desired sustainable development.

Section One: The Legal and Institutional Framework for Zakat Administration in Algeria

Algeria seeks to regulate the obligation of zakat within a modern institutional framework that ensures its sound administration and directs it toward the fulfilment of its objectives through the establishment of the National Office for Zakat and Awqaf and its administrative and organisational structure.

Subsection One: Definition of the National Office for Awqaf and Zakat and Its Objectives **First Definition**

The National Office for Awqaf and Zakat is a public institution of industrial and commercial character possessing legal personality and financial autonomy, established pursuant to Executive Decree No. 21–179 dated May 3, 2021. The office is subject to the rules applicable to the administration in its relations with the state, and it is deemed a trader in its relations with third parties.

The office is placed under the supervision of the minister responsible for religious affairs and awqaf, and its headquarters are located in Algiers. It may also establish regional or wilaya branches by decision of the supervising minister, on the proposal of the director general of the office, and, where appropriate, branches abroad in coordination with the Ministry of Foreign Affairs.

Second Objectives of the National Office for Awqaf and Zakat

The Office is an instrument for the management of public waqf properties, their exploitation, development, and investment, in accordance with the donor's intention, the provisions of Islamic law, and their higher objectives. It is also a mechanism for the collection, disbursement, and development of zakat in accordance with the provisions determined by Islamic law.

Among the most important objectives of the Office in the field of zakat are the following:



Collection and receipt of zakat and its distribution in accordance with its lawful channels
Contribution to the activation of awareness-raising media campaigns on zakat, in coordination with the supervisory authority, to gain the trust of citizens. Al Zakat 2026. As of the twenty-third zakat campaign, media and communication work had become unified at the national level after it was previously conducted independently by Tayeb (2025).

Digitisation of the religious affairs and awqaf sector and activation of electronic payment mechanisms, such as the BaridiMob application, the Quick Response Code QR Code, and the Office website, in addition to the adoption of electronic payment terminals, constitute a new step toward facilitating the digital payment of zakat and enhancing transparency (I.A. 2025)

Updating and identifying the national register of zakat beneficiaries

Establishing effective mechanisms for the development of zakat resources

Supporting and assisting young people in their projects and micro enterprises and monitoring this in coordination with the relevant bodies and institutions

Concluding agreements with financial and economic institutions falling within the framework of its activity

New mechanisms for the collection of zakat on crops and livestock should be developed, including the signing of agreements with certain public institutions, such as the Algerian Interprofessional Office for Cereals, to deduct the zakat percentage directly upon delivery, thereby enabling an accurate accounting separation between zakat on wealth and zakat on crops and ensuring better collection (Tayeb,2025).

The experience of the National Office for Awqaf and Zakat is recent and still in its early stages. It replaced the former Zakat Fund, which was established in 2003. Although the Zakat Fund's experience was pioneering, it faced major challenges, foremost among them the lack of clarity for many about its objectives and mechanisms. In addition, the wilaya directorates of religious affairs and awqaf bore a considerable burden, as the wilaya director was entrusted with multiple tasks, ranging from administrative supervision, religious guidance, and Quranic education to the management of awqaf, the follow-up of related disputes, and their investment, in addition to the collection and distribution of zakat through committees. This vast number of responsibilities exceeded the capacity of the directorates, necessitating consideration of establishing an independent, specialised national body to ease the burden and ensure more efficient management of awqaf and zakat resources. Hence, the Office was established by a decree in May 2021; its board of directors was installed in June 2022, and it commenced operations in April 2023 after it obtained headquarters, financial resources, and the necessary human resources (Tayeb, 2025). It also enables the ministry to reach all companies and enterprises liable to pay zakat in Algeria.

Previously, before the establishment of the Office, zakat collection relied primarily on grassroots committees, represented by mosque committees and mosque imams, who were responsible for collecting information on beneficiaries and collecting zakat through mosque collection boxes, as well as post-al transfers. Afterward, zakat funds were distributed to beneficiaries through the current account.



Section Two: The Mechanism for the Administration and Financing of the National Office for Awqaf and Zakat in Algeria

The administrative and structural organisation of the National Office for Awqaf and Zakat is based on a set of principal structures that complement one another to ensure sound management and the fulfilment of the objectives for which it was established. Three principal organs administer the Office: the director general, the board of directors, and the consultative body represented by the Sharia Board, thereby ensuring a balance between the administrative aspect and the Sharia regulatory framework.

1 Board of Directors

The Office is chaired by the Minister of Religious Affairs and Awqaf, who may appoint a representative to act on his or her behalf in this capacity. The Board of Directors consists of 21 members representing various ministries and government bodies, as well as three experts specialising in the management and administration of awqaf and zakat, appointed by the Minister of Religious Affairs and Awqaf (Ammour & Youssef, 2022).

2 Director General

The director general is appointed by a decree on the proposal of the minister responsible for religious affairs.

3 Sharia Board

The Office is supported by a Sharia Board, which is responsible for providing juristic consultation and assistance to the Office, particularly regarding the extent to which the Office's activities and operations comply with the provisions and regulations of Islamic law. The Sharia Board consists of representatives of the Minister of Religious Affairs and Awqaf and of the Higher Islamic Council, members drawn from among scientific experts, and members from the secretaries of the scientific councils affiliated with the mosque institution, all of which were appointed by the Minister of Religious Affairs and Awqaf (Ammour & Youssef, 2022). Its functions include the following:

Providing Sharia opinions concerning draft programs and activities submitted to it by the director general of the office

Contributing to the preparation of scholarly studies capable of developing and advancing the activities of awqaf and zakat

The necessity of separating the zakat and awqaf sectors owing to the difference in their objectives so that each may achieve its respective Sharia and developmental aims (Ammour & Youssef, 2022)

Subsection Three: Development of Zakat Revenues and Project Financing

To evaluate the work of the Fund, we examined the results it has achieved since its establishment by tracing its annual revenues, as shown in the following table.



Table 1

Development of the Revenues of the National Zakat Fund Office from 2003 to 2024 in DZD

Years	Zakat al Fitr	Zakat al Mal	Zakat on Crops and Fruits	Total Collection	Zakat
2003	25.728.172,50	30.394.399,45	0,00	56.122.571,95	
2004	114.916.162,00	108.370.579,98	16.567.254,00	239.853.995,98	
2005	172.171.989,66	335.761.165,55	723.396,54	508.656.551,75	
2006	215.220.889,36	439.099.934,34	32.119.363,76	686.440.187,46	
2007	258.163.416,08	435.507.262,68	38.843.446,56	732.514.125,32	
2008	240.960.757,50	370.048.773,87	43.115.432,98	654.124.964,35	
2009	304.969.465,00	589.548.578,23	42.147.194,17	936.665.237,40	
2010	322.074.119,50	536.621.104,24	40.497.584,83	899.192.808,57	
2011	373.399.511,00	781.299.800,17	44.430.159,57	1.199.129.470,74	
2012	444.705.479,00	801.478.212,80	60.703.409,74	1.306.887.101,54	
2013	445.955.947,81	779.147.643,48	75.804.974,05	1.300.908.565,34	
2014	437.563.081,20	804.303.736,90	76.747.250,58	1.318.614.068,68	
2015	473.417.555,00	685.984.292,68	91.711.538,40	1.251.113.386,08	
2016	515.318.879,00	678.716.480,94	73.139.529,73	1.267.174.889,67	
2017	565.521.980,09	721.053.537,62	115.757.832,01	1.402.333.349,72	
2018	614.897.913,75	724.867.503,52	123.104.565,42	1.462.869.982,69	
2019	566.148.761,36	850.352.395,72	116.434.777,75	1.532.935.934,83	
2020	0,00	730.954.694,69	122.505.063,33	853.459.758,02	
2021	437.426.140,45	408.974.810,11	130.559.823,58	976.960.774,14	
2022	584.994.442,83	504.820.741,92	0,00	1.089.815.184,75	
2023	690.346.211,85	668.497.539,76	0,00	1.358.843.751,61	
2024	791.020.078,50	858.492.987,29	0,00	1.649.513.065,79	

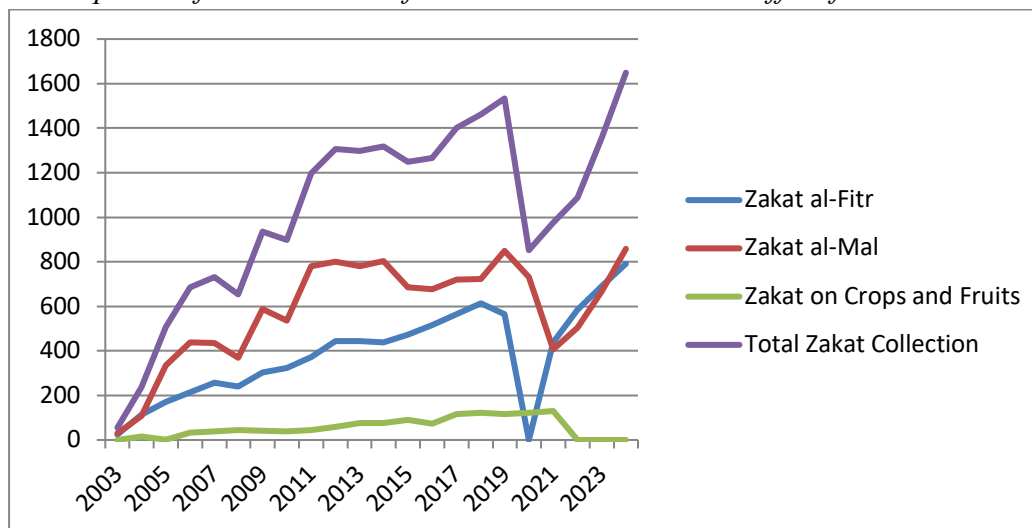
Source National Office for Awqaf and Zakat



The following graph illustrates the previous table.

Graph 1

Development of the Revenues of the National Zakat Fund Office from 2003 to 2024 in DZD



Source: Prepared by the two researchers based on data from the National Office for Awqaf and Zakat

The overall graph of zakat revenue development shows an upwards trend. However, this trend was not linear; rather, it passed through phases of deceleration, acceleration, stability, and even decline. Therefore, the development of the revenues of the Office formerly the Fund may be divided into three stages:

The Foundational Stage, 2003 to 2006

This stage may be identified as extending from 2003 to 2006. It was characterised by modest initial and relative growth, although this remained weak compared with actual capacities and needs. This was due to limited awareness of the Fund, given its recent establishment, and to weak public confidence in it.

Stage of Expansion and Growth, 2007 to 2019

This stage was characterised by continuous growth in zakat revenues, despite fluctuations and a decline in certain years, particularly in zakat on wealth. This growth may be attributed to the Fund's extension to all the wilayas of the country, the assurance of Sharia-compliant rulings for zakat payers, and the adoption of a unified religious and media discourse in support of the Fund.

Stage of Recovery and Empowerment 2019 to 2024

Following the sharp decline in zakat revenues caused by the COVID-19 pandemic, revenues resumed growth. This period coincided with the transition towards the National Office for Zakat and the adoption of digitalisation in the management of the Office's resources, which



increases and encourages the payment of zakat, facilitates the mechanisms for achieving the Office's objectives, and is expected to reinforce trust and transparency.

Analysis by Type of Zakat

It may be observed from the graph that zakat on wealth accounts for the largest share of total zakat revenues, whereas zakat on crops and fruits records the lowest revenues among the other categories. Its growth also remained stable even during the pandemic, before revenues ceased in 2021 with the beginning of the transition toward the organisation of the Office rather than the Fund. In fact, since its establishment, the Zakat Fund had accepted only cash transactions because in-kind payments required greater storage capacities and similar facilities. The revenues recorded, therefore, related only to certain wilayas that were able to undertake this. Notably, the newly established Zakat Office will work to regulate and generalise this process with the assistance of other institutions, such as the National Office for Cereals.

Zakat al Fitr revenues experienced continuous, stable growth, except in 2020 because of the COVID-19 pandemic and the closure of mosques, when zero dinars were recorded. Thereafter, they resumed their usual growth and even surpassed zakat in wealth. In contrast, zakat on wealth required a longer recovery period because the incomes of many segments of society were adversely affected by the closure of institutions and commercial activities.

Table 2

Number of Projects Financed by the Zakat Fund for 2004 to 2012

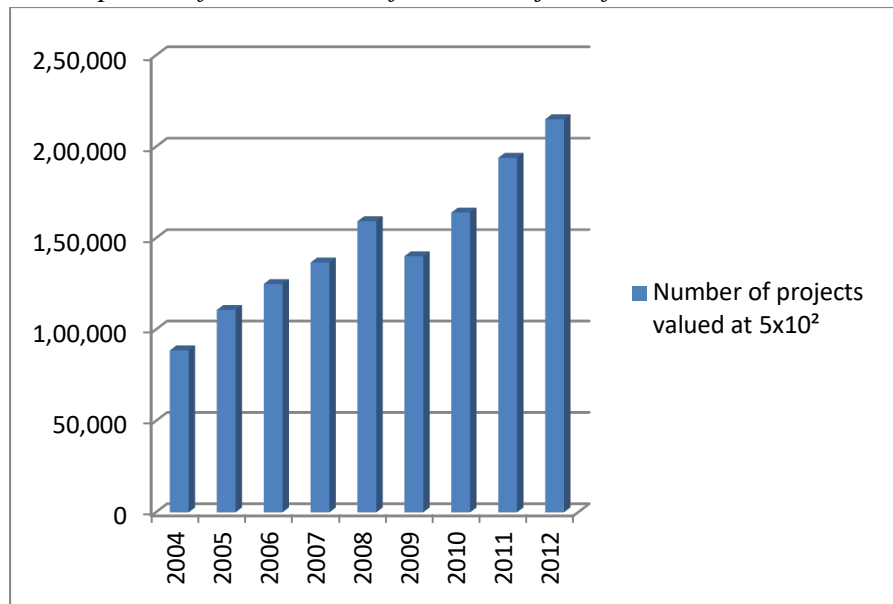
Year	Gross Domestic Product billion dinars	Zakat Revenue 2.13 percent	Investment Expenditure 37.5 percent	Number of Projects valued at 5×10^2	Annual Growth Rate percent
2004	5.545,85	118,12	44,29	88.580	-
2005	6.930,15	147,61	55,35	110.700	24.90
2006	7.823,79	166,64	62,45	124.900	12.80
2007	8.554,26	182,20	68,32	136.640	9.3
2008	9.968,90	212,33	79,62	159.240	16.5
2009	8.770,80	186,81	70,05	140.100	-11.8
2010	10.404,74	221,62	81,99	163.980	17
2011	12.139,97	258,58	96,96	193.920	18.2
2012	13.460,99	286,71	107,51	215.020	10.8

Source Saïdani and Chaabani 2020, p. 146



Figure 2

Development of the Number of Zakat Projects from 2004 to 2012



Source: Prepared by the two researchers on the basis of the data in Table 2

Immediately after the establishment of the Zakat Fund in 2003, the Ministry undertook an *ijtihad* through which zakat revenues were divided between disbursement to the poor at a rate of 50 percent and lending to the unemployed so that they might invest them in small projects through loans of 150000 DZD at a rate of 37.5 percent, in order that they might cease to remain in constant need, under the slogan We do not give to him so that he remains in need, but rather that he becomes a zakat payer. The remaining 12.5 percent was allocated to the Fund's operating expenses.

This strategy and slogan, with which the Fund began in its early years and through which it sought to attract zakat funds from zakat payers, drew criticism and opposition from some Algerian imams, who argued that zakat should, in principle, be disbursed primarily to people with low incomes and by way of a transfer of ownership.

Moreover, the management of those projects required planning, follow-up, monitoring, and additional expenditure, resulting in an increased administrative burden and organisational dispersion. Many of those projects also failed. Consequently, the Fund was unable to recover its monies.

In light of Table 2, one may observe the development in the number of investment projects financed by the Zakat Fund.

As previously indicated, the projects financed by the Fund constituted a fixed proportion of the Zakat Fund's revenues, namely, 37.5 percent. Hence, their growth changed in line with changes in zakat on wealth and the causes that gave rise to those changes.

Notably, statistics on zakat project financing ceased in 2012. We also did not identify any clear investment strategy within the objectives of the new office.



Conclusion

Contemporary zakat administration adopts two basic models based on the degree of compulsion, each of which includes diverse methods of collection and distribution, the application of which varies according to the circumstances of each state. In Algeria, the noncompulsory organisational model is applied to regulate the collection and distribution of zakat funds systematically. The results show that this model helps regulate administrative operations and ensures that beneficiaries benefit from zakat. However, the complexity of the operations of levy, collection, and investment necessitated their restructuring and reorganisation within an independent administration or office, together with an attempt to develop and expand its management and powers, involve relevant organisations and modernise the techniques of operation to increase its efficiency after achieving results that may be regarded as modest in comparison with actual wealth. Through our study of the Zakat Office in Algeria, we have been able to evaluate this experience, which has covered an important distance, and the results achieved through the following points.

1. The implementation of an independent administrative arrangement specifically for the payment of zakat in Algeria is a sound and prudent experience. The state's assumption of responsibility for its administration and implementation in accordance with the principles of Islamic law increases its efficiency and the attainment of its objectives, as previously observed.
2. The administration and management of the Zakat Office appear to be entrusted to persons of knowledge and integrity, beginning with grassroots committees specialising in collection and beneficiary enumeration, composed principally of mosque imams. The Fund is also supported by a specialised Sharia Board, which indicates the competence of the organisation and of the human resources working in and responsible for this fund. The organisation of zakat also conforms to the relevant Sharia provisions, which require, in principle, that zakat be disbursed in the places where it is collected.
3. The transfer of the organisation of the Fund from being one of the functions of the Ministry and the directorates of religious affairs and awqaf to the National Office for Awqaf and Zakat as an independent body is likely to increase its effectiveness and to develop methods and organisational structures that enhance the fulfilment and expansion of its objectives, particularly about the training of specialised personnel, the digitisation of the sector, and partnership with institutions connected with zakat.
4. Despite the partial successes achieved by the Fund since its establishment, its results remain below the real capacities and actual demands. The amounts collected are far below the expected revenues from those liable within the state and the scale of wealth, whereas the sums disbursed are far below the number of those in need and the level required to achieve sufficiency for beneficiaries. The reasons for this weak performance are numerous, with the most important being the noncompulsory nature of zakat and its individual payment, especially among businesspeople and major economic institutions, together with limited awareness of the Fund and a lack of confidence in it.



5. The absence of an accurate national database of people experiencing poverty and the lack of effective coordination between the Fund and other social bodies, such as solidarity institutions, social affairs bodies, and charitable associations, lead to duplication of efforts or the neglect of certain categories. This problem is compounded when people pay zakat individually. The reforms and the new organisation of the office, together with partnerships with relevant institutions and the use of digitisation, will resolve this problem.
6. The investment of zakat funds was anijtihad that came prematurely. It may be observed that it began at the same time as the Fund itself and at a significant rate of 37.5 percent, together with the procedures and supporting institutions required for its financing and for the study and follow-up of its files, which increased the burden on the organisation and administration of the Fund. Moreover, if one adopts the opinion permitting such investment, it may only take place after the sufficiency of people with low incomes has been achieved, which has not yet been achieved. Had the Fund confined itself to collecting zakat funds and disbursing them to people with low incomes, so long as revenues had not exceeded the needs of people with low incomes, given that they constitute the primary lawful category of zakat beneficiaries, this would, in our view, have been easier in administration and more efficient in achieving the objectives and gaining the confidence of zakat payers, especially at the beginning of the organisation.
7. The proportion allocated to media campaigns is 12.5 percent and has remained fixed since the Fund's establishment. This may be excessive, especially given that those working on such campaigns are employees who are not among their lawful recipients, while the amount increases as revenues increase. This raises questions among zakat payers and reduces their confidence in and contributions to the Fund, requiring reconsideration of those proportions.
8. After twenty years since the establishment of the Fund, its work and organisation strategy had not changed, despite the modest results to which we have referred. The new independent organisation represented by the Office may play a more efficient role in regulating zakat and activating its role in society. This is what we have observed from its recent experience, in which it introduced digitisation and was strengthened through important partnerships with various sectors active within the organisation to expand its capacity, thereby increasing zakat revenues and enriching beneficiaries, which is the ultimate objective of the organisation.

Recommendations

On the basis of our study of the Zakat Fund in Algeria and the administrative organisation through which it is managed, we identified certain difficulties and problems confronting it, which in turn allowed us to propose several recommendations we consider important.

1. To instil confidence in the minds of zakat payers, as they constitute the principal resource of the Office. This cannot be achieved solely through slogans and campaigns



but also through transparency in performance and adherence to the Sharia rules governing this obligation.

2. To broaden the collection to include crops, livestock, trade, and other forms of zakatable wealth and to establish structures to preserve them, thereby increasing zakat funds and the number of beneficiaries.
3. To digitise the sector to increase the effectiveness of collection and distribution, as well as oversight, thereby enhancing transparency and eliminating manipulation and embezzlement that may affect zakat funds.
4. The investment of zakat funds should be suspended until all lawful categories of disbursement have been adequately fulfilled to facilitate the management of the Fund and avoid disagreement among jurists, which may reduce confidence in the Office and thereby affect the willingness of zakat payers to contribute and, consequently, zakat revenues.
5. To reconsider the division of zakat according to the aforementioned proportions, move beyond juristic disputes and seek a mechanism that is more effective and simpler through the involvement of specialists and scholars in this regard.

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