Asian Social Science; Vol. 11, No. 15; 2015
ISSN 1911-2017 E-ISSN 1911-2025
Published by Canadian Center of Science and Education

The Regulatory and Supervisory Framework of Microfinance: Some Evidence from Sudan

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Received: December 9, 2014 Accepted: February 7, 2015 Online Published: May 15, 2015

doi:10.5539/ass.v11n15p76 URL: http://dx.doi.org/10.5539/ass.v11n15p76

Abstract

Islamic microfinance is one of the essential unconventional branch of lending that uses by Islamic microfinance providers for financial and social inclusion to provide financial support for low-income people as well as the extremely poor. Through the in-bodied social inclusion tools, Islamic microfinance can best used to mitigate the negative impact of the extreme poverty. Since financing micro-borrowers and extremely poor are highly risk, the need for efficient and effective regulatory and supervision of microfinance frame work is very important. This research investigated Sudanese Islamic microfinance regulatory and supervisory framework. Despite of the exerted efforts by Sudanese government through providing favorable climate and the establishment of Islamic financial intuitions and establishing structured microfinance framework, the results showed that Sudanese microfinance regulatory framework is not providing best outreach. Despite the continuous increasing of the ceiling portfolio by the regulatory authority until reached 12% from 4% since the first issued rules in 2006, the actually utilization is insignificant at the end of the year 2013. This might be due to several reasons such as bad basic infrastructures, ineffective follow up by the regulator of the microfinance providers, Islamic microfinance deliberately ignoring the rural areas clients' because of the high risk, the framework lack of the building capacity tools for clients as well as for the microfinance providers staff. The results of this research gives strong policy implications for both to Islamic microfinance regulator and providers to carry on real revision and evaluation for the efficiency and effectiveness of the current operated microfinance frame work in Sudan. These results might be useful for Islamic microfinance regulators and providers in Muslims countries and interested providers in the West the benefit from the nullified factors that render the regulatory framework ineffective.

Keywords: Islamic microfinance, regulatory and supervision

1. Introduction

Recently Sudanese economic has weakened as indicated by the IMF report in 2014 (Note 1). The country economic growth was totally depending on exporting crude oil since the beginning of this century particularly after 1999. The country used to depend on mainly on agricultures and livestock before the oil. Sudan loosed 75% of its oil revenue due to the secession of the South in 2010 (Note 2). In addition to that, the internal and regional conflicts, heightened political tensions, are continuing to effect the economic growth, which eventually leads to the high unemployment and disadvantages among most of the citizens.

Sudan dominated the political instability from the independence in 1956. Since then the country exposure to three military cops. All the civil governments that attempt to rule the used to be the largest country in Africa were overthrown in an overnight by the military even before implementing their agendas. Other factor contributed to the unemployment and poverty is longest civil wars and the internal conflicts across the regions.

Civil wars (1955-2005) had great impact on the economic growth and created economic and political disorder. Sudan has the longest civil wars in the continent between the North and the South since 1955 until 2005 (Note 3). In addition to the ongoing internal conflicts between the North and Western Sudan since 2003, the country is fueling on the previous vulnerable areas due to the huge immigrations of people particular from rural inhabitants. More people left their farms and lost their livestock to live as refugees around the urban cities. Sudan has a history of high inflations and structure economic disorder particularly during the 1980th and the 1990th (Note 4). The country also among the poor and low income and highly indebted countries. Sudan economics growth was started to improve shortly after had started exporting the crude oil in 1999. Unfortunately, the economic prosperity was not complete due to the secession of the south that lead to the loss of three quarter of the oil revenue.

Moreover, the continuing US economics sanction and the conflicts of the Sudan with its neighboring countries have increased the unemployment for the country of more than 40 million population majority are Muslim. In additiona to that, the country faces the challenges of economic diversification. Sudan is the only Arab country that has most fertilize land and huge livestock resources, faces high unemployment and more disadvantages people most of the in the rural areas. Hence, the outgoing factors and other such as that related to the irrelevant jobs education and skills mismatch training might lead to unfavorable economic conditions that caused the current high unemployment and extreme poverty across the country. Sudan government who aware of the dilemma has taken immediate policy priorities including micro-financing business model as is an initiative to assist in restoring the confidence and create more jobs for its people particularly among the youth, the graduates and skillful categories.

The country has complete transform the all economics into Islamic system since more than twenty years. Being the majority are Muslims and more than 35 (Note 5) Islamic banks in addition to others non- banks Islamic financing providers, the country has become a suitable host for Islamic microfinance. Islamic microfinance is one of the essential unconventional branches of lending that use by Islamic financial institutions to mitigate the negative impact of the extreme poverty and unemployment among the people in Muslim countries and Muslims minorities in non-Muslims countries. Sudan is the pioneer country that adopts Islamic microfinance among other Muslims in OIC members.

2. Islamic Microfinance in Sudan: Opportunities and Challenges

The Government of Sudan aware of the challenges of the chronic poverty that dominated the country even before the Revolution of the National Salvation in 1989. Since then the government has attempted many initiatives to reduce the bearding from the shoulders of the poor particularly in the rural areas. The current Sudanese government supported the Islamic finance in general and Islamic microfinance in particular from its inceptions.

Islamic financial infrastructure has witnessed tremendous growth and improvement since 1989. The government transformed the available dual economic system into Islamic financial system. This initiative has improved Islamic financial infrastructures and made enabling environment for Islamic microfinance and its supportive intuitions such as Waqf and Zakah to play their vital roles in helping the poor in Sudan. Due to that, Islamic banks have increased from about four banks before the Islamization of the economic to more than 28 commercial Islamic banks and financial institutions by the end of the twenty century. In addition to the Islamic commercial banks, there are also at least more than ten specialized banks working effectively with its branches scattered all over the country (Note 6). Recently the country also witness the entrance of some foreign banks has joined the banking operation particularly from Emirates. The new capital injected from the foreign banks, improve banking technology in Sudan, enhance skills that might lead to good banking services, improving banking outreach and might help in getting better financial inclusion.

Moreover, for a better broading the economic and providing sustainable source of financing for the Sudanese exporters, the Central Bank of Sudan and the Ministry of Finance and National Economy were jointly established a National Agency for Insurance and Finance of Exports. The goal of this agency is to provide and expands the financial resources for Sudanese exporters. Hence, the establishment of National Agency shows an additional evidence for Sudan government in supporting financial infrastructure in general and the micro producers in particular.

Zakat is mandatroy to be paid in Suda. Both Zakat collection and Waqf system was revived to play their designed role effectively as are needed by the *Maqasid*Al-Shariah. *Zakat* is very important tools for poverty alleviation. It is the right of the poor on the wealth of the rich people. Islamic microfinance can better use Zakat fund to provide the basic needs for the extremely poor. This will pave for better utilization of the microfinance fund. Moreover, Zakat help in reducing the unemployment by recruiting considerable number of people and helping them to have small projects specially the women. The strategic of the Sudan government was also to revive the Waqf and to encourage all types of *Sadaqah i*ncluding *Al-Gardul Al-Hassan*. Waqf either land or cash can play essential role to support microfinance and help in uplifting the extremely poor in the community. Having reviving *Waqf, Zakat* and *Sadaqah*, Sudanese government went further step to establish effective Islamic microfinance model that might help in alleviating the poverty in the country.

Other very essential opportunities for Islamic microfinance in Sudan is that the availability of the sound Islamic Micro-Finance infrastructure. The Islamic financial infrastructure in Sudan represents an enabling environment for Islamic microfinance that created good opportunity for it to grow and prosper. The establishment of the

Islamic financial institutions followed adaptation of the Shariah law all over the country in September 1984. The already existing Shariah law help the central banks of Sudan to adopt regulations and supervisions guidelines to be extracted from Islamic jurisdictions more easily compared to other country in the region. In addition to that, the availability of the natural resources such as agriculture land and livestock in the areas of disadvantages people in Sudan has created another opportunity. Agricultures represent more than 36% from the national income of Sudan. Most of the poor people in Sudan are traditional farmers and livestock producers. Hence, the involvement of the Sudanese Islamic and Islamic microfinance intuitions along with the local and international ONGs under the guidance the supervision of the Sudanese Central Banks provides effective services to reduce costs and expand outreach.

Despite of the favorable Islamic financial system development in Sudan, Islamic microfinance is not risk-free. There are more challenges facing Islamic Microfinance particularly in the very fragile areas such as western and eastern Sudan. Sudan is one of the biggest country in Africa with more disadvantages people outside the main town. Similar to Sub-Sahara and other IDB member countries, Islamic microfinance faces the challenges of poor quality basic infrastructures. Previous study (2013) showed that the quality and the development of the basic utilities such as energy, water, transportations (land and marine), warehouses, rural infrastructure, and low cost technologies are very essential for the Islamic micro finance (Note 7). The weakness on basic infrastructure represents big challenge, which hinders Islamic microfinance institutions and their ONGs alliances to reach the poor in the very remote areas. Moreover, putting in mind the nature of Islamic finance such as *Al-salam* and Istisna'a in to consideration, the availability of warehouses and cheap in-land transportation are even more essential. Even with the reasonable financial support from the Islamic development banks, UN, and Sudan governments, accessing Shariah Compliant Sources of Funds is one of the most formidable challenges facing Sudanese Islamic microfinance in the Sudan. Given the high rate of the poverty and the recent separation of the rich South part of Sudan, Sudanese economic has encountered sever instability. This is in addition to the high demand for Shariah fund due to the uprising civil wars that lead to more disadvantages on the countryside areas. Hence the limited donors fund, inability of the government to provide sustainable micro-financing support for the poor and the microfinance institutions, lead to the severe shortage of Shariah compliant sources of funds.

The nature of Sudanese Islamic microfinance model is involving more payers, need to co-ordinate between them-selves. All these parties are supporting the development of Islamic microfinance in the country. They are either providing the microfinance services directly to the beneficiaries such as Islamic banks and non-banks microfinance institutions or supporting and managing the Islamic microfinance system. These institutions such as the Central Banks of Sudan and the Ministry of Economic and Finance, Zakat and Waqf institutions in Sudan, internal and external donors and the leaders of the Sudanese community in the disadvantages areas. Hence the absence of coordination between micro-finance providers in term of data, information and exposure best practices, experiences and other parties might represent one of the more challenges facing the successful of Islamic microfinance in Sudan. Therefore, there is an argent need for establishing effective and electronic networking among these contributors to Islamic microfinance in Sudan, particularly between banks and non-banks sector, Ministries of Economic and Finance, the Central Bank of Sudan and the donors.

Microfinance outreach to the extremely poor people is one of the main goals of the microfinance providers. Sudan is located in northeastern Africa. It is bordered by Egypt to the north, the Red Sea to the northeast, Eritrea and Ethiopia to the east, South Sudan to the south, the Central African Republic to the southwest, Chad to the west and Libya to the northwest (Note 8). Hence, it is an extented country with wide and undeveloped countryside areas in which rural and farmers are reside. Considering the nature of Islamic financing that based on profit sharing and Salam mode of finance, the poor communication, and the weakness of the Sudanese basic infrastructures are, represent one of the most challenges hindering Islamic microfinance services deliverance to the disadvantages areas.

Another big challenges facing Islamic microfinance is the high tax. Sudan like any other less development country depends on tax revenue in many aspects. There are more than 20 types of tax on the income or the agricultures products. None the less more than authorities taxing the same product particular when moving it from one area to another are for the recommended market. Human development is one of the essential priorities for the successful of microfinance (S.N.SELVARAJ, 2012). To provide effective and successful microfinance to poor the Islamic finance providers must give much attention to the capacity building need of the beneficiaries (Note 9). Most of the disadvantages people in Sudan are lacking expertise in many areas related to their microfinance projects such as identifying the opportunities, feasibility studies, cost evaluations and marketing their output to end users. Hence building capacity apart of the other might represent one of the challenges need to be solved for the successful of the Islamic microfinance business model in Sudan.

3. Regulatory and Supervision Framework of Islamic Microfinance in Sudan

The regulatory and supervision framework for Islamic microfinance in Sudan can be divided into three section. The first most important section is the enabling policies from Sudan governments since 1984 and up to now. These policies represented by the comprehensive process of transformation of the dual economic system into Islamic since then. Secondly the empowering of Central Bank of Sudan as sole supervisor of Islamic microfinance. Then the establishment of Islamic microfinance unit as a supervising structure to implement the rules and regulation issued by the central bank of Sudan related to Islamic microfinance. The final section tests the effectiveness of Sudan microfinance regulatory system in relation to the beneficiaries outreach and the utilization of the planed microfinance budget as decided by the Central Bank of Sudan policies.

3.1 Islamic Microfinance Enabling Infrastructures Policies

The previous section shows that the Sudanese government exerted more efforts to build reasonable Islamic financial infrastructures through a complete Islamization of the economic. This top government initiative has created reasonable enabling environment for incubating Islamic microfinance. Despite of the fact that the Islmaization was starting long ago in Sudan since the era of Gaafar Muhammad an-Nimeiry in 1984, the entire Islamization of the Sudanese economic reform has effectively begun during the National Salvation Revolution in 1989. Since then the interest rate was completely abolished from the Sudanese financial systems. The previous role of the Central Bank of Sudan on regulation, control, supervision, promotion and development of the banking business was enhancement and modified or changed into Shari'ah based tools. Based on the additional empowering to regulated Islamic microfinance providers, the CBOS role has become not only limited to the designing of the monetary policies, and prudential regulation and supervision and promoting the economic growth through these policies, but also encouraged to play vital role in developing a comprehensive financial system that include Islamic microfinance business model. Hence, the Central Banks of Sudan was empowered to play the role of the regulatory and supervision for the microfinance providers in addition to the original mandated job. The CBOS directed the Department of Banking Supervision to lead a team to expand banking services, prepare policies, control and supervision and regulations for the development of inclusive financial system that cater for Islamic micro-finance providers. Moreover, the Banking Supervision Department of the Central Bank of Sudan has a pointed to prepare policies and regulation for licensing Islamic micro-finance. The first Islamic microfinance rules and regulations were issued in 2006, which was amended in 2007 at the establishment of the Islamic microfinance unit. This role of Islamic Microfinance Units will be discussed in the following sub-section.

3.2 Islamic Microfinance Unit as a Supervising Structure

In 2007, the Central Bank of Sudan has established Islamic Micro Finance Unit to cater for promoting microfinance through banks and non-banks institutions. The Micro Finance Unit also required to play a role of the facilitator between Islamic microfinance providers and government and non-government technical resources. The main objectives of Micro-Finance Unit isto assist in developing collaboration and coordination among microfinance providers and offering them whole sale financing based on the Central Bank of Sudan guidance. In order to assist the Microfinance unit to achieve its objectives in developing effective Islamic microfinance sector in Sudan, the CBOS has issued more than one policies and guidance: In these policies, the CBOS encourage Islamic banks operated in Sudan to allocate 12% out of their total lending to the micro-finance projects as part of the Central Bank general policy. The CBOS has also given more emphasis on reducing the extreme poverty particularly in the rural sector-marginalized farmers, artesian-vendors, household sector and other alike disadvantages groups in the community. The operated Islamic banks also instructed the establish microfinance Units within their structures to cater for microfinance and help in implementing Islamic microfinance policies directed to them from the Central Bank Microfinance Unit. Moreover, Islamic banks in Sudan also encouraged to establish Islamic microfinance branches or companies providers out of their structure after seeking the Central Bank approval based on the rule and regulation of the establishment of Islamic microfinance institutions in 2006 which amended in 2007 and later reissued in 2011. The Islamic banks also given the right to make their own internal rules and regulations for their Islamic microfinance operations and seek approval from the CBOS.

Based on the above the central bank of Sudan played an instrumental role in alleviating poverty through promoting Islamic microfinance as a part of financial sector development. To exert more effort in improving the microfinance sector, the CBOS issued new Islamic microfinance policy and regulations in 2011, which override all the previous rules, and regulations issued in 2006 and 2007. In these policies and regulations, the CBOS differentiated between deposit takers and non-deposit takers Islamic microfinance institutions. It declare that all Islamic microfinance providers have to implement self-supervision so as to make sure that their microfinance operations are done based on the CBOS rules and regulations. The Sudanese microfinance providers also instructed to follow the rules and regulations of the Islamic Financial Board (IFSB) and CGAP related to the transparency of their financial data. They have to report their financial statements regularly to CBOS, which hold the right to check their financial records whenever has required doing so. Adding to the deposit takers microfinance institutions has to keep liquidity reserve to be determent by the CBOS. In above to that the deposit takers microfinance institutions also have to maintain Islamic microfinance risk criteria as determent by the CBOS such as capital adequacy, the quality of the asset and revenue and liquidity management. Finally, the CBOS directed the deposit microfinance takers providers to contribute to the deposit insurance funds that established based on Shari'ah to mitigate the expected risk that may affect the microfinance operations

3.3 The Effectiveness of Sudan Microfinance Regulatory System

Through complete transformation of the economy into Islaomic, Sudan government has created enabling environment that might paves the road for the CBOS to issue Sharia'h base policies to establish Islamic microfinance providers. The strong stand-up of the CBOS to implement the Sudan government strategy. This strategy is intended to promote Islamic microfinance sector, and to boom the economic growth are showed by the policy of allocation of minimum of 7% of Islamic financing portfolio to microfinance clients in the year 2000 and this allocation has increased gradually year by year until reached 12% by the year 2014 as indicated in the table 1. Secondly, the establishment of Islamic microfinance units throughout the banking system including the Central Bank of Sudan was indicated as a good move towards establishing effective supervisory structured body to regulate Islamic microfinance throughout the financial system in the country. Moreover, the CBOS also permitted Islamic banks in Sudan to establish their own microfinance company providers based on the rules and regulations issued specifically for that purpose.

Despite the more efforts exerted by Sudan government and the CBOS particularly to promote Islamic microfinance, the microfinance beneficiaries in Sudan are remain unreached. Sudan microfinance sector is associated with many foreseen and unforeseen challenges. More than one reasons turn the Sudan to be very poor country with unbelievable internal refugees around the big cities. The noticeably main reasons is that the continues civil wars for long-time, the separation of the rich South region, the long economic sanctions by the USA, the changeable political climate in the Arab numbering countries and the corruption of the civil servants. These factors might create for the first time bad economic conditions since the emerging of the National Salvation Government in 1989.

Due to unfavorable economic situation after the country lost the oil revenue upon the separation in 2010, the poverty has scaled-up all over the country without any exemption between the urban and the rural areas. The estimated target microfinance clients reach 9 million between 2000 and 2011. The CBOS record showed that only 260,000 microfinance clients have been reached during this period (Note 10). These records indicated that only 2.9% out of the expected Islamic microfinance beneficiaries have been reached by March 2011. Despite the existence of considerable Islamic microfinance portfolio, the donations and the technical assistants given by the multilateral institutions such as the Islamic Development Bank and the IMF, the dispensed budget (see Table 1) remained far less than appropriated amount throughout the 11 years after the actual initiative of the establishment of Islamic microfinance sector within the country financial system framework.

The failure of the Islamic microfinance providers in Sudan to reach the expected beneficiaries indicated a big failure of the microfinance policies and regulatory framework that designed by the CBOS. The evidence in table-1 indicates the relationship between the allocated budget for Islamic microfinance out of the financing portfolio based on the CBOS policies and the actual amount allocated for the microfinance for the period from 2000 up to 2010. Contrary to the expectation, this relationship is inversely related. The actual utilization budget of the provision of the microfinance portfolio is decreasing yearly while the CBOS raises the ceiling of the provision until reach 12% in the current year 2014, from 7% in the year 2000. It is difficult to understand the basis on which the CBOS increase the planned allocated budget for the microfinance yearly at the time the actually utilization of the Islamic microfinance provisions are less than 2% in the recent years between 2000-2010.

This might explain either the weakness of the microfinance policies issued by the CBOS policies, which might done just for show or the strong resistance of the Islamic microfinance provider to these policies. Most of Islamic microfinance providers in Sudan are specialized government Islamic banks. The CBOS has identified certain Islamic and specialized banks through which to implement Islamic microfinance policies. In addition to these banks, few non-banks microfinance providers are dually licensed under microfinance rules and regulation policies. Given the high risk of the Islamic microfinance sector, the continuous local wars almost in all the targeting rural areas, Islamic microfinance providers might not willing to grant microfinance beneficiaries. Moreover for the same reasons that might be why the microfinance providers confined themselves in most cases only to the urban areas. This is likely might be part of the clear limitations for Sudanese Islamic microfinance providers to spread in the rural and the remote areas.

Table 1. CBOS Microfiance Allocated Ceilling as per policy

Years	Ceiling %	Actual Spending%
2000	7	7.2
2001	7	6.1
2002	10	4.4
2003	10	4.4
2004	10	4.6
2005	10	3.6
2006	10	3.1
2007	12	1.3
2008	12	1.6
2009	12	1.6
2010	12	1.8

Source of data: Central Bank of Sudan, Microfinance Unit (Note 11)

Secondly, the CBOS allows the Islamic microfinance providers particularly the deposit takers, to design their own terms and conditions for granting microfinance beneficiaries. This might further made inconsistency in microfinance criteria. In addition to that, the evidence showed these criteria also did not considered the diversity of the microfinance beneficiaries across the country. Some microfinance criteria required the applicant should prove he lived at least two years in Khartoum and obtain certain level of educations, among others (Note 12).

These are not applicable for those who are dually refuged to the cities from the rural areas with home and jobless.

Others reason of the underperformance of Islamic microfinance in Sudan might be related to the lack of well-trained Islamic microfinance providers and the illiteracy of the beneficiaries of the microfinance themselves about many issues related to the nature of this sector. These issues might include but not limit to the visibility of microfinances projects and marketability of the output later on. The diversity of Islamic microfinance beneficiaries in Sudan in terms of the geographical rural areas, climates, tribalism system, farms and non-farms based activities, livestock, trading, religious and the political climate need well trained bankers and microfinance providers staff to deal with different issues at the same times. The nature of the microfinance projects and the level of the education of the beneficiaries particularly in the rural areas in Sudan required special and independent treatment before granting the microcredit. It is unfair to ask from ignorance cattle breading or poor farmers that used traditional tools to cultivate his inherited land for study visibility or residential certificates. They need capacity building on how to select the project, apply for it, managed it and finally selling their output. Most of the poor need also to be taught to differentiate between the microcredit and the charity.

Finally, despite of the comprehensive development of Islamic finance infrastructure in Sudan, which create favorable Islamic microfinance environment, Sudan like other African countries faces the challenges of the basic infrastructures. The country lack the reasonable quality and the development of the basic utilities such as energy, water, transportations (land and marine), warehouses, rural infrastructure, and low cost technologies which are very essential for the Islamic trade finance (Note 13). The quality of the basic infrastructure and the nature of Islamic finance through the providers might receive the product in kind might one of the strong reason that restricted the Islamic microfinance to the urban areas. The mater more complicated by imposing various tax on every good and services. Like African country Sudan, depend completely on tax revenue. The country imposes nearly more than one types of taxes most of them even unknown to the rest of world including Muslim countries, like Shaheed tax, wounded tax, etc. Hence, the quality of the basic infrastructure and the existence of the diversity of high tax raise the cost of Islamic microfinance and represent strong hinder against the development and the outreach of Islamic microfinance in Sudan.

Hence, despite of the government support and the efforts exerted to regulate Islamic microfinance sector the Sudanese regulatory and supervision Islamic microfinance model it seem lack of the effectiveness to reach clients particularly in the rural areas. These results are consistence with previous studies that showed supervision might reduce the profitable microfinance institutions outreach. If this claim right, it might showed negative signal weather Sudanese Islamic microfinance intended to serve the goals of the social and financial inclusions or follow the theory of the win–win rhetoric of "poverty alleviation with profit as it found in conventional microfinance providers (Note 14).

4. Conclusion

Given the high poverty and unemployment in Sudan Islamic microfinance is become the only strategic tool for social and financial inclusion. The Sudan governments exert more efforts to create enable environment for Islamic microfinance through complete Islamization of the economics. Considering all these efforts this study investigated the effectiveness of regulatory and supervisory framework of the Sudanese Islamic microfinance model. The governments grant the green line to the Central Bank of Sudan to design an effective regulatory and supervisory system for Islamic microfinance. The CBOS established microfinance units and issued more policies and regulatory rules to manage Islamic microfinance and to establish effective microfinance providers. Based on the issued rules the CBOS has given more licensed to Islamic microfinance providers for the period from 2000 up to 2014. This is beside the specialized Islamic banks that already available such as Agriculture Bank and Farmers Bank, etc. Despite of these efforts the results of this study showed that Sudanese regulatory and supervision Islamic microfinance model is infectiveness. Despite more than 13 years in operation, the Islamic microfinance providers reach less than 3% out of the targeting clients. These might be due to a number of factors such as the weakness of the regulations, and the concentration of the Microfinance providers on the urban cities rather than poor rural areas moreover, the designed criteria by the Islamic banks and microfinance providers did not consider the diversity of microfinance clients in Sudan. For instance Islamic microfinance providers required the beneficiaries to show their residential certificate while most of the targeting poor are homeless living only on the camps and tenants around the big city. Hence, for good outreach the Central Bank of Sudan need to make complete revision for the way and means used to regulate and supervise Islamic microfinance. These might need drastic changes in the strategic ways that was used and supposed to be used to alleviate poverty in Sudan. The results of these study also might indicate that the enabling environment alone is not enough if is not associated with strong will of the government to use Islamic microfinance to eradicate the poverty.

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