


 SUMMARY OF SEMINAR #7  
 “UNHCR’S REFUGEE ZAKAT FUND”

### Agenda

	Speaker
<b>Welcome</b>	<i>Moderator - Raefah Makki, Head of Campaign and Advocacy, UNHCR</i>
<b>Presentation of UNHCR’s Refugee Zakat Fund</b> <ul style="list-style-type: none"> <li>- History</li> <li>- Best practices</li> <li>- Impact</li> </ul>	<i>Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR</i>
<b>Supporting refugees and IDPs through Islamic social finance/ Zakat</b>	<i>Shaykh Omar Subedar, Chief Operations Officer, Halal Monitoring Authority (Canada)</i>
<b>The role of scholars and Islamic institutions in promoting the use of Zakat funds for the humanitarian response to the displacement crisis</b>	<i>H.E. Prof. Dr. Koutoub Moustapha Sano, Secretary-General, International Islamic Fiqh Academy</i>
<b>Discussion</b>	<i>Lead by the Moderator</i>
<b>Closing</b>	<i>Moderator</i>

### Seminar Summary

#### Moderator - Raefah Makki, Head of Campaign and Advocacy, UNHCR

In 2020, 80 million people were displaced. According to UNHCR, this was unprecedented: 24% of the worldwide population live in countries that are members of the Organization of the Islamic Cooperation (OIC). They are disproportionately represented in most humanitarian crises including the displacement crisis.

Over 60% of displaced people come from OIC countries with some of the most protracted displacement crises in the world.

Countries that are members of the OIC are among the top refugee hosting countries: Turkey, Pakistan and Uganda, each hosting around 1.4 million refugees, are hosting 3.5 million refugees.

UNHCR identified a strategic and long-term alignment between Islamic philanthropy, in particular Zakat, and the humanitarian needs of forcibly displaced people.

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In 2019, UNHCR has launched the “Refugees Zakat Fund”, a trusted compliant and effective distribution mechanism that aims to harness the power of Zakat to transform the lives of people in need, especially displaced communities all over the world.

### Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR

(Presentation: UNHCR’S ISLAMIC PHILANTHROPY MODEL attached)

Organizations engage in Islamic Philanthropy for different reasons: because it is a good idea, it pays back and it is a fundraising tool. In UNHCR, we have made Islamic philanthropy a long-term vision and a destination. It is one of the pillars of our current work. We are glad to lead the sector within the United Nations system, when it comes to Islamic philanthropy.

Today, we are supposed to cater for the needs of 82.4 million people forcibly displaced around the world including refugees and internally displaced people. 26 million refugees around the world, including the Palestinian refugees, who have been displaced for more than 70 years and the numbers keep on increasing.

The major exporters of refugees around the world are Syria, followed by Venezuela, Afghanistan, South Sudan and Myanmar. If we focus on the Muslim world, the majority of the caseload comes from member states of the OIC: at least 60% come from the OIC member States and are hosted by OIC member States. 21% of people living in OIC countries live under the poverty line.

The Islamic history is very rich in tools that provide social solidarity. In Islam Social solidarity is not a choice, it is necessary. Since we cannot do Zakat without the Sharia infrastructure, the UNHCR obtained the required fatwas making it permissible for Muslims to channel their Zakat to refugees through UNHCR. We have 10 fatwas from organizations that cover the whole world such as the International Fiqh Academy, the World Muslim League, Al-Azhar in Egypt and the Islamic Council of Imams in Canada. The second requirement was to open an interest-free account and the third requirement was to make sure that 100% of the contributions go to the refugees and the displaced, which means we should cover the admin fees from other sources.

The outcome was outstanding in our first year: we raised 43 million dollars and reached 61 million dollars in the next year and are therefore serving 2.1 million people in 13 countries. Since having the Zakat machinery operational and running, we are exploring other tools of Islamic philanthropy. Islamic philanthropy offers a very good solution because the tools are very sustainable.

### Prof. Koutoub Sano, Secretary-General, International Islamic Fiqh Academy (IIFA)

The partnership with UNHCR is considered as one of the models that our Fiqh Academy could work with and along with other institution that are willing to assist those suffering. In the Fiqh Academy, we recommend to help all needy people without any distinctions on the base of faith or religion.



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Zakat is a pillar of Islam and is an obligation. In the Fiqh Academy, through resolutions and fatwas we can aim at raising awareness on channeling Zakat funds to refugees. Today we have between 220-240 million Muslims who are living in a very unhuman environment: they do not have access to clean water, clothes and education and cannot protect their selves from bad weather conditions. The role of scholars, all over the world, is very important in raising awareness on this issue. In the Fiqh Academy, through our resolutions, seminars and forums we will be focusing on this matter. Waqf is another Islamic Finance tool. There is, today, around 700-800 billion dollars, in the hands of Muslims philanthropists. Everyone can provide Waqf: it does not require you to be wealthy.

### Shaykh Omar Subedar, Chief Operations Officer, Halal Monitoring Authority (Canada)

Refugees are not solely looking for funds. They are also seeking opportunities.

The psychological toll affects the refugees who have to adapt to new life conditions including drastic changes in work domains. We need to realize that Islam is a community-centric religion and not an egocentric religion: so as long as the residents are engaged in reformation (not only ritualistic reformation) in terms of social upward mobility which suggests not only providing funds but also providing opportunities for refugees to move ahead in life. We can take the example of the arrival of Muslim refugees and migrants to Al-Madina from Makka Al-Mukarrama. The residents opened their homes to them and facilitated their adaptation process. We have to follow this example and spread love to displaced Muslims in refugee camps.

### Discussion

*Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR*

*Question:* Having support from Islamic Institutions, pioneers in this domain and a strong Zakat program, how do you think we can capitalize more?

The main challenge is maintaining our credibility going forward making sure that we do not commit mistakes when it comes to Sharia compliance. We must continue expanding the reach of the program because until now we have not reached everywhere where we collect Zakat. We must also continue working on the internal dynamics inside the organization to make sure that Islamic Philanthropy is fully institutionalized.

It is very important that the program continues to grow and serve people even if the current founders/managers are not present anymore. There is an internal challenge and it is up to us to handle it and be aware of it. There is also an external challenge: we need more partners from around the world because we are only scratching the surface. We are dealing with hundreds of billions of dollars and therefore we are only reaching the tip of the iceberg and we can do much more to convey to Muslim organizations around the world. It is an opportunity to work with UNHCR that can reach far places. Muslim organizations face challenges that probably other organizations do not face. We are aiming at establishing a model that keeps growing and creates a snowball to serve the maximum number of people. The rights-based approach that we are talking about in the humanitarian sector is coming from Islam and specifically the Zakat concept itself. Zakat was the first institutionalized crowd funding system in the world where people put their money together to serve unified codes.



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*H.E. Prof. Dr. Koutoub Moustapha Sano, Secretary-General, International Islamic Fiqh Academy*

**Question:** How do you think beyond Zakat and Islamic philanthropy can Muslim scholars in particular contribute to the cause and refugee goals at the local and global level. Is there a role they can play at a bigger scale in endorsing and giving more support to this topic?

It is a global challenge and a humanitarian issue and therefore every single human being has to make an effort. Scholars have a bigger obligation that is clarifying and calling upon all Muslims to send not only Zakat but Awqaf, Sadaqat, Kafarat, wills. It is important to note that Islamic Social finance is not limited to Zakat.

In the academy, we do not differentiate between religions. Scholars need to clarify that Zakat should not be distributed to Muslims solely. Scholars also need to talk about other sources of this type of financing.

*Shaykh Omar Subedar, Chief Operations Officer, Halal Monitoring Authority (Canada)*

**Question:** As a representative of the Muslim community in Canada, what would you say is the role of Muslims in the West in contributing to really alleviating the suffering, supporting the refugees, and internally displaced in the OIC countries? How do you see the rule evolving?

There is a tremendous amount of unawareness therefore we need to bring direct attention of the Muslim community towards how dire those situations or circumstances are within refugee camps. The first thing is creating the awareness and then actively directing people to send their funds to help refugees. Since people do not always know where to direct their Zakat funds, we need to educate them on the efforts of UNHCR and let them know exactly how the funds are being managed and used.

*Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR*

**Question:** Does UNHCR cover the admin fees of Zakat based programs from their unrestricted funding or do they have separate partners who have stepped in to cover those costs?

Yes, currently we do cover the admin fees. We will continue doing so, until we reach a point where donors are educated enough to step in and decide to cover the admin fees.

Comment from participant: we should do more efforts when it comes to awareness globally about Zakat and Muslim organizations across the globe, using social media and websites and all platforms.

**Question:** Regarding organizations that are starting to explore this option, what minimum expertise structure would you recommend they put in place to take it forward?

Prior to engaging in Islamic Philanthropy, organizations should question whether they have the capacity to do so. Organizations should determine whether they have the will to invest in making this mechanism work in a correct way. One mistake in this sector makes an organization lose the trust of its partners.

All the focus is going towards Zakat, but it is not the only tool. Awqaf is another tool that is very flexible while Zakat is the most restrictive Islamic Philanthropy because it is mandated and its



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recipients and regulations are mentioned in the Quran. Therefore, in order to engage with Zakat you need to be prepared. The alternative for organizations that are not prepared is to be engaged with other tools that are simpler to implement and through which we can achieve economic progress.

*Dr Ahmed Al Meraikhi, United Nations Secretary-General's Humanitarian Envoy*

I am glad to have a diverse range of participants from all over the world. In order to succeed we need to have a system within the international organizations. Having a mechanism that has been adopted by the United Nations can help everyone to be on board as it is better to have the capability and the capacity to implement such a mechanism. This task cannot be done on an individual level and therefore the idea of having a mechanism within the United Nations system will enable us to work collectively and efficiently.

*Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR*

They can shed more light on the Sharia aspect and the possibility of distributing Zakat through “wakils/wokala’a”. We are not 100% keen on the collection business. There is a concern among Zakat houses in certain parts of the world about international organizations stepping into the Zakat field sector and trying to do collections. Scholars worldwide say that it is permissible however. A different model would be that Zakat houses and the Muslim organizations who are working with the grassroots who in turn are working with the donors, do the collection process. However, regarding the capacity on the ground, Zakat houses might not have the capacity to distribute in certain parts of the world without having high administration fees. We are therefore offering a very economical way of doing the work that maximizes the impact of Zakat and its benefits, by covering the administration fees for the Zakat collectors in a compliant way. We have scholars who are reviewing our implementation and correcting the path. We are doing it according to the benchmarks recommended by the scholars.

*Prof. Dr. Koutoub Moustapha Sano, Secretary-General, International Islamic Fiqh Academy*

It is very important to encourage, when it comes to Zakat distribution, that the process be transparent. It is important that the donors understand that their donations are going straight to those in need and the administrative fees are being handled from other sources.

*Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR*

The organizations with mixed staff can actually distribute and collect Zakat. UNHCR, we have gone the extra mile we know that some extreme opinions say that all the staff must be Muslims to be considered though we do not agree and the majority of Muslim Scholars do not agree and the Fatwas we received from different religious authorities say otherwise. When it comes to an organization like UNHCR, whose artificial character is international and mixed to handle Zakat as “Wakeel” for distribution “Wakeel” for collection without charging anything which actually answers the question regarding the suspicion, the slightest suspicion of not doing that.

*Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR*



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*Question:* Is it permissible by Sharia that 1% be charged to Zakat and Sadaka funded initiatives and projects implemented by UNHCR and other UN agencies?

It is a good idea, it is not the percentage, and it is the principle itself. In the future, when we are talking about hundreds of millions of dollars, I hope we will reach a point where some Zakat donor will come willingly to propose to cover the administration fees from our Zakat contributions and that is what we are working towards once we reach the required level of awareness. We need voices who can represent the whole Muslim world, to keep stressing the messages in order to change the mindset and create a conducive environment to make Zakat a tool of social change

*Prof. Dr. Koutoub Moustapha Sano, Secretary-General, International Islamic Fiqh Academy*

Amounts taken in an activity of collecting or distributing is not a profit for the organization, association or are not the real cost of this activity.

*Khaled Khalifa, Senior Advisor and Representative to the Gulf Cooperation Council Countries, UNHCR*

Regarding, the sustainable development goals, we have goals addressing different issues of humanity from hunger to partnerships and building partnerships, environmental protection and healthcare. This makes the possibility of contributing to the achievement of the goals wider. In Islamic Philanthropy on the other hand and the Islamic finance vis-à-vis Islamic Philanthropy we don't have a chance to differentiate. It has so many tools that can fit within the 17 goals and serve them. From my perspective, the United Nations and partners worldwide have to identify the best tools for the right SDGs. Therefore, we need to match between the tools and the SDGs: we need to make sure that we are addressing the right issue and trying to prescribe the right solution. We need to make an effort in identifying the right tools and exploring their full potential and then creating pilot projects that could be replicated and enlarged until we reach a self-sustaining system that can continue beyond the individual initiatives like what we are doing in a single organization.

*Prof. Dr. Koutoub Moustapha Sano, Secretary-General, International Islamic Fiqh Academy*

The solution to the crises and what needs to be done is establishing a good governance mechanism, solving the conflicts that cause the refugee crises, creating a community based on tolerance and an environment that promotes human development and whose are main goal are prosperity, happiness, stability and security.