

Tabah Foundation review of the UNHCR Zakat program for 2018

During May 2-3, 2018, Representatives from the Tabah Foundation performed the first twice-yearly review of UNHCR's Zakat collection and distribution program. This review included field visits to the various locations currently using Zakat funds.

Lebanon

Tabah Foundation visited UNHCR in Lebanon on 2 May 2018 to explore their use of Zakat funds in their own cash assistance program. We visited a family in Tripoli after meeting with UNHCR personnel in Beirut to learn about the refugee context and details of their cash assistance program, and to discuss using Zakat funds in their cash assistance program.

Refugees in Lebanon are considered extremely vulnerable due to the percentage of refugees living in informal settings (17–18%), and due to harsh winters in the country.

According to UNHCR, \$83 per month per family is the threshold for being considered poor – and 53% of refugee families fall below this level. There are approximately 125,000 families below the poverty level, and currently funding can cover only 33,000 of them.

Approximately 97% of cash assistance recipients are Zakat eligible. The top uses for cash assistance are rent, debts, and education. Cash assistance is the primary or sole source of income for the majority of its recipients.

Similar to Jordan, cash assistance in Lebanon is distributed through ATMs. The main difference is that distribution in Lebanon uses a standard ATM card secured with a pin whereas distribution in Jordan uses an iris scan. While UNHCR has documented a few cases of unauthorized card usage, the unauthorized users were individuals who were themselves refugees – usually family members.



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UNHCR Lebanon was already aware of the requirements for distributing Zakat and, without need for additional explanation, agreed to comply with the guidelines laid out in the UNHCR Zakat Fatwa Report. Their operation is similar to UNHCR Jordan with respect to data collected on individuals and needs assessment.

Based on the above, Tabah Foundation agreed to Zakat funds being used in UNHCR Lebanon's cash assistance program.

After the meeting, we visited Malaki and her 4 children, Syrian refugees living in an informal settlement in the north of Lebanon. In this informal settlement, refugees live in shelters built from materials that had been scavenged or donated, on small plots of private land rented from a land owner. Rent is approximately \$100 per month. Informal settlements are designed to be temporary. Structures reflect this and are lightly-constructed: tarps propped over jury-rigged frame, offering little protection from Lebanon's cold winters.

Jordan

Tabah Foundation visited UNHCR in Jordan on 3 May 2018 to review their use of Zakat funds in their cash assistance program. We met with UNHCR personnel in their headquarters after visiting some recipients of the cash assistance program.

We visited two families of Syrian refugees living in the suburbs of Amman: Latifa (widow with two children, a boy and a girl, the boy suffers from brain atrophy), and Abu Ziad (elderly living with his wife, widowed daughter and her 5 children). Both of these families, due to funding issues, run the risk of being cut from cash assistance in spite of being well within the criteria for receiving cash assistance. Neither family knows what they would do if their funds are indeed cut.

UNHCR's reports show that Zakat funds received in Jordan are distributed to eligible recipients, and that all unclaimed funds are returned for re-distribution.

Although recipients are sometimes told that funds come from Zakat, there is limited space in SMS messages and priority is given to larger funders. One of Tabah Foundation's concerns is that refugees are not always aware that the Muslim community has not left them behind, as this reduces their dignity and fosters resentment. Although Zakat should be mentioned in SMS whenever feasible, it needs to be mentioned elsewhere. UNHCR mentioned that sources of funding are mentioned on its literature and when making household visits, and that both are opportunities for mentioning Zakat.

Since our initial visit in 2016, UNHCR Jordan has implemented an IVR (interactive voice response) system that allows them to better serve the needs of refugees. Before this system, UNHCR was able to handle 25,000–30,000 calls per month. Now, they are able to handle 125,000–150,000 calls per month.

UNHCR is working with their banking partners to develop an electronic wallet application that allows mobile phones to store funds securely, to transfer funds to another wallet, and to make payments at certain locations. Consequentially, Zakat recipients who – for whatever reason – do not wish to receive cash can instead take possession of it by transferring it to their phone.

Additionally, the ATM network is expanding to cover more areas outside of Amman.

Based on the above, Tabah Foundation continues to endorse UNHCR Jordan's implementation of the guidelines laid out in the UNHCR Zakat Fatwa Report.



Zakat collection

One of Tabah Foundation's concerns since the beginning of this program is that the Internet payment processor that UNHCR uses for collecting funds on its website takes a percentage of Zakat funds for itself (which is the normal practice across online payment processors worldwide). This breaches one of the conditions for their collection of Zakat and we have advised UNHCR to take measures to avoid this loss. UNHCR has taken steps to inform donors to add to their donation, but Tabah Foundation has urged them to find a better solution.

According to UNHCR, this issue has been resolved and the payment processor will now pass through all Zakat donations without any fees removed and then invoice UNHCR for associated processing fees. This ensures that UNHCR does not use Zakat to cover any of its fees and, thus, avoids breaching the condition mentioned above. Additionally, UNHCR's Zakat donation (collection) portal has been revamped. Of particular note is a greatly-improved FAQ that covers the most important fiqh issues related to UNHCR's Zakat collection and distribution.

—Nouredin Harthi, CEO
—Musa Furber, Senior Research Fellow

