

In the name of Allah, the Merciful and Compassionate

Tabah Foundation's Annual Review of UNHCR's Refugee Zakat Fund Operations (September 2022)

On September 6, Tabah Foundation for Research and Consultancy conducted its fifth annual compliance review of UNHCR's Zakat distribution processes. This year's reviews were conducted via virtual meetings with UNHCR members of the programs in Bangladesh, India and Indonesia, as well as members of the Dubai office and one member from the Bangkok office.

The review this year focused on three of the Zakat distribution programs that had launched since the last review.

Members of each of the three regional programs indicated that:

- They are aware of and aim to implement the conditions and guidelines given in Tabah's UNHCR Zakat Fatwa Report.
- Zakat distribution operations perform periodic assessments to ensure that Zakat is channeled to individuals who are Zakat-eligible according to the guidelines mentioned in Tabah's UNHCR Zakat distribution report.
- Zakat-funds only go to individuals who are Zakat-eligible, and that eligibility is verified when registering beneficiaries—though the specific mechanisms for distribution and verification are region dependent.
- They perform periodic follow-up surveys to assess how funds are used, their impact, difficulties experienced in collecting funds, coping mechanisms, and other aspects of service delivery.

Donations for the three countries under review were

Bangladesh \$1,534,831 (2021), \$405,115 (January–June, 2022)

India \$64,761 (2021), \$291,347 (January–June 2022)

Indonesia \$66,784 (2021), plus \$71,023 Sadaqah (2021)

More detailed figures are available in UNHCR's mid-year Islamic Philanthropy 2022 report.

Bangladesh. At the time of the meeting, there were 936,733 Rohingya refugees registered with UNHCR in Bangladesh.

In 2021, some \$1,534,831 of Zakat was received for distribution to the most vulnerable refugees as items related to shelter repair, household sanitation and female hygiene kits, and non-food items (including medicine and medical supplies). 100% of the Zakat funds received were used

for purchasing and storing these items, and 100% of the recipients of the items were Zakat-eligible. Some 200,000 people benefited from Zakat funds.

Between January and June 2022, \$405,115 of Zakat received was used to distributed items to the most vulnerable refugees, benefiting some 388,533 people.

Some programs in Bangladesh make cash distributions through a cash-for-work scheme. UNHCR confirmed that Zakat has not been used in this program, and that they do not ever tie Zakat funds with performing a task, favor, or some other condition.

India. Only 27% of India's registered refugees and asylum-seekers are Zakat-eligible.

In 2021, \$64,761 of Zakat was received for distribution (with \$13,194 coming from India), primarily to Rohingya, as food kits and cash assistance. The top uses of cash assistance are food (29%); rent (15%); health (12%); and fuel, household necessities, transport, and COVID related (12%).

In 2022, \$291,347 of Zakat was received for distribution (with all but \$83,902 coming from two donors) to the most 16,089 vulnerable Rohingya and Afghan refugees, with 41% of recipients receiving cash support and 59% receiving core relief items. Zakat-funds represented 38% of the total cash support program in 2022.

Indonesia. Zakat-distribution efforts began in Indonesia in 2021. In December 2021, there were 13,149 persons of concern registered with UNHCR; 71% were adults (74% male), and the largest country of origin was Afghanistan (56%).

In 2021, \$66,784 of Zakat was received for distribution to 398 of the most vulnerable Rohingya and Afghan refugees. Zakat funds represented 9% of the total cash program in 2021.

Recipients are not informed that they receive Zakat since there is no mechanism for this. Additionally, 25% of the recipients reported problems receiving, keeping, or spending their cash assistance.

Indonesia also received Sadaqah. Although the office is aware that Sadaqah distribution is more flexible than Zakat and very grateful for this flexibility, so far, it has been distributed to Zakat eligible recipients.

In 2021, \$71,023 of Sadaqah was received from a single Indonesian partner and then distributed to 2,181 refugees as cash assistance.

Based on the information UNHCR presented to Tabah Foundation during these meetings, Tabah Foundation endorses UNHCR's Zakat distribution in the three countries mentioned above. Tabah Foundation reserves further comment on the program as a whole, pending a global report detailing Zakat collection and distribution.

Tabah recommends that UNHCR:

- Explore options for informing recipients when a portion of their funding comes from Zakat so that they are aware that the global Muslim community has not abandoned them.
- Avoid any Zakat distribution scheme where receiving Zakat is contingent upon completing a task or fulfilling a condition, such as with work-for-cash schemes.
- Approach recognized regional Islamic bodies to warn against price gouging and taking advantage of refugees.
- Expand its Sadaqah distribution efforts. Sadaqah is voluntary; individuals are always recommended to give from their superfluous wealth. Sadaqah can be channeled to any individual or lawful benefit. Of particular note is that it can be used for infrastructure (e.g. wells, latrines, clinics, schools) and distributed to recipients who are not Zakat-eligible. This flexibility allows Sadaqah to build social cohesion and to build community relations and foster goodwill—especially in situations where Muslims are a minority, as is the case in India.

And Allah knows best.

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Tabah Foundation for Research and Consultancy

