

SUMMARY OF THE VIRTUAL SEMINAR 8
“UNRWA EXPERIENCES IN ZAKAT”**Agenda**

Moderator - Rahmeh Al Hyari, Partnerships Officer UNRWA

	Speaker
Welcome	<i>Moderator - Rahmeh Al Hyari- Partnerships Officer UNRWA</i>
Presentation on Zakat	<i>Dr. Mohammed Obaidullah, IsDB</i>
Best Practices on Zakat and Accountability	<i>Mr. Azim Kidwai - Executive Director, National Zakat Foundation</i>
UNRWA Zakat Experiences & Expanding Outreach and Coordination with Other Charitable Organisations & UN Entities	<i>Mr. Mohammad Altarawneh, Partnerships Officer, UNRWA</i>
Discussion	<i>Lead by the Moderator</i>
Closing	<i>Dr. Ahmed Al Meraikhi, Special Adviser to the UN Secretary-General</i>

Seminar Summary**Moderator - Rahmeh Al Hyari- Partnerships Officer UNRWA**

The International Dialogue on the Role of Islamic Social Financing in Achieving the Sustainable Development Goals is a global discussion on unlocking the potential of Islamic social financing to support global efforts to end extreme poverty, boost economic development, respond to the impact of the devastating Covid-19 pandemic situation and help countries to get back on track to meet the sustainable development goals by 2030.

Dr. Mohammed Obaidullah, Islamic Development Bank Group

Presentation - *How Emerging Technologies can Accelerate Mainstreaming of Islamic Social Finance and Enhance Impact* (attached)

Within the realm of Islamic Social finance, reputational capital and trust are very important. Therefore, there is a need for additional caution concerning innovation. We need to be more careful about this “tradeoff” when we are using technologies to bring innovations. Innovation can still lead to better Shariah compliance by enhancing transparency and accountability

Reoccurring charity enhances transparency by focusing on milestones that can be monitored by donors to see if they have been achieved. Based on this the funder decides if he/she wants to



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continue giving money. Giving platforms focus on the relations such as cash donations or volunteering and are approved by most Islamic organizations because they allow individuals to do both. Confluence platforms use social crypto to give scores to projects in terms of their impact. When discussing the topic of Zakat and innovation, it is better to avoid areas of disagreement to achieve optimum results so the Islamic Development Bank uses Intelligent Robo Shariah advisors, which help answer questions about Zakat and can be utilized in tandem with other platforms

Question: Could you elaborate on the link between this strategy that the Islamic Development Bank is adopting and its collaboration with the UNRWA?

Islamic Development has gone in a big way into crowdfunding and we have crowdfunding projects. Many of these are eligible for Zakat and there is a range of projects, from small to large, which are Zakat eligible. The Islamic Development Bank also has crowd funds. There has been a definite improvement over the conventional way of dealing with Sadaqah and Zakat disbursement. A person can review a project and make a decision on whether the project is eligible and whether to contribute through Sadaqah or Zakat based on guidance and the opinion of their preferred Scholars. In many cases, the Islamic Development Bank makes a matching contribution of what is mobilized to such crowdfunding and thus doubles the impact.

Mr. Azim Kidwai - Executive Director, National Zakat Foundation

Presentation - *National Zakat Fund Worldwide: Best practices on Zakat and Accountability* (attached)

To consider zakat we have to understand that Zakat is a source of funding and finance as well as a religious obligation and is different from other forms of charity. Other forms of charity involve giving away discretionarily, but Zakat is not a discretionary act as in it is not done because the donor was emotionally inspired by an advertisement or a program, but it is rather that the donor is trying to fulfill a religious obligation. For zakat agencies, there is a unique opportunity to build a long-term meaningful relationship with payers for delivering strategic change. Zakat payers have a unique opportunity to build cohesive, healthy and prosperous communities across the world.

Question: What are the lessons learned and what advice do you have for those who are starting their journey, such as UNRWA and aiming at aligning Zakat with the SDGs?

If you take a zakat focus you will naturally fulfill all SDGs – It is naturally done. The key thing is to understand what your role is in the Zakat journey and if you look at the Zakat journey. There are different actors when it comes to Zakat management: there is a payer, the administrator, the agency and the claimant that are trying to make sure Zakat is dealt with in the best way. All of them should be treated with due respect: payers should be treated like customers of a bank, they should receive benefits and updates; agencies need to build the best social finance house in the world (best staff and good treatment of staff). From an SDG perspective, the focus is solely on the beneficiary and people in the middle tend to be forgotten. There needs to be some introspection on the spirit behind the SDGs. From a claimant perspective, best-in-class programs should be built where the claimant. We must know exactly what people need. Therefore, claimants need to be more involved in the decision-making. It would be great to see Zakat claimants and Zakat payers on boards and



committees where they can share their perspectives. Therefore, if Zakat is managed and governed in a professional way, it can benefit all the SDGs.

Mr. Mohammad Altarawneh, Partnerships Officer, UNRWA

Presentation - *UNRWA'S Islamic Philanthropy: International Dialogue on the Role of Islamic Social Financing in Achieving the Sustainable Development Goals* (attached)

UNRWA's Islamic financing program has grown significantly. We would like to highlight how this program started. The first question that comes to our mind: Is this UNRWA zakat program eligible? Who is eligible?

We must realize that there are more than two million Palestinian refugees under the line of poverty, out of the five million. A million Palestinian refugees are registered with UNRWA. This is the category that UNRWA serves.

How are these categories defined?

The main program that serves these groups is the cash and food assistance program, which is a program that directly qualifies these groups to receive Zakat funds. In addition to money, these groups receive food baskets containing the basic necessities of life such as rice, sugar and milk. To estimate the identification of these eligible categories of zakat, UNRWA, through the social support departments, conducted a field survey to determine the level of poverty. The study concluded that Palestinian refugees who live on less than \$3.87 per person per day live in poverty, and that the refugees who live on less than 1.5 \$ per person per day, live in severe poverty. Accordingly, from the Shariah point of view, this category is eligible for Zakat because they are poor and in need of the basic necessities of living. Therefore, the UNRWA confirms the eligibility of the programs based on reviews of the National Zakat Foundation, and the eligibility of the beneficiaries of the zakat program through the field survey of poverty. The UNRWA has obtained official certificates of eligibility for the cash and food assistance program in Gaza through the certificate it obtained from the National Zakat Foundation. The UNRWA obtained a fatwas from the Sheikh of Al-Azhar and the Imam of Al-Aqsa Mosque confirming the eligibility of UNRWA and the beneficiaries of the zakat program to receive zakat donations. The indirect support cost is only the one that Islamic charitable organizations ask us to implement in UNRWA's five working areas. In the case of individual donations, donors, whether online or through bank transfers, 100% of the zakat funds go to the cash and food assistance program without deducting any percentage in compliance with the rules of Islamic Shariah. For UNRWA, the mechanism for collecting and disbursing zakat is a key factor in increasing donations.

UNRWA is seeking to open a special Islamic bank account for zakat and zakat donations, in addition to obtaining new fatwas from various regions and Muslim scholars. The most important activities through which Zakat is collected: Cooperation with Islamic banks in addition to collecting donations during the Holy month of Ramadan. UNRWA works in partnership with the official zakat bodies in Islamic countries. UNRWA's involvement of its companies with Islamic charitable institutions UNRWA collects donations by communicating with Islamic networks and institutions in non-Muslim countries and encouraging them to provide zakat to UNRWA.



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Discussion

Mr. Azim Kidwai - Executive Director, National Zakat Foundation

I understand the concern when it comes to the cost, I would encourage all stakeholders to start thinking about the value. We need to build good transparent programs. The issue is that far too often we have agencies, which will talk about 0 cost but we do not know anything about the effectiveness of the program and that is a false economy. We need to start seeing, stakeholders to work with agencies like UNRWA to support them with costs with the view of making sure we can optimize programs. The cost issue is important, however, the bigger issue is value. If the cost is making the program better and more effective and delivering better results for refugees it would be good, however the bigger issue to focus on transparency and value.

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

At the beginning of this initiative, I visited one of the UNRWA camps and realized the importance of Zakat and how the UNRWA is a necessary incubator for the use of Zakat and a role model for implementing Zakat through international channels. From hearing the successful experiences of the UNRWA, UNHCR and UNICEF, we can imagine establishing an international mechanism to sponsor Zakat as well as other Islamic social financing. I am happy of the momentum and the activity happening with the presence of NGOs and governmental organizations, the presence of Dar Al-Fatwa, and the many fatwas that we have obtained. We need to focus on that international mechanism that sponsors the affairs of Zakat and encourages Zakat not only from Islamic countries, but also from Muslims from all over the world. When a Muslim can find a place to pay his zakat, there will be a win-win situation because that donor paid his zakat in a safe place and at the same time, we were able to deliver this zakat to its beneficiaries in accordance with the provisions of Shariah. We are close to reaching the existence of a mechanism that makes zakat a model in fulfilling the needs of the needy and those who need it the most.