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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*All praise is due to the Almighty; prayers and peace be upon the last Prophet Muhammad,
and upon his relatives and all his companions*

Shariah Endorsement of the Refugee Zakat Fund of the United Nations High Commissioner for Refugees (UNHCR)

1. Background

- 1.1 The UNHCR is a United Nations (UN) agency mandated to aid refugees and other forcibly displaced populations around the world. It delivers various humanitarian services including core relief items, shelter, health care, and cash assistance. With the unprecedented number of populations currently displaced worldwide, the UNHCR needs additional sources to support its activities. Noting that the majority of the displaced are now from Muslim countries and are eligible to receive zakat, the UNHCR launched its pilot zakat program in September 2016. In April 2019, it officially launched the “Refugee Zakat Fund”.
- 1.2 The International Shari'ah Research Academy for Islamic Finance (ISRA) an affiliate of the International Centre for Education in Islamic Finance (INCEIF) was established in 2008 under the auspices of Bank Negara Malaysia (Central Bank of Malaysia). ISRA serves the Islamic finance sector in Malaysia and internationally through Shariah-based applied research, publications, and advisory services. Its experts have extensive experience in advising central banks and other regulatory authorities, standard-setting bodies, capital markets, financial institutions, takaful operators, and legal firms.
- 1.3 The UNHCR has consulted ISRA to conduct a Shariah-compliance review of the zakat collection and distribution activities of its Refugee Zakat Fund and to issue a Shariah Endorsement provided that ISRA is satisfied with the outcome of the review.

2. Methodology

- 2.1 The Shariah-compliance review of UNHCR's Refugee Zakat Fund involved the following process:
 - 2.1.1 Review of zakat collection and distribution activities of UNHCR as published in its website (zakat.unhcr.org).
 - 2.1.2 Examination of the published reports, fatwas, and other documents to gain an in-depth understanding of policies, procedures, operational process flow, terms and conditions, governance structure, and other relevant information regarding the zakat collection and distribution activities of UNHCR.
 - 2.1.3 Examination of the opinions of classical and contemporary scholars in the context of the zakat collection and distribution activities of UNHCR.
- 2.2 Discussions held with UNHCR representatives that provided clarification on operations of the Refugee Zakat Fund.

3. Key Considerations in Forming the Shariah Opinion

- 3.1 Adherence to Shariah rules and principles on zakat collection and distribution.
- 3.2 Competency of UNHCR personnel to undertake the above responsibility.
- 3.3 Adequacy of UNHCR governance structure related to zakat collection and distribution activities.
- 3.4 Transparency and disclosure by UNHCR on its zakat collection and distribution activities.

4. Shariah Opinion

- 4.1 Pursuant to our review, ISRA is of the view that the zakat collection and distribution activities of UNHCR's Refugee Zakat Fund comply with the rules and principles of Shariah.

5. Recommendations

- 5.1 Notwithstanding the Shariah opinion provided above, ISRA recommends the following:
- 5.1.1 To maintain the zakat fund in a Shariah-compliant account while noting that UNHCR is currently maintaining the zakat fund in interest-free account.
 - 5.1.2 To enhance the Shariah-compliance oversight to ensure end-to-end Shariah compliance of UNHCR's zakat collection and distribution activities.
 - 5.1.3 To exhibit a defined Shariah governance structure within UNHCR to strengthen public confidence regarding management and operation of its zakat fund.
 - 5.1.4 To ensure adequate training and guidance for relevant UNHCR personnel on Shariah requirements governing zakat management.

6. Limitations and Validity of the Shariah Endorsement

- 6.1 The Shariah review process did not involve any site visits to UNHCR facilities.
- 6.2 This Shariah Endorsement does not include the Shariah-compliance status of UNHCR or its activities other than the Refugee Zakat Fund.
- 6.3 This Shariah Endorsement is based on the information available to ISRA. ISRA shall not be held responsible for any undisclosed variations.
- 6.4 This Shariah Endorsement is in respect of the Shariah only. Any legal aspects should be referred to an independent legal adviser.
- 6.5 ISRA does not bear any responsibility in any form whatsoever for any loss or damage incurred by authorised or unauthorised use of this Shariah Endorsement.
- 6.6 This Shariah Endorsement is valid for one (1) year from the signing date it bears. Nonetheless, any variation, omission, or additional features added (other than those identified in 5.1.1 – 5.1.4 above) in the zakat collection and distribution process within this one year will necessitate supplementary endorsement by ISRA.

6.7 The Shariah Endorsement is renewable on a yearly basis.

Yours Sincerely,

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