



This is Fatuma and her children in the northern Arid Semi-Arid lands of Kenya. Locust infestations destroyed much of the pastureland where they live. Coupled with intense drought, many families including Fatuma's have been struggling to source food and other basic needs.

With a generous Zakat gift, Oxfam has been able to provide monthly cash transfers to Fatuma and other families requiring assistance. Overall, this has increased food security levels, nutrition levels and positively contributed to the local market economy.

Lameck Ododo/Oxfam in Kenya (December, 2020)

OXFAM GB ZAKAT

Policy and Operational Guidance



WE
WON'T
LIVE
WITH
POVERTY

1. EXECUTIVE SUMMARY

Oxfam exists to tackle the injustice of poverty and help people to help themselves out of poverty. We respond when natural disasters or conflicts strike, saving lives and helping those in need of urgent humanitarian assistance. We work with the poorest and most vulnerable people and some of the most fragile countries, often in sub Saharan Africa, The Middle East and South Asia.

In a significant number of these countries, populations and communities are overwhelmingly Muslim. Recognising our deep engagement with Muslim communities in our emergency and development programmes around the world, Oxfam has been specifically engaging and building links with British Muslim communities in the UK for the last six years. We now have a better understanding of Muslim communities and strong relationships with a number of Muslim supporters, philanthropists and organisations. As part of this, over a period of two years, we developed a significantly better understanding of Zakat. Zakat (Arabic for “that which purifies”), as you may know, is an act of worship in the Muslim faith that is enacted through charitable giving. It is one of the five pillars of the Islamic faith comprising; shahada – faith, salat – prayer, zakat – charity, sawm – fasting, hajj – pilgrimage to Mecca. These are common to both Shia and Sunni Islam, albeit reflected differently.

We now have an understanding of the principles and specific requirements of Zakat which this document seeks to capture. We believe Oxfam can establish a clear and robust Zakat policy and process, which members of British Muslim communities can understand and follow; this will meet both the spirit and principles of Zakat whilst at the same time supporting Oxfam’s mission to help those living in poverty, in the UK and abroad.

Our goal is to provide British Muslims with another route or choice through which they can fulfil their Zakat obligations through making their payments to Oxfam, confident in the knowledge that Oxfam will spend these payments in line with the policy and procedures we adopt and the specific requirements of Zakat. We also have strong, transparent and rigorous financial management and reporting processes that will enable us to meet these requirements.

We will also be open to receiving Sadaqah or other forms of Muslim charitable giving as part of our ongoing activities.

2. ZAKAT EXPLAINED

2.1 What is Zakat?

All of the world's major religions contain some element of almsgiving, but Zakat is different because it is mandatory for all Muslims who are able to pay it, may only be directed at very specific categories of beneficiaries, and is one of the five pillars of Islam. It is different to other forms of Muslim charitable giving such as Sadaqah, which is non-obligatory. The word Zakat can be translated to mean 'purification' or 'growth'. Through Zakat, Muslims are required to give a proportion – traditionally defined as one-fortieth, or 2.5% – of their accumulated wealth, on an annual basis, for the benefit of the poor or needy.

Zakat (Arabic for "that which purifies") is an act of worship in the Muslim faith which is enacted through charitable giving. It is:

- the third pillar of Islam
- required of every Muslim man or woman, at a rate of 2.5% of their acquired wealth exceeding the minimum amount ("nisab") for basic needs
- applicable on Zakatable wealth that has been in the giver's possession during the current lunar year/12 months.

2.2 The spirit of Zakat

The payment of Zakat is a religious act. This means that giving should be preceded by a clear intention to give, and should be carried out with a spirit of kindness and well wishing. The giver should not expect any benefit, and neither the giver nor the recipient should be reminded of it afterwards. Zakat should not be used to generate profit and it is a right of the poor on the richer in society.

2.3 Who should give Zakat?

Most scholars of Islamic law agree that all Muslims must pay Zakat, provided that:

- their wealth is acquired by lawful means
- they are "mature" (i.e. have reached the age of puberty)
- their mental health is sufficient to enable clear intention (clear intention is a prerequisite of Zakat or any act of worship)
- they have sufficient wealth to meet their basic needs (i.e. above the level of nisab).

2.4 When to pay Zakat

Zakat can be paid any time during the Islamic lunar year, however the majority of Muslims choose to pay their Zakat in the month of Ramadan. According to the tradition of the Prophet Muhammad, Zakat should be paid as soon as it becomes due because the poor become the rightful owners in the sight of God.

2.5 Who should Zakat be paid to?

The Quran (9:60) specifies eight categories of people to whom Zakat may be donated. These are primarily the poor, destitute and Muslims facing hardship. Defined in detailed below:

- The Destitute (“miskeen”), those who do not have enough money to meet their basic needs
- Poor people (“fuqara”) who cannot make ends meet but do not ask for help out of modesty and self respect
- Zakat collectors (“amilna alayha”) who collect and distribute Zakat
- Muslim converts (“mu'allafatu'l qulub”) and are in need of help
- Emancipating slaves (“fi'r riqab”) who in current times include trafficked women and children, those in bonded labour, those involved in child labour, child soldiers, migrant workers whose passports have been confiscated, and those exploited through threat of force
- Those who are overwhelmed by debt (“al gharimin”)
- Generally, in the cause of God (“fi sabillah”) and doing good, including promoting the Islamic value system.
- The wayferers (“Ibnus sabil”) who are stranded while travelling and who need money, such as refugees and/or may not have the means to return home.

Specifically, Zakat may not be paid to the rich, those capable of work but unwilling to undertake it, relatives of the giver, or those belonging to the lineage of the Prophet (peace be upon him).

2.6 Collection of Zakat

In countries where Zakat is not managed by the state and there is no governing body overseeing collection and distribution, Muslim citizens can choose how to pay their Zakat and to whom. Many Muslims living in Muslim-minority countries choose to pay their Zakat to charities or other NGOs, which use the money to fund the eligible recipients through their own programmes. Many Muslim charities in the UK now run highly visible fundraising campaigns during Ramadan each year in order to collect people’s Zakat payments.

2.7 What constitutes as a Zakat donation?

Zakat is payable on any surplus wealth owned for at least 1 year. Numerous tools exist to calculate Zakat. We are not proposing to offer this as part of our Zakat offer but will refer individuals to the National Zakat Foundation who provide this.

2.8 Why is Oxfam getting involved?

We recognise that many of our development projects and emergency responses help those living in poverty or most in need of immediate life-saving assistance. Many of the countries we work in and communities we work with are Muslim majority. As a result of our consultations and research, we believe we can collect Zakat and utilise them in line with the requirements of Zakat. Specifically:

- We are able to establish a clear and robust Zakat policy which Muslims can access and read, which meets both Zakat principles and Oxfam's programmatic approach.
- We have in place the necessary financial management and reporting processes for the management of the highly restricted funding requirements of Zakat.
- We are an established leader in our sector, with global presence – locally embedded, with expertise, credibility and a very strong reputation.
- The refugee crisis is the worst it has been since the second world war, fuelling poverty and hardship. The number of people going hungry is rising against a backdrop of increasing conflict, instability and increasing humanitarian need. The need is great and Zakat can respond to that need as well as enabling Muslims to fulfil their religious obligations effectively.
- We have a very significant presence in a number of Muslim-majority countries, responding to those in crises or living in poverty.

3. CONSULTATION PROCESS

We have completed 13 one to one consultation interviews with scholars, leading experts and Muslim philanthropists. We completed further public market research, conducting 485 interviews and 10 focus groups with Muslims from Bangladeshi, Pakistani, Indian and Arab communities. Details are in Appendix one. We have also done and continue to do our own desk research to develop our understanding of Zakat. Overall, there was consistency in feedback from both audiences. The consultation process has given us a deeper understanding of Zakat principles and has formed the basis for this Zakat policy and our implementation approach.

4. MAKING A ZAKAT PAYMENT TO OXFAM

5.1 Position Statement

At Oxfam, we take the responsibility of handling Zakat extremely seriously. By making your Zakat payment to Oxfam, you can be sure your payment will help those suffering poverty or

hardship, with 100% of your donation spent directly in the country, area or project specified. We save lives through our humanitarian work, and work at the grassroots level to promote development in some of the world's poorest communities. We support people to come out of poverty by working on access to education, healthcare, food, improving livelihoods, providing clean water and promoting women's rights.

We will spend any Zakat payments in line with the procedures detailed in the operational guidance given in section 5.2 below. Specifically, Zakat payments will be restricted to two areas of our work:

- Responding to emergency situations to save lives in Muslim majority countries or areas. These will be listed and kept up to date on our Zakat website.
- Supporting development projects that are taking place in Muslim majority countries and focused on communities seeking to lift themselves out of poverty.

The destination countries, projects and communities who will be receiving support from Zakat payments will be listed on our Zakat website, and under continuous review by our Humanitarian team and Zakat Advisory Panel. Currently our offer comprises of:

Bangladesh, Indonesia, Iraq, Lebanon, Mindanao (Philippines), the Occupied Palestinian Territories, Somalia, Syria and Yemen.

5.2 Administration of Zakat Payments

In accordance with the requirements of Zakat, we will administer payments as follows:

- Payments will be collected into a specific, restricted fund within Oxfam.
- Payments will be directed to the identified list of Muslim-majority countries that are visible on our website to wherever the need is greatest at that moment in time.
- A dedicated, interest free bank account will be created to hold and manage any Zakat funds prior to them being sent to the designated countries for expenditure.
- Channels of collecting and spending Zakat will be clear to allow the payer clarity and transparency over their Zakat payment and where and whom it will be spent on.
- UK administrative costs will not be claimed on any Zakat payment and Oxfam will not profit from interest on Zakat payments.
- 100% of Zakat payments will be spent in country to help those in need through the delivery of projects or emergency responses as specified on our Zakat website.
- Zakat donations collected will be spent within the annual spend/lunar year requirement.
- The frequency of collection can be split through the year according to the wishes of the payer. Oxfam will be able to collect Zakat all year round, with the working assumption that the majority of funds will be raised in Ramadan.

Gift aid can also be claimed on Zakat payments and if the Zakat payer is eligible and willing to complete a gift aid declaration, Oxfam will reclaim this. This element will be treated as a general donation and allocated by Oxfam to our work according to greatest need.

5.3 Methods of collecting Zakat

Oxfam will use various channels to collect Zakat, as appropriate, but in particular through face to face interactions and personal relationships.

5. HOW OXFAM WILL UTILIZE ZAKAT FUNDS

- Projects to be supported by Zakat will be identified so that amounts donated can be tracked. Those donating over £10,000 will be able to discuss on a 1-1 basis with the Oxfam Zakat representative how their payment should be used.
- Zakat funds will be used to support individuals, collectives and specific groups that Oxfam works with who can show an immediate or eventual alleviation from hardship and/or poverty.
- Those receiving help will be notified that the help they are receiving is in part or full being provided by Zakat.
- Funds will be used to support tangible goods and practical support, as well as more intangible benefits such as education, training and health promotion. Funds will support the direct costs of purchasing goods and services, as well as the necessary in country logistics, transport and staff required to provide the services and help needed.
- Within a specific community that we are helping, we will not discriminate the support we provide on the basis of religion. Oxfam is a non religious, secular charity and our help is determined by humanitarian principles which all respected organisations abide by. For example, if a Muslim- majority community in Somalia is being helped, but also contains a small number of non-Muslims in equal need of help, everyone will be included.
- Zakat funds will be used to provide help through project interventions. This could be in full or part payment of the project activities. Other funds supporting the project could come from a variety of other sources.

Our expert humanitarian team will choose projects in which the receivers will be in the majority Muslim. These will be from the following countries and areas, wherever the need is greatest:

Bangladesh, Indonesia, Iraq, Lebanon, Mindanao (Philippines), the Occupied Palestinian Territories, Somalia, Syria and Yemen.

6. GEOGRAPHIC FOCUS OF ZAKAT FUNDS

Zakat funds shall be utilized within the geographical areas where OXFAM operates and as specified for our designated 'Zakat' projects, as suggested above.

7. OXFAM ZAKAT ADVISORY PANEL

Our consultation phase identified that it is very important for Oxfam to establish a small group of individuals to act as voluntary advisors in relation to our Zakat offer. These individuals need to be well versed in Islamic principles and Zakat and be willing to develop an understanding of Oxfam and what it can and should offer to the British Muslim community in respect of Zakat. They will offer their knowledge, expertise and advice to inform Oxfam's understanding of Zakat and ensure it evolves in a robust and appropriate manner. The group will represent diversity, particularly in respect of Sunni and Shia Islam and also gender.

The members of the Zakat Advisory Panel will:

- Review our policy and implementation procedures and advise accordingly on their compliance with Zakat requirements and that we have communicated them effectively to supporters and the public.
- Review and comment on the core external communications messages in order that they are engaging for the British Muslim community, as well as appropriate and accurate in respect of our treatment of Zakat.
- Meet at least once a year to review and assess the progress of Zakat at Oxfam, either face to face or virtually.
- Advise on the eligibility of the specific restricted projects and/or communities and individuals that are proposed as recipients of Zakat.
- Be willing to be listed on the 'Zakat at Oxfam' webpages as advisors to Oxfam on Zakat.
- Be involved in raising Oxfam's profile in this space for engagement and fundraising purposes. This may include opening up networks if appropriate, speaking at Oxfam or Zakat events, promoting our policy and work online and meeting stakeholders interested in this area.