

Integrating *Zakat* for Refugee: UNHCR's Role in Collaborative *Zakat* Distribution Framework

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ABSTRACT

The global refugee crisis has reached unprecedented levels, with over 117 million refugees and internally displaced people (IDPs) projected by 2023, many of whom are from Muslim-majority countries and eligible for *zakat*. *Zakat*, a key Islamic social finance tool, holds immense potential to address the urgent needs of these vulnerable populations. However, its utilisation remains underexplored in humanitarian contexts. This study investigates the role of *zakat* in supporting refugees and IDPs, focusing on the collaboration between *zakat* institutions and the United Nations High Commissioner for Refugees (UNHCR). Aligned with the United Nations Sustainable Development Goals (SDGs), particularly Goal 1 (No Poverty) and Goal 10 (Reduced Inequalities), this research examines how *zakat* can contribute to reducing the economic and social hardships faced by displaced populations. The study adopted a qualitative approach, conducting a content analysis of the Islamic Philanthropy Annual Report 2023 by UNHCR. The research objectives are twofold: (1) to evaluate UNHCR's effectiveness as a third-party distributor of *zakat* to aid refugees, and (2) to propose a *zakat* distribution framework for refugees in Malaysia. The findings highlight the significant impact of strategic partnerships between UNHCR and *zakat* institutions, demonstrating enhanced efficiency in delivering *zakat* to refugees and IDPs. This study offers original insights by conceptualising a third-party *zakat* distribution model and advocating for the inclusion of refugees in *zakat* policy frameworks. It contributes to policy discussions on optimising *zakat* for humanitarian aid and underscores its potential to address refugee and displacement challenges globally.

INTRODUCTION

The global refugee crisis is at an unprecedented scale, with millions of people forcibly displaced from their homes due to conflict, persecution, and economic instability. This crisis has placed significant pressure on national and international systems, necessitating innovative financial solutions to provide critical

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humanitarian assistance (Anderson et al., 2018). Currently, the number of people forcibly displaced by persecution, conflict, violence, and human rights violations grew by 8 percent in 2023 compared to the end of 2022. By the end of 2023, there were 43.3 million refugees globally, including 37.4 million under UNHCR's mandate, 5.9 million people in refugee-like situations, and 5.8 million others in need of international protection. Nearly three in four refugees, or 73 percent of all refugees, originated from just five countries: Afghanistan, Syria, Venezuela, Ukraine, and Sudan. The largest refugee population globally are Afghans who constitute one in six of all refugees under UNHCR's mandate. Globally, the Islamic Republic of Iran, Türkiye, Colombia, Germany, and Pakistan hosted the largest refugee populations, including other people in need of international protection. UNHCR estimates that forced displacement continued to increase in the first four months of 2024 and pushed the figure over the dramatic milestone of 120 million as of May 2024. Many of these individuals come from Muslim-majority countries and are eligible to receive *zakat* (UNHCR, 2023).

Zakat, an obligatory form of charitable giving in Islam, has long been used to alleviate poverty, but its potential to assist refugees and internally displaced persons (IDPs) remains underexplored. With the rising numbers of displaced individuals, the role of *zakat* as an Islamic social finance tool in addressing these needs is increasingly recognised (Kidwai & Zidani, 2020; Lawal & Ajayi, 2019). Although *zakat* distribution frameworks are well-established in many Muslim-majority countries, a significant gap exists in their inclusion of refugees and IDPs as official *zakat* recipients. These groups, despite being eligible for *zakat* as per Islamic law, are often excluded from national *zakat* distribution policies, which primarily focus on local poverty alleviation. This oversight limits the ability of *zakat* institutions to address the critical needs of one of the most vulnerable populations in the world. The lack of research on the integration of refugees and IDPs into *zakat* systems further complicates the development of effective frameworks that could bridge this gap.

While *zakat* has been distributed in various forms globally, its systematic use in supporting refugees and displaced persons remains limited. Recent initiatives by UNHCR have demonstrated the potential of *zakat* to be mobilised as a powerful source of funding for refugee aid. However, challenges persist in scaling up these efforts and institutionalising *zakat* as a global solution for displacement crises. One key issue in leveraging *zakat* for refugees lies in the lack of coordinated frameworks between *zakat* institutions and humanitarian organisations. *Zakat*, though abundant, is often fragmented in its distribution, leading to inefficiencies and gaps in meeting the urgent needs of displaced populations. Moreover, *zakat* institutions in many countries have not yet fully incorporated refugees and IDPs into their strategic frameworks (Migdad, 2019). This disconnect limits the potential for *zakat* to serve as a sustainable, long-term solution to the refugee crisis. A second critical problem is the need for a trusted intermediary to ensure the effective and transparent distribution of *zakat* funds (Mohd Razin & Rosman, 2021a). In this regard, UNHCR's role as a global humanitarian organisation offers a solution. UNHCR's established networks, operational capacity, and expertise in addressing refugee needs position it as an ideal third-party distributor for *zakat*. However, despite successful pilot programmes, there is still a need for more comprehensive frameworks that formalise this collaboration and ensure *zakat* is maximised to its full potential.

The objectives of this study are twofold: First, it aims to analyse the impact of UNHCR's role as a trusted intermediary in distributing *zakat* to refugees and IDPs. Second, it seeks to develop a *zakat* distribution framework that integrates the needs of displaced populations into the strategic planning of *zakat* institutions in Malaysia. By addressing these objectives, this research contributes to addressing critical gaps in the literature and offers practical insight by focusing on how *zakat* can be better utilised to support global humanitarian efforts for displaced populations. The expected contributions of this study are significant. It aims to provide policymakers, *zakat* institutions, and humanitarian organisations with evidence-based insights into the role of *zakat* as a tool for refugee aid. By developing a conceptual framework for *zakat* distribution through third-party agencies like UNHCR, this study offers practical solutions for enhancing

the efficiency and impact of *zakat* in addressing displacement crises. Furthermore, it contributes to the broader conversation on Islamic social finance and its role in global humanitarian initiatives.

This article is structured as follows: Section 2 provides an in-depth literature review on *zakat*, Islamic social finance, and humanitarian aid. Section 3 discusses the methodology, which includes qualitative content analysis of the Islamic Philanthropy Annual Report 2021 by UNHCR. Section 4 presents the findings, focusing on the impact of UNHCR's role in distributing *zakat* to refugees. Section 5 offers a detailed discussion of the proposed *zakat* distribution framework, and Section 6 concludes the study with policy recommendations and future research directions.

LITERATURE REVIEW

Overview of *Zakat* as an Islamic Social Finance Tool

Zakat, one of the five pillars of Islam, is a mandatory form of almsgiving prescribed for all financially capable Muslims, with the primary aim of redistributing wealth and alleviating poverty (Islahi, 2016) (Islahi, 2016). It has emerged as a crucial Islamic social finance instrument in addressing both short-term humanitarian crises and long-term poverty alleviation. Rooted in the principle of wealth redistribution, *zakat* is specifically designed to support the vulnerable, including the poor, needy, and displaced, thereby serving as an essential tool in mitigating the socio-economic challenges of marginalised populations (Al-Qardawi, 2011). Scholars have increasingly highlighted the dual role of *zakat* in responding to immediate humanitarian emergencies while simultaneously contributing to sustainable poverty alleviation efforts (Kidwai & Zidani, 2020; Nurwati & Hendrawati, 2019). In Islamic law, *zakat* is distributed to eight specific categories of recipients (*asnaf*). These categories are explicitly mentioned in the Qur'an (*Surah At-Tawbah*, 9:60) and serve as a guideline for the proper allocation of *zakat*. The eight *asnaf* are:

1. The poor (*Al-Fuqara*'): Those who possess little to no wealth and struggle to meet basic needs.
2. The needy (*Al-Masakin*): Those whose income is insufficient to fulfill their essential needs.
3. *Zakat* administrators ('*Amil*): Individuals responsible for collecting and distributing *zakat*.
4. Those whose hearts are to be reconciled (*Mu'allafatu Qulubuhum*): New Muslims or those inclined toward Islam who require support to strengthen their faith or alleviate hardship.
5. Those in bondage (*Al-Riqab*): This traditionally referred to freeing slaves, but contemporary interpretations include helping those in forms of modern bondage or extreme financial distress.
6. Debtors (*Al-Gharimin*): Individuals in debt who cannot repay without undue hardship.
7. In the cause of Allah (*Fi-Sabilillah*): Broadly interpreted to include those striving in the path of Allah, often linked to humanitarian or community causes.
8. Travelers (*Ibn al-Sabil*): Stranded travelers who are unable to meet their needs due to their journey.

Refugees as *Asnaf* Recipients

Refugees and internally displaced persons (IDPs) often fall within several of these *asnaf* categories. Most prominently, they can be considered among the poor (*fuqara*') and needy (*masakin*), as they frequently face severe financial hardship and lack access to basic necessities like food, shelter, and healthcare. Additionally, refugees can also qualify as *gharimin* due to the financial burdens they accumulate during their displacements, such as travel expenses or debts incurred to secure basic survival. Furthermore,

refugees, especially those displaced across borders, can be seen as *ibn al-sabil* (wayfarers) if they are left without means to continue their journey or settle safely.

This categorisation aligns with the broader Islamic principles of compassion and justice, ensuring that displaced individuals are not excluded from the social safety nets provided by *zakat*. However, many *zakat* institutions have yet to fully incorporate refugees into their strategic frameworks, despite their eligibility. A key issue is the fragmentation in the collection and distribution of *zakat*, often due to the absence of centralized *zakat* management systems in many countries (Hassan et al., 2021). Additionally, the lack of coordination between *zakat* institutions and international organisations has limited the capacity of *zakat* to respond to global crises, including refugee situations (Najiyah & Febriandika, 2018; Saad & Farouk, 2019). Addressing these challenges requires the development of robust *zakat* frameworks that integrate international best practices and partnerships with organisations such as the United Nations High Commissioner for Refugees. This, in turn, contributes to the development of a more equitable and just society, in which all members have the opportunity to thrive.

UNHCR Refugee *Zakat* Fund

The UNHCR Refugee *Zakat* Fund is a unique initiative established by the United Nations High Commissioner for Refugees (UNHCR) to harness Islamic social finance in supporting refugees and internally displaced persons (IDPs). Launched in 2019, this initiative aims to provide a sustainable and Shariah-compliant solution to address the financial needs of vulnerable refugee populations globally. As of 2022, the Refugee *Zakat* Fund has raised more than \$150 million, helping over 5 million refugees and IDPs in countries including Jordan, Lebanon, Iraq, Yemen, and Malaysia (UNHCR, 2023).

UNHCR has identified specific *asnaf* categories applicable to the refugee population, especially those from Muslim-majority countries. These include *fuqara'* (the poor), *masakin* (the needy), *ibn al-sabil* (wayfarers), and *gharimin* (debtors). Through this framework, the Refugee *Zakat* Fund ensures that *zakat* is distributed according to Islamic law, supporting urgent humanitarian needs such as food, shelter, healthcare, and education. This classification system enables UNHCR to not only comply with Islamic principles but also effectively mobilise *zakat* as a global resource for refugees. By utilising this structured approach, the UNHCR Refugee *Zakat* Fund bridges Islamic social finance and humanitarian aid, providing an innovative solution to address the challenges of global displacement. Figure 1 illustrates the classification of refugees as *asnaf* within the context of this fund, showing how *zakat* can be strategically mobilised to meet the needs of the most vulnerable.

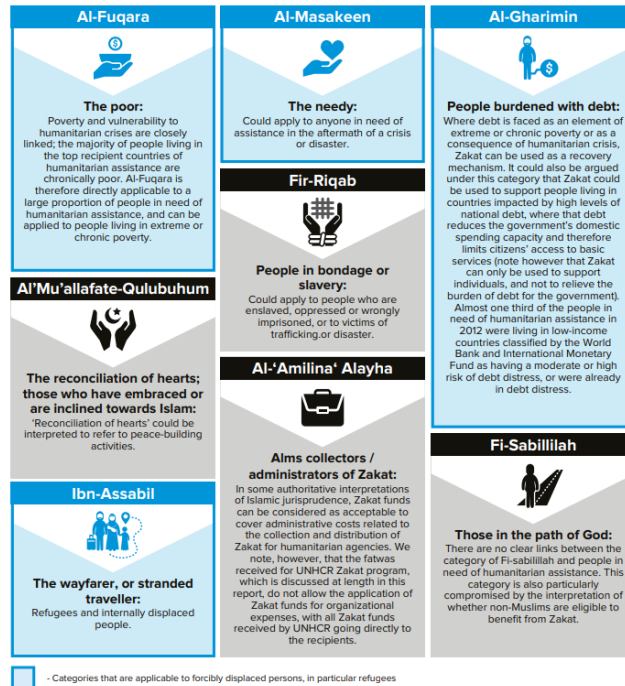


Fig. 1. Zakat Distribution to Refugees

Source: (UNHCR, 2019)

In 2022, UNHCR’s Islamic Philanthropy programme, including the Refugee Zakat Fund, assisted 727,000 beneficiaries in 17 countries and benefitted from the \$21.4 million received through zakat contributions. More significantly, since the piloting of the UNHCR’s Refugee Zakat Funds in 2017, more than 4 million Internally Displaced People (IDPs) and refugees in 18 countries have benefitted from the zakat contributions. Zakat distributed in the form of cash assistance and goods aided more than 1.6 million people in 10 countries, and sadaqah jariyah supported more than half a million recipients in 10 countries (UNHCR, 2023). As a result, Islamic philanthropy in the form of zakat and sadaqah funds has a positive impact on the lives of the most vulnerable refugees and IDPs by providing them with their basic needs through cash and in-kind assistance. Figure 2 depicts 17 countries that benefitted from the zakat contributions in 2022.

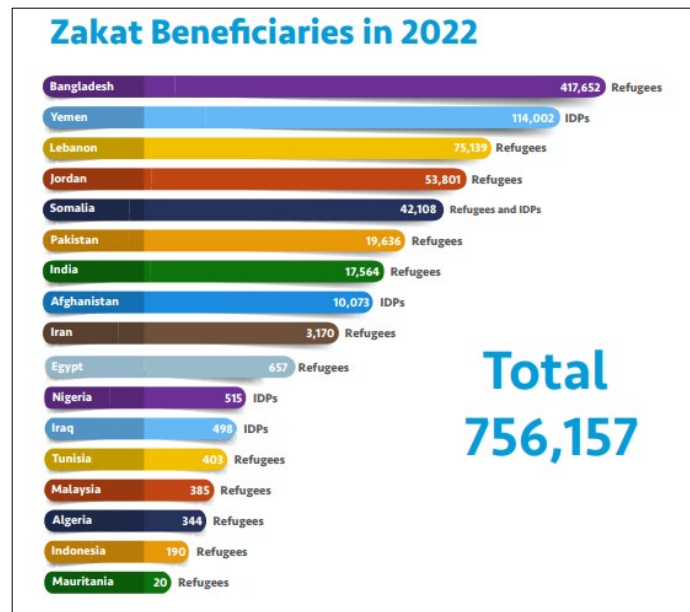


Fig. 2. *Zakat* Beneficiaries in 2022

One of the unique aspects of the Refugee *Zakat* Fund is its compliance with Shariah guidelines. The UNHCR has established a dedicated advisory board of Islamic scholars to oversee the operations of the fund, ensuring that all *zakat* collected and distributed follows the appropriate Islamic jurisprudence (Mohammed & Jureidini, 2022). This advisory board, made up of scholars from prominent Islamic institutions, ensures that *zakat* donations are used efficiently and ethically. This focus on Shariah compliance has helped the fund gain the trust of Muslim donors worldwide, encouraging greater contributions from individuals, institutions, and corporate entities in Islamic countries.

Current *Zakat* Distribution to Refugees in Malaysia

Zakat distribution to refugees in Malaysia is a growing area of interest, particularly due to the country's significant population of refugees and asylum seekers. As of 2023, Malaysia hosts approximately 180,000 refugees and asylum seekers registered with the United Nations High Commissioner for Refugees (UNHCR), the majority of whom are Rohingya from Myanmar, alongside populations from countries such as Syria, Pakistan, and Yemen (UNHCR, 2023). The ongoing conflicts in these regions, coupled with the limited legal rights of refugees in Malaysia, have made them one of the most vulnerable groups in need of assistance, including *zakat* distribution (Mohd Razin & Rosman, 2021a).

In recent years, Malaysia's *zakat* institutions have begun exploring ways to channel *zakat* funds to refugee populations. However, the efforts remain nascent, with challenges arising from regulatory frameworks that prioritise *zakat* distribution to Malaysian citizens (Mohd Fizol et al., 2022). Despite these restrictions, several organisations have started to bridge the gap. For instance, Islamic Relief Malaysia and local NGOs have partnered with UNHCR to facilitate *zakat* distribution to refugees, focusing on immediate relief, such as food assistance, healthcare, and education for refugee children (Kunapalan et al., 2020). These partnerships align with the broader goal of integrating Islamic social finance mechanisms into humanitarian assistance.

A major challenge facing *zakat* distribution to refugees in Malaysia is the lack of formal recognition of refugee status by the government. Since Malaysia is not a signatory to the 1951 Refugee Convention, refugees in the country lack legal protections, making it difficult for *zakat* institutions to allocate funds to them within the traditional *zakat* categories (*asnaf*), which prioritise local poverty alleviation (Abas & Samuri, 2024). As a result, *zakat* for refugees is often seen as supplementary, provided through donations outside the formal *zakat* channels, raising concerns about the sustainability and consistency of aid.

Nonetheless, there are emerging initiatives that seek to overcome these limitations. For example, Selangor *Zakat* Board (Lembaga Zakat Selangor, LZS), one of the more progressive *zakat* bodies in Malaysia, has introduced a pilot programme to provide financial assistance to Rohingya refugees under the category of *gharimin* (debtors) and *fi-sabilillah* (for the sake of Allah) (Ibrahim & Sahrin, 2019). These categories allow *zakat* funds to be directed toward refugees, acknowledging their dire economic situation and the need for humanitarian support. This approach demonstrates a more flexible interpretation of *zakat* categories, which could set a precedent for other *zakat* bodies in Malaysia.

Another promising development is the collaboration between UNHCR and Islamic financial institutions in Malaysia. In 2021, the UNHCR launched its Islamic Philanthropy initiative, partnering with institutions like Bank Islam Malaysia Berhad and Maybank Islamic to establish *zakat* funds for refugees (UNHCR, 2023). These funds are used to provide direct cash assistance to refugee families, particularly during Ramadan and other religious events, as well as for healthcare and education initiatives. Although these efforts are still in their early stages, they represent a significant step towards formalising *zakat* distribution to non-citizen populations in Malaysia.

However, despite these efforts, *zakat* distribution to refugees in Malaysia is still hampered by a lack of awareness and engagement from the broader Muslim community. Studies show that many Malaysians are still unaware that *zakat* can be used to support refugees, and there is a general perception that *zakat* should only be directed toward local Muslim communities (Wahid, 2014). This highlights the need for more education and advocacy to raise awareness about the flexibility of *zakat* and its potential role in supporting marginalised groups such as refugees.

In conclusion, while Malaysia has made strides in utilising *zakat* to support refugees, particularly through partnerships with UNHCR and Islamic financial institutions, there remain significant challenges in formalising and scaling these efforts. The legal and cultural barriers surrounding the distribution of *zakat* to non-citizens, coupled with the broader issues of refugee rights in Malaysia, continue to limit the impact of these initiatives. Future efforts should focus on expanding awareness, revising *zakat* frameworks to include refugees more explicitly, and building stronger collaborations between *zakat* institutions, NGOs, and international bodies.

METHODOLOGY

This section outlines the methodology employed in this study to evaluate the role of *zakat* in supporting refugees through the UNHCR Refugee *Zakat* Fund. The study adopts a qualitative approach, relying on content analysis of primary data to derive insights into the distribution and impact of *zakat* for displaced populations and understanding complex social phenomena, such as humanitarian aid distribution, in a holistic manner (Creswell & Creswell, 2018). The study focuses on interpreting existing data from the Islamic Philanthropy Annual Report 2023 by UNHCR to explore the impact of *zakat* on refugee populations. Content analysis is used to systematically examine the report's content, focusing on *zakat* contributions, distribution patterns, and the reported impact on refugees. This method allows for identifying patterns, themes, and trends within the data (Krippendorff, 2019) and exploring how *zakat* can be further optimised for refugee aid.

The limitations of this study include the reliance on secondary data from a single report, which may not capture the full scope of *zakat* distribution, especially from non-UNHCR sources. Additionally, the findings are limited to the data provided for the year 2023, which may not reflect trends over time. Future research could incorporate a longitudinal analysis of multiple years to explore shifts in *zakat* contributions and refugee needs. It represents the most recent and comprehensive report available, capturing the latest trends and performance data on *zakat* distribution to refugees. Focusing on this report allows for an in-depth analysis of the current performance of *zakat* distribution, though the study acknowledges that year-on-year variations may occur.

RESULTS AND FINDINGS

This section presents the analysis and findings of the research, focusing on the distribution of *zakat* through UNHCR and its impact on refugees and internally displaced persons (IDPs). It also includes a case study on Malaysia's *zakat* institutions and evaluates UNHCR's effectiveness as a third-party distributor of *zakat* funds.

Analysis of *Zakat* Distribution through UNHCR

The UNHCR Refugee *Zakat* Fund has been pivotal in channeling *zakat* contributions from Muslim-majority countries and Islamic financial institutions to support refugees and IDPs. Since its inception in 2019, the fund has raised over \$150 million, benefiting 5 million individuals in need across 26 countries (UNHCR, 2023). In 2023 alone, UNHCR reported a 20% increase in *zakat* contributions compared to the previous year, largely driven by new partnerships with *zakat* institutions in Southeast Asia and the Gulf Cooperation Council (GCC) region (Moretti, 2022). Data from the Islamic Philanthropy Annual Report 2023 highlights the global distribution of *zakat*, with Yemen, Jordan, and Lebanon being the largest recipients. In Yemen, \$30 million in *zakat* helped 1.2 million people access food and essential healthcare (UNHCR, 2023). Jordan saw an increase in *zakat* funding directed toward educational programmes, benefiting 40,000 refugee children. A breakdown of these distributions reveals that cash assistance is the most common form of support, representing 65% of *zakat* disbursements, followed by food and medical aid. This reflects a strategic focus on providing immediate, flexible support to the most vulnerable populations.

Impact of *Zakat* Assistance on Refugees and IDPs

The impact of *zakat* assistance has been significant, particularly in providing immediate relief and meeting basic needs. For instance, *zakat* contributions have provided significant financial assistance to vulnerable displaced families in various countries, including Lebanon, Jordan, Iraq, and Yemen. This support has enabled families to maintain access to safe and affordable housing, reducing their risk of eviction. Since the inception of the Refugee *Zakat* Fund in 2017, over 4 million refugees and internally displaced persons (IDPs) have benefited from *zakat* contributions across 18 countries. In 2022 alone, *zakat* funds helped IDPs in Afghanistan, Iraq, Nigeria, Somalia, and Yemen, demonstrating the extensive reach of this assistance. The Refugee *Zakat* Fund has notably assisted 417,652 refugees in Bangladesh, 114,002 IDPs in Yemen, and many others in countries like Lebanon, Jordan, and Afghanistan. This targeted support highlights the fund's effectiveness in addressing the needs of displaced populations. The assistance provided through *zakat* aligns with the Sustainable Development Goals (SDGs), particularly SDG 11, which aims to ensure access to adequate, safe, and affordable housing. By helping refugees pay their rent, *zakat* contributions play a crucial role in achieving these global objectives.

UNHCR's Role as a Third-Party Distributor: Effectiveness and Transparency

The role of UNHCR as a third-party distributor of *zakat* has been widely recognised for its effectiveness and transparency. The agency has established a rigorous system of accountability, ensuring that *zakat* funds are used in compliance with Shariah law and are directed to eligible beneficiaries (UNHCR, 2023). A key feature of this system is the inclusion of an Islamic advisory board, which oversees the distribution of *zakat* and ensures Shariah compliance. Transparency in the use of *zakat* funds is further ensured through detailed reporting mechanisms. The Islamic Philanthropy Annual Report 2023 provides comprehensive data on the sources, amounts, and impact of *zakat* funds, offering a clear picture of how these funds are used (UNHCR, 2023). In addition, UNHCR has developed a digital platform that allows donors to track the use of their *zakat* contributions in real time, enhancing donor confidence and increasing transparency. This system has not only improved accountability but also helped attract more donors, with *zakat* contributions to UNHCR growing by 25% year-on-year since 2019. The effectiveness of UNHCR as a third-party distributor is also evident in its ability to reach marginalised populations. For example, in 2022, UNHCR distributed *zakat* funds to over 200,000 Syrian refugees in Lebanon and Jordan, with 85% of recipients reporting that the cash assistance helped them meet their basic needs. The organisation's expertise in managing humanitarian crises, coupled with its transparent and Shariah-compliant mechanisms, has made it a trusted partner for *zakat* institutions worldwide.

DISCUSSION

The Role of *Zakat* in Addressing the Needs of Displaced Populations

Zakat has emerged as a critical tool in addressing the needs of displaced populations, especially refugees and internally displaced persons (IDPs), by providing essential humanitarian aid. As an Islamic social finance instrument, *zakat* fulfills both religious obligations and humanitarian imperatives, offering a sustainable source of funding for vulnerable populations. The role of *zakat* in providing immediate relief, such as food, shelter, and healthcare is crucial, particularly in protracted crises like those in Yemen and Syria. Recent data shows that *zakat* funds contributed through UNHCR have supported over 5 million displaced people since 2019, demonstrating the substantial reach and impact of this form of aid (UNHCR, 2023). Despite its effectiveness, the integration of *zakat* into global refugee support systems remains underutilised, with much of the potential yet to be fully realised.

UNHCR as a Strategic Partner for *Zakat* Institutions

UNHCR has positioned itself as a strategic partner for *zakat* institutions by establishing a transparent and Shariah-compliant framework for the collection and distribution of *zakat*. This partnership has allowed *zakat* funds to reach refugees in countries where access to humanitarian aid is otherwise limited, such as in conflict zones and regions with weak state infrastructure. UNHCR's role as a third-party distributor enhances the credibility and accountability of *zakat* distribution, ensuring that funds are allocated based on need and following Islamic principles. By leveraging its global network and expertise in refugee management, UNHCR enables *zakat* institutions to scale their efforts, extending the reach of humanitarian aid. This collaboration has led to a 20% increase in *zakat* contributions through UNHCR between 2022 and 2023, highlighting the success of this partnership (UNHCR, 2023).

Challenges and Opportunities in Scaling *Zakat* for Global Refugee Aid

While *zakat* holds great potential for addressing global refugee needs, several challenges hinder its scalability. One of the primary challenges is the lack of coordination between national *zakat* institutions and international bodies like UNHCR, leading to inefficiencies in fund distribution (Mohd Razin & Rosman, 2021). Additionally, there is limited awareness among potential donors about the use of *zakat* for refugee aid, which restricts the flow of funds. There is also a need to address logistical issues, such as

ensuring that *zakat* funds reach refugees in remote or inaccessible areas. On the other hand, opportunities for scaling *zakat* include the increasing use of digital platforms for *zakat* collection and distribution, which can enhance transparency and efficiency. By leveraging technology, *zakat* institutions can streamline the donation process and ensure that funds are quickly and effectively disbursed to those in need (Bernama, 2023).

Policy Implications for *Zakat* Institutions in Malaysia

Malaysia's *zakat* institutions have played a significant role in supporting refugees through *zakat* contributions. As of the end of September 2022, it is stated that there are 183,430 refugees and asylum-seekers registered with UNHCR in Malaysia (Figure 3). From this, the majority of 157,910 were from Myanmar comprising some 105,870 Rohingyas, 23,190 Chins, and 28,840 other ethnic groups from conflict-affected areas or fleeing persecution in Myanmar. The remaining individuals are some 25,510 refugees and asylum-seekers from 50 countries fleeing war and persecution, including some 7,000 Pakistanis, 3,480 Yemenis, 3,050 Syrians, 3,130 Somalis, 3,300 Afghans, 1,510 Sri Lankans, 820 Iraqis, 690 Palestinians, and others. Some 66% of refugees and asylum-seekers are men, while 34% are women. There are some 48,010 children below the age of 18. There are no refugee camps in Malaysia. Refugees in Malaysia live in towns and cities throughout the country, in low-cost housing, invisible and highly vulnerable (UNHCR, n.d.)

Myanmar	157,910
Pakistanis	7,000
Yemenis	3,480
Syrians	3,050
Somalis	3,130
Afghanistan	3,300
Sri Lankan	1,510
Iraqis	820
Palestinians	690
Others	2540
Total Registered Under UNHCR	183,430

Fig. 3 Refugees in Malaysia According to Their Nationalities

It is noted that under the 1951 Convention, refugees should have access to medical care, schooling, and the right to work. However, not all countries are signatories or have ratified the convention (UNHCR Malaysia, n.d.). Officially, Malaysia is not a signatory to the UN Convention on refugees and classifies refugees as illegal immigrants under the law. Therefore, they have no legal status as there are no laws that define what their rights are. They also lack access to basic rights such as education, health care, employment, and freedom of movement (Mohd Razin & Rosman, 2021). As a result of this, refugee families in Malaysia live in fear of being arrested for immigration offenses. Normally, in order to survive the basic needs, they find work in the informal sector, where the work is dirty, dangerous, and difficult, and where they are subject to exploitation. Many of the children are unable to attend proper education and unable to complete basic schooling. Refugees often experience their education being interrupted or have not received an education at all. Since the refugees have no regular work, it is difficult to afford basic care and treatment when the family members fall ill even, though they have no safety net (Cahaya Surya Bakti, n.d.).

Therefore, there is a need for policy reforms to enhance the efficiency and impact of *zakat* distribution. One policy implication is the need for clearer guidelines on the eligibility of refugees for *zakat* assistance, as many *zakat* institutions in Malaysia traditionally focus on supporting local populations. Moreover, collaboration between Malaysian *zakat* bodies and international organisations like UNHCR could be strengthened to ensure that *zakat* is distributed based on global humanitarian needs rather than geographic proximity. Additionally, policies that encourage greater engagement with digital platforms for *zakat* collection and tracking could enhance transparency and attract more donors. By integrating these policy changes, Malaysia's *zakat* institutions can better align with global efforts to use *zakat* as a tool for poverty alleviation and refugee assistance.

The Integration of Refugees in *Zakat* Distribution

The integration of refugees into *zakat* distribution frameworks represents a major shift in how *zakat* is used as a tool for humanitarian aid. Traditionally, *zakat* has been distributed to local populations, but the growing refugee crisis has prompted *zakat* institutions to broaden their scope. UNHCR's involvement has facilitated this integration, allowing for the creation of frameworks that prioritise refugees as *zakat* recipients in line with Shariah law (UNHCR, 2022). This shift is particularly relevant in Muslim-majority countries that host large refugee populations, such as Jordan, Lebanon, and Malaysia. In Malaysia, recent data shows that over RM 10 million was allocated to refugee assistance through *zakat* institutions in 2022, marking a significant move toward greater inclusivity in *zakat* distribution. This integration not only addresses the immediate needs of refugees but also fosters long-term sustainability by encouraging greater collaboration between *zakat* institutions and humanitarian agencies.

Proposed Conceptual Framework

Based on the data presented above, this study proposes a *zakat* distribution framework of a third-party agency for refugees in *zakat* institutions in Malaysia to maximise the *zakat* collection and funding amount (Figure 4). The proposed framework is adapted from the *wakalah zakat* that has been practiced widely in Malaysia for other categories of *asnaf*.

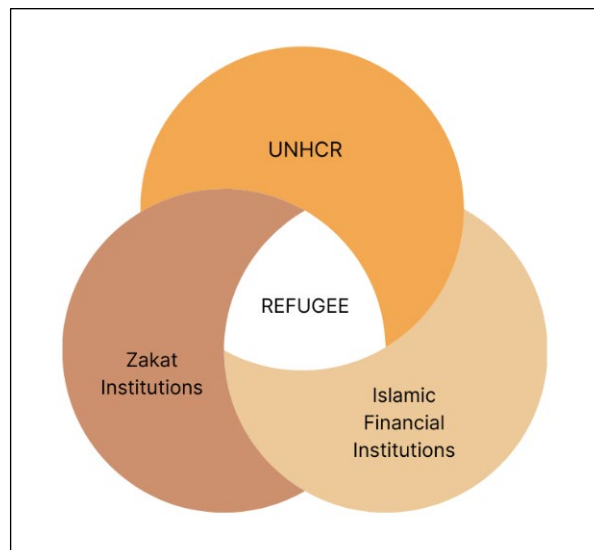


Fig. 4 Conceptual Framework for *Zakat* Distribution to Refugees in Malaysia

Figure 4 illustrates an innovative collaborative framework for *zakat* distribution to refugees in Malaysia, involving a strategic partnership between local *zakat* institutions, Islamic financial institutions, and UNHCR. This framework aims to maximise *zakat* collection and funding for refugee support by leveraging the strengths of these institutions. *Zakat* institutions bring their expertise in *zakat* distributions, Islamic financial institutions establish collection mechanisms, while UNHCR contributes its deep understanding of refugee needs and aid distribution. The framework proposes a third-party agency to facilitate this collaboration, potentially enhancing transparency and donor confidence. By combining resources, information, and expertise, this synergistic approach targets the efficient identification of eligible refugees and the effective distribution of aid, all while ensuring compliance with Islamic principles governing *zakat*. The strategic planning at the core of this framework suggests a coordinated effort to set goals, identify target populations, and optimise collection and distribution methods. While focused on Malaysia, this framework presents a scalable model that could be adapted in other countries with significant Muslim populations and refugee communities, potentially revolutionizing the way Islamic social finance is leveraged for humanitarian causes. Therefore, UNHCR can be the sole body in Malaysia that is responsible for administering refugee matters and ensuring their well-being by providing appropriate documentation (UNHCR, 2018).

FUTURE RECOMMENDATIONS

Enhancing Collaboration between *Zakat* Institutions and UNHCR

To maximise the impact of *zakat* in addressing the global refugee crisis, it is essential to enhance collaboration between *zakat* institutions and UNHCR. While partnerships have been established in some countries, a more comprehensive global strategy is needed to integrate these two entities more effectively. *Zakat* institutions should formalise relationships with UNHCR to leverage its global reach, ensuring that *zakat* funds are distributed to refugees in hard-to-reach areas. Additionally, closer collaboration could foster better data sharing and needs assessments, enabling *zakat* institutions to direct funds to the most vulnerable refugee populations (UNHCR, 2023). By establishing a global framework for this partnership, the process of distributing *zakat* could become more streamlined, transparent, and efficient.

Developing Global *Zakat* Guidelines for Refugee Assistance

Another critical recommendation is the development of global *zakat* guidelines specifically for refugee assistance. Current *zakat* practices vary widely across different countries and institutions, which can create inconsistencies in how funds are allocated and distributed. Standardised guidelines, developed in consultation with Islamic scholars, humanitarian experts, and international bodies like UNHCR, could provide clear criteria for *zakat* eligibility, ensuring that refugees and IDPs are prioritised based on need. These guidelines could also include mechanisms for monitoring and evaluating the impact of *zakat* funds on refugee populations, ensuring accountability and adherence to Islamic principles. A unified global approach would not only increase the efficiency of *zakat* distribution but also build donor confidence.

Technological Innovations for *Zakat* Collection and Distribution

The adoption of technological innovations for *zakat* collection and distribution offers significant potential to enhance both the reach and transparency of *zakat* funds. Digital platforms, such as mobile applications and blockchain technology, can streamline the *zakat* donation process, making it easier for donors to contribute and for institutions to track the flow of funds. By incorporating digital tools, *zakat* institutions can improve the speed and efficiency of distributing aid to refugees, particularly in remote or conflict-affected areas. Furthermore, technological solutions can increase transparency by providing real-time tracking of funds, giving donors confidence that their contributions are being used effectively. In

addition, online platforms can serve as educational tools to raise awareness about the importance of *zakat* in refugee aid.

Policy Reforms in Zakat Institutions to Include Refugees and IDPs

To better address the needs of displaced populations, *zakat* institutions must implement policy reforms that explicitly include refugees and IDPs as eligible beneficiaries. While some *zakat* institutions have already begun to distribute funds to refugees, many others remain focused solely on local populations. Policy reforms should establish clear guidelines for the allocation of *zakat* to displaced persons, ensuring that funds are distributed equitably across both local and global communities. These reforms could also mandate collaboration with international organisations like UNHCR, creating a formalised process for identifying eligible beneficiaries and distributing funds in accordance with Islamic principles. Moreover, integrating refugee assistance into *zakat* policies would align institutions with the broader goals of global humanitarian aid and poverty alleviation, increasing their impact on displaced populations worldwide.

CONCLUSION

This study underscores the critical role of *zakat* in supporting refugees and internally displaced persons (IDPs) and proposes a strategic framework that involves collaboration between three key institutions: *zakat* institutions, the United Nations High Commissioner for Refugees (UNHCR), and Islamic financial institutions (IFIs). *Zakat*, as an Islamic social finance tool, has immense potential to address the humanitarian needs of vulnerable displaced populations. The findings demonstrate that the integration of these three entities - *zakat* institutions for collection, UNHCR for third-party distribution, and IFIs for innovative financial solutions - creates an effective and transparent system for maximising *zakat* collection and funding. By leveraging UNHCR's logistical expertise and global reach, this framework ensures that *zakat* is distributed in regions where traditional aid mechanisms are less effective, such as conflict zones or remote refugee camps. The involvement of IFIs allows for financial innovations that make *zakat* more accessible and impactful, further enhancing transparency and efficiency. Through this partnership, *zakat* can become a powerful tool in addressing global displacement and fostering humanitarian development.

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CONFLICT OF INTEREST STATEMENT

The authors agree that this research was conducted in the absence of any self-benefits, commercial or financial conflicts and declare the absence of conflicting interests with the funders.

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