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ZAKAT POLICY

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Introduction

This document establishes the official Zakat Policy of Human Appeal and provides the framework governing the collection, management, allocation, and distribution of Zakat funds.

Zakat is one of the five pillars of Islam and represents a core element of the Muslim faith. As the third pillar of Islam, Zakat requires eligible Muslims to contribute **2.5% of their qualifying wealth annually** to those in need.

Any adult Muslim of sound mind whose wealth exceeds the **Nisab threshold**—the minimum level of wealth required for Zakat liability—is obligated to pay Zakat.

The Nisab threshold is determined according to the value of **gold or silver** and represents the minimum wealth a Muslim must possess for **one lunar year** before Zakat becomes due.

Classically, the Nisab level corresponds to:

- **87.48 grams of gold, or**
- **612.36 grams of silver**

Individuals whose wealth exceeds this threshold must pay Zakat to those who fall within the **eight categories of recipients defined in the Qur'an**.

Policy Statement

Zakat is a divinely mandated obligation upon eligible Muslims. Throughout the Qur'an, Zakat is frequently mentioned alongside prayer, highlighting its sacred importance and central role in Islamic life.

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Zakat is not merely an act of voluntary charity but a system of **social justice designed to redistribute wealth and protect the rights of the poor and vulnerable.**

Through Zakat, wealth is redistributed from those with financial capacity to those experiencing hardship, helping to reduce inequality and alleviate poverty.

Zakat provides benefits on both spiritual and societal levels.

For the **Muzakki (the one who pays Zakat)**, Zakat purifies wealth and nurtures humility, generosity, and detachment from material possessions. It strengthens the believer's connection with Allah and encourages compassion for others.

For the **recipient**, Zakat provides essential support that can help break cycles of poverty, restore dignity, and create opportunities for stability and self-reliance.

As Zakat is one of the foundational pillars of Islam, Human Appeal places Zakat at the **heart of its humanitarian and development work.**

Human Appeal facilitates the distribution of Zakat through programs that:

- Protect lives and dignity
- Strengthen communities
- Reduce poverty and suffering
- Support sustainable development for vulnerable populations

Human Appeal recognizes the responsibility placed upon it by **donors, beneficiaries, and ultimately by Allah (SWT)** to ensure Zakat is distributed in accordance with Islamic principles and ethical stewardship.

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Aim of the Policy

The overall aim of this policy is to ensure that Human Appeal fulfils its **Amanah (trust)** in administering Zakat responsibly and in accordance with Islamic teachings.

The objectives of this policy are to:

- Ensure that Human Appeal's Zakat activities comply with Islamic guidance and principles
- Improve internal and external communication regarding Human Appeal's Zakat activities
- Provide clear guidance to staff on the collection, allocation, distribution, and monitoring of Zakat funds
- Provide transparency and clarity to donors regarding how Zakat is managed and distributed
- Ensure Zakat funds are used efficiently to alleviate poverty and humanitarian suffering
- Promote accountability and transparency in the management of Zakat funds

Scope

This policy applies to all **Human Appeal staff**, including both **head office and field office personnel** involved in fundraising, finance, programs, and operations related to Zakat.

All employees are required to comply with this policy when handling Zakat funds.

Fundraising for Zakat

Human Appeal is committed to helping Muslims fulfill their religious obligation of Zakat responsibly and correctly.

Human Appeal will:

- Educate Muslim communities about the obligation and importance of paying Zakat
- Provide clear guidance to donors on how to calculate their Zakat
- Ensure fundraising staff receive appropriate training on Zakat obligations and calculations
- Work with local scholars or Islamic authorities where appropriate to ensure guidance is accurate

All fundraising materials related to Zakat must clearly state that:

If Human Appeal is unable to distribute Zakat exactly as requested by the donor, the organization may reallocate the funds to another eligible Zakat project where the need is greatest.

If a donor requests that their Zakat be directed to a **specific country or program**, Human Appeal staff must confirm whether such allocation is feasible before accepting the donation.

If Human Appeal cannot fulfil the donor's requested restriction, the organization will either:

1. Inform the donor that the funds may need to be reallocated and request consent to proceed, or
2. Decline the donation if the restriction cannot be honored.

Zakat Eligibility

The Qur'an identifies **eight categories of recipients eligible for Zakat**, as stated in Surah At-Tawbah (9:60).

These categories are:

1. **Al-Fuqara (The Poor)** – Individuals with little or no means of livelihood
2. **Al-Masakin (The Needy)** – Individuals who cannot meet their basic needs
3. **Al-Amilina Alayha** – Those who collect and administer Zakat
4. **Al-Mu'allafatu Qulubuhum** – Those whose hearts are to be reconciled to Islam
5. **Fir-Riqab** – Those in bondage or captivity seeking freedom
6. **Al-Gharimin** – Individuals burdened by debt
7. **Fi Sabilillah** – Those striving in the cause of Allah
8. **Ibn Al-Sabil** – Stranded travelers or displaced persons

Human Appeal will primarily distribute Zakat to individuals falling within the categories of **Al-Fuqara (Poor)** and **Al-Masakin (Needy)**.

Where appropriate, Zakat may also be allocated to another of these eligible categories in consultation with qualified Islamic scholars.

Zakat Fund Management

Zakat donations are treated as **restricted funds** within Human Appeal's financial systems.

All Zakat funds are:

- Recorded separately within financial accounts
- Allocated only to eligible Zakat projects
- Tracked through internal financial monitoring systems

Zakat funds may be distributed in the form of:

- Direct cash assistance
- Essential goods such as food or clothing
- Services such as medical care or education
- Livelihood support and economic empowerment programs

Zakat funds must be delivered in a manner that ensures **beneficiaries receive meaningful benefit and ownership of the assistance provided.**

Zakat Administration Costs

Islamic jurisprudence allows a portion of Zakat funds to be used for the **administration and distribution of Zakat** under the category of **Al-Amilina Alayha.**

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Human Appeal may allocate **up to a maximum of 12.5% of Zakat funds** to cover costs associated with managing and distributing Zakat.

These costs may include:

- Program management and delivery
- Monitoring and evaluation
- Compliance and financial oversight
- Logistics and distribution costs
- Staff required to administer Zakat programs

Zakat Allocation Process

The allocation of Zakat funds follows a structured decision-making process.

Key principles guiding Zakat allocation include:

- Program teams and regional offices must be involved in determining eligible Zakat projects
- All Zakat allocations must be clearly documented
- Concept notes and project proposals must indicate whether a project is eligible to receive Zakat funding

A **Zakat Allocation Committee**—comprised of representatives from programs, fundraising, and finance departments—may review and approve projects funded with Zakat.

Service Level Agreements with field offices must clearly specify the type and amount of funding used for each project.

Regional teams are responsible for ensuring field offices understand when projects are funded through Zakat.



Monitoring and Evaluation

Zakat-funded programs must be regularly monitored and evaluated to ensure compliance with this policy and Islamic guidelines.

Monitoring responsibilities include:

- Project staff overseeing day-to-day implementation
- Country Directors supervising program compliance
- Regional teams ensuring oversight across programs

The **Monitoring and Evaluation Department** holds overall responsibility for ensuring Zakat-funded activities comply with Human Appeal's policies and standards.

Policy Responsibility

Managers at all levels are responsible for ensuring that staff members understand and comply with this policy.

Human Appeal will provide appropriate training and guidance to staff responsible for handling Zakat funds.

Policy Review

This policy will be reviewed **every two years**, or sooner if required to ensure continued compliance with:

- Islamic guidance and scholarly opinion
- Legal and regulatory requirements
- Organizational operational needs

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