28-29 November 2018, Kuala Lumpur, Malaysia

The IASC HFTT Learning Lab on Innovative Humanitarian Financing

Module #1: Islamic Social Financing

Summary Notes
1. Executive Summary

Through its role on the IASC HFTT, ICVA organized with support from Mercy Malaysia and an expert Steering Committee the first module of a Learning Lab series as a workshop on Islamic Social Financing (ISF) in Kuala Lumpur on 28 and 29 November 2018. The workshop was attended by 40 IASC members and non-members from within and outside of the humanitarian sector, together with Islamic scholars and other experts.

The tone for the two days was set by Dr Daud Bakar, global Islamic Financing expert, who urged Islamic scholars and humanitarians to be flexible in order to unlock the full potential of ISF. Flexibility, accessibility, transparency and accountability are also key to encourage more Muslims to give to humanitarian causes. Dr Faizal Perdaus reminded the participants that humanitarian needs are growing, and this trend will continue and affect more people, as exemplified with crises related to climate change. ISF has the potential to bring us closer to reducing the funding gap, but in order to do so we need to address the elephants in the room.

For UN and NGO partners, ISF not only taps into a potentially strong source of sustainable financing for the most needy and poorest, but also provides an important opportunity for partnerships with national and global ISF organizations, International Financial Institutions (IFIs) and others. Such partnerships help humanitarian (and development) partners expand impact and influence, amplify our branding and leverage policy and investments for the most disadvantaged populations. The potential to achieve significant value-added results for the most affected and/or efficiencies in programme delivery with such cooperation and complementary strengths among partners (i.e. sustainable financing, normative set of goals, technical expertise, delivery capacity, reach) was recognized by participants as core to our proposed collective efforts.

The Learning Lab was composed of deep dives into organisational experiences with ISF and group work on main question regarding ISF and its potential for humanitarian financing. UNHCR, IRW, IFRC, UNRWA, UNDP and PKPU shared their work and lessons learned with bringing ISF to finance their projects. LAZISMU (Muhammadiyah) and BAZNAS, both zakat agencies from Indonesia, shared their way of working, partnering with a plethora of actors and promoting zakat giving.

Numbers concerning the ISF potential are difficult to assess, but range between USD 200 billion and 1 trillion annually, with a significant increase in giving in the last decade. Non-Muslim International organisations and NGOs have only started exploring the potential ISF has to support their work. ISF could also contribute to financial innovation through collaboration in blended finance, guarantees, matching funds, etc.

Barriers to the use of ISF in the humanitarian space are that Sharia and humanitarian principles might be at odds in certain cases, depending on the religious interpretation, which is not homogeneous. Additionally, besides sadaqa, which is charity giving and therefore the most flexible funding, the main relevant instruments - zakat, waqf and sukuk - all have their rules and limitations on usage.

The participants reached the decision that:

⇒ a community of practice (CoP) will be set to increase synergy between ISF practitioners, and in order to identify ideas, training, etc. where they can come together to find ways to improve their work. The CoP would also identify points for collaborative work;
a collaborative briefing paper that will include an overview of ISF, data and estimated numbers, its instruments and challenges, best practices from case studies, identified collaborative opportunities, policy recommendations, etc. which could be taken to the IASC, and if endorsed, will attract more actors and be useful for credibility when negotiating with partners (public/private, IFIs);

- further collective discussion on humanitarian principles and their alignment to ISF instruments needs to take place;
- collaboration among UN/NGOs to support establishment of a network of Islamic scholars in order to bridge between them and the humanitarian world, as there is a mutual lack of understanding;
- a common platform for humanitarian ISF for core studies, opinions, information and experience sharing.

- A webinar and face to face capacity-building workshops on ISF for humanitarian action for the wider audience.

2. Introduction

a. What

Through its role on the IASC HFTT, ICVA is organising a Learning Lab series on Innovative Humanitarian Financing. This series is aimed at peer-to-peer learning about innovative financing mechanisms and to help explore collective approaches for closing the humanitarian funding gap by deepening and broadening the resource base outside traditional giving.

ICVA, with support from Mercy Malaysia and an expert Steering Committee, organized the first module of the Learning Lab series as a workshop on Islamic Social Financing (ISF) in Kuala Lumpur on 28 and 29 November 2018. The workshop was attended by IASC members and non-members from within and outside of the humanitarian sector, together with Islamic scholars and other experts. As a result, the experts to be part of a Working Group on Islamic Social Financing have been identified. After the present summary note from the workshop, the working group will be set up and a collaborative briefing paper will be completed by the Humanitarian Financing Task Team (HFTT) retreat in March, with the aim of presenting it to the IASC Principals in May.

b. Why

The 2016 High-Level Panel report on humanitarian financing, “Too important to fail – addressing the humanitarian financing gap,” explored ways to address the USD 15 billion funding gap annually for humanitarian action. Although the report is most known for its proposal of a “Grand Bargain” between donors and agencies to save costs by being more efficient, the report also made a strong case for collective approaches for deepening and broadening the resource base.

There is currently a low level of understanding within the humanitarian sector about how to generate substantial resources for humanitarian action outside traditional bilateral giving. Furthermore, several organizations have been experimenting with new, innovative approaches – but they do not yet have a platform to share this learning. The Learning Lab series is aimed at providing such a space.

The vast majority of conflict-affected populations are in Muslim countries. The 2016 High-Level Panel report noted that “Islamic social finance is an under-explored territory” that has “potential to provide solutions.” Work is ongoing to address how waqf (endowments), zakat (compulsory almsgiving), and other instruments such as sukuk bonds can be channelled effectively and efficiently to meet humanitarian needs.
The report recommended “unleashing the full potential of Islamic Social Finance.” To do this, we need to better understand what is involved, explore the opportunities, complexities and risks, and determine whether and how Islamic Social Financing can be taken to scale.

c. Who

38 participants attended the Learning Lab, from to the following 25 organisations:

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d. Opening words from Dr Faizal Perdaus – President, Mercy Malaysia

Humanitarian need is ever increasing. While we talk about all regions facing problems, even California is facing the same climate changes and issues related to it as the rest of the world. Islamic social finance is maybe one of the most attractive of the innovative financing means. Of course, there are issues and elephants in the room, and it is important to discuss them. Can Islamic social financing apply for countries where an affected population is mainly non-Muslim? It is one of the main challenges.

3. Dr Mohd Daud Bakar: Why Islamic Social Financing for Humanitarians?

15 billion USD are required to make sure that we are covering all the humanitarian work needed. Islamic social financing could be an important part of it, IF we can put the right mindset behind it. We need to unlock the value of Islam to make it trendy in current times.

Those eligible have an obligation to give zakat. It is a big contribution and not many people give zakat at the moment, unfortunately, but the potential is great. We need to unlock the meaning and potential of zakat. Sukuk is a fixed income instrument, and in Malaysia we have two sukuk for education, but it requires big partnerships and therefore is more of an option for big organisations.

There is, however, a debate on the beneficiaries and the situations in which zakat can be given, but BE FLEXIBLE – it is also written in the Quran that there is no restriction on those doing good for the community/humanity. The mindset should be more innovative in order to demonstrate how humanitarian use of ISF can be aligned with the Sharia principles.

Use of ISF has no religion nor borders. It can be used for everyone as long as they are in the category of the needy and vulnerable. It can be used for non-Muslims too, but it is not easy to convince some section of Sharia scholars that
this is the case and that it is complementary to Sharia. It cannot be limited to a group of people only - we need to open up for the needs of the moment.

There is also an importance in the sustainability of projects funded with ISF, and most of all accountability and impact management are key – we need transparency. Ideally, every single donor would be in a system and anything coming from that donor would could be traced. People are not motivated to pay zakat and waqf because they are not sure where the money will go, so we need to change that and ensure traceability. They want to be ensured that their money is used properly. We need the right technology to cover this process – e.g. blockchain.

We should produce collectively our own working document and governance structure on ISF. Each organization should contribute to it and create a new rule book for Islamic social finance to progress in the humanitarian context. ISF is universally implementable, and even less complex than Islamic finance, because it is about impact measurement. Therefore, ISF is not getting the right attention, and humanitarians need to work together with Islamic Finance experts and connect between the two.

Regarding regional differences in zakat distribution, we must bring in new perspective and scholarly Shariah opinion (fatwa) in the countries that see zakat as only for one group of people. We hope that we can push further to educate and talk about what can be the future for zakat.

We need to bring Muslim scholars closer to the conventional humanitarian actors in order to discuss humanitarian use of ISF. We need to make the humanitarian perspective more understandable and approachable to Muslim scholars in order to unlock the full potential of ISF.

4. Deep Dives - Organisations’ experience with Islamic Social Financing

a. UNHCR – Houssam Chahin, Regional Private Sector Partnerships Manager for MENA

Zakat Initiative since 2016 – Why not try to close the gap for refugees and IDPs with zakat?

It is hard to know the potential of zakat globally because we do not have the right numbers or the way to collect this number – this could be a good start. IDB estimates current global collection at 6 billion USD. There is, however, a trend of significant increase in the collection of zakat in the last decade.

Started doing some testing in 2013 – introducing the idea that we want to collect zakat for refugees. Risk management issue – how could UNHCR manage that with its counterparts from the Muslim institutions. We started working with Tabah foundation on the question of how we could do it as a UN agency, what is the competency within the region, etc.?

Managed to receive 5 fatwas supporting UNHCR as an organization eligible to give zakat. Three essential points in the fatwas: 1) UNHCR can collect and
redistribute zakat on behalf of Muslims; 2) zakat funds must be given to the categories of Muslims mentioned in Quran 9:60; 3) zakat funds must not be used to cover expenses or wages.

Many Muslims are looking for a safe channel to give their zakat through and UNHCR can be this safe channel. The religious narrative is obviously present, and the reaction from Muslims was mainly positive.

Results: 38% of the money was sent online, with 70% during the month of Ramadan. 28% of income came from non-Muslim countries. Communication was also a success. 100% of the money is going to beneficiaries, and if there is any overhead, UNHCR is paying it.

Way forward: expanding the zakat program in other projects. What identity do we want to use? it is also a challenge we must solve. We try to remind people of their zakat every year. It is not a recurring donation. Currently a Winter Zakat campaign is ongoing.

b. IRW – Atallah Fitzgibbon, Faith Partnerships Advisor

Islamic Relief Worldwide uses different kinds of ISF for its projects and partners. Zakat forms a significant contribution to their work as it provides for 20% of the income and as such understanding zakat as a broader element is important.

Management of wealth is a critical component in Islam, and some of the other ISF instruments used by IRW are sadaqa, which is charity donation; Waqf, which was much bigger historically as the principle provider of social and educational services within the Muslim world but was diminished in the post-colonial period as a result of government nationalisation and interference. It has particular potential for sustainable and community owned development. Islamic lending is also particularly important for IRW – mostly Murabaha, which is often managed by peer groups at community level. IRW is currently trying to work on a concept around dealing with disaster insurance with Islamic finance (Takaful).

IRW recently completed a major zakat policy review and spent a lot of time consulting with scholars, finding solutions about how and where zakat can be used. We recognized that we are only touching the surface of what we could collect, as the potential is very big. The Muslim charity sector is absolutely enormous, and we were the fourth largest charity organization in the UK at one time.

Challenges: There is need for a central policy from IRW to its partners; there are different understandings regarding which projects are eligible, some partners keep admin fees from zakat donation, and have different policy with regard to distribution to non-Muslims.

A global focus on zakat could radically shift our income and address issues of dependence on institutional funding. There is a need to educate communities on calculating and giving zakat.

How IRW spends zakat: Significant changes in how zakat is allocated, spent and how the 8 categories are defined, also regarding different people and contexts where it is possible to spend. Zakat must be allocated to projects within one year of receipt and spent within 3 years.
c. LAZISMU (Muhammadiyah) - Dr Hilman Latief, Chairman

LAZISMU is Muhammadiyah’s division for the collection and distribution of zakat and sadaqa. Zakat agencies work to collect, manage and redistribute funds in order to promote financial inclusion. LAZISMU, a private national zakat agency, was created to centralize the management of zakat for the creation of public good, and for the financing of humanitarian aid in national and international contexts.

LAZISMU started working with organizations overseas, made partnership with local NGOs in Nepal, Myanmar and Bangladesh and is now trying to find other partners, including in Yemen. In the current situation, it is not easy for Islamic institution to find partners and money.

LAZISMU is trying to transform collection of zakat and donations by mobilization of humanitarian funds in the grassroots. With 38 million Muhammadiyah members, the potential is big, but the centralized management of zakat is new. An example for a grassroots project is Children Philanthropists in schools, where parents donate. Indonesia is the hotspot for natural disaster, and it is crucial to preserve the energy of giving among the members.

Projects are linked to Sustainable Development Goals and Muhammadiyah principles. LAZISMU is committed to support SDGs, in an attempt to combine the Islamic principles with other principles held by the international community.

d. IFRC - Zahra Bolouri, Partnerships and External Relations Coordinator

The Red Cross and Red Crescent is a non-religious movement supported by the IFRC, which has a regional hub in Kuala Lumpur covering 38 national societies in Asia Pacific. There are seven fundamental principles of the Red Cross and Red Crescent which guide its work: the two that stick out in relation with Islamic Social Financing are impartiality and neutrality. Impartiality is working with everybody without discrimination. Neutrality is working with everybody without taking a side.

Estimates are that zakat and other ISF instruments amount to 200 billion to 1 trillion USD yearly. There is an increasing understanding around the Muslim world that with effective management there can be a revolution in development, and ISF will undoubtedly play an important role in the global agenda by 2030. If ISF can improve its transparency it would also attract more people from the Grand Bargain. We are currently working on the next strategy, where climate change and resilience will play an important role.

Lots of resources out there. How can they be more effectively managed to support the locally led work of supporting communities by the Red Cross and Red Crescent globally? It is not a question of technology, it is more about how to change the mind of people working on it, who may have very traditional ‘donor-beneficiary’ type mindsets, be more open-minded to supporting local ways of working, led by and for local communities. For the Red Cross and Red Crescent this is usually volunteer based work.
Fintech: an app that promotes transparency and traceability of zakat transfer. It is essentially for diaspora – somebody in the UK donates zakat to someone in Bangladesh, for example. From a digital wallet to a digital wallet. In the next 12 months – IFRC will be testing the FinTech app, and further exploring other applications of Islamic Social Finance such as through the development of a Sukuk for WASH, and identifying other models of international zakat financing as successfully completed in Kenya with contributions from Malaysia.

Challenges: Differential regulation in country contexts, so IFRC cannot copy-paste a situation to another; Governance – partnership between tech and globaldev agencies and countries; Data - privacy and management; traceability of the projects; Finance and audit – interests, risk; Interoperability of systems; and Shared value and intellectual property.

Kuala Lumpur is the hub for Islamic Social Financing, and also where the first international zakat financing happened – from Malaysia to Kenya with 1.2 million people benefitting, and not only Muslims – changing the narrative. We need to move Islamic Social Finance from the side-lines to the mainframe with transformative infrastructure.

e. UNRWA - Abdirahman Aynte, Director of strategic partnerships

UNRWA has 30,000 employees - 99% of them are Palestinian refugees – and it has been involved in zakat for the past 2-3 years. This year has been really important as the US has cut its funding to UNRWA. UNRWA provides permanent services such as health and education to millions of people, so the withdrawal of funds has been very consequential. But bad things can mean sometime good things because finally this withdrawal made others consider UNRWA, e.g. working now on a new waqf fund with IDB.

2 years ago, UNRWA received certification for zakat which means that it is eligible to collect and distribute zakat. The strategy is focused more on institutions and organizations giving zakat instead of individual zakat giving. As a result, it received a healthy amount of zakat money this year, among others from BAZNAS in Indonesia.

Challenges UNRWA faced – They are all elephants in the room, and we need to talk very carefully about them:

- zakat remains mostly a personal and local matter. Globalizing zakat is going to be a huge undertaking;
- governments are still involved or getting involved in the management of zakat. That might be helpful in the future;
- fundamental question of eligibility regarding zakat. “Not our business!” is what we have been told. We need to face this challenge, but it is not exclusive to Muslims.
- Diversity of the interpretation of the religion of Islam itself. There are 4 schools of thought and some of them interpret zakat differently. Same for different countries;
- perception of the organisation as having too much overhead costs and too expensive;
- very limited expertise with respect to zakat because it is complex for people to understand the religious meaning of it. People are expecting that people
working with zakat are Muslims, but it is not always the case, and we need to talk about it openly;
- largely and generally speaking there is no online giving culture in the region.

Opportunities:
- we are seen as a transparent organization linked to international standards;
- governments are increasingly receptive to the idea of globalizing zakat.

We need to raise awareness to the opportunity of using ISF within our sector. We need to do the same level of awareness among the Muslim population for them to support the humanitarian community and engage with religious authorities and scholars to have legitimacy. We need to build an internal capacity – you need to know what you are talking about. We need to think about points related to common platform to all of us to collect zakat.

Indonesia sets a great example in the Muslim world – not only how they collect zakat, but they are well organized and there are so many instruments. BAZNAS should take the leadership in engaging with other agencies and convince others to do the same.

f. BAZNAS – Randi Swandaru, Head Division of Zakat Disbursement

BAZNAS is the governmental national zakat agency in Indonesia. 500 local offices that are independent in that they collect the money and transfer it directly. There is no transfer of money from the local offices to the headquarter.

Multiple methods of collecting zakat, including collections in person, online, a video game, partnerships with banks, retailers, online payment platforms, etc. Partnerships also with UNDP, LAZISMU, UNRWA and more. National information system to monitor the donations.

Zakat and SDGs – There is a real link between them with the foundational alignment being human development. Zakat cannot be separated from the Islam context. 17 points in the SDGs – No one left behind; and zakat is included in the 5 Pillars of Islam – the benefit is for all people.

An example for the model is in Bakulu (province in Indonesia). In this programme beneficiaries are Muslims and non-Muslims. BAZNAS does not give them directly the goods but increases the capacity of the community.

BAZNAS also launched a book called Fikih Zakat on SDGs, which can be downloaded on the website. Another activity is the World Zakat Forum – International Conference on December 5th – 7th 2018 in Melaka – Malaysia.

g. UNDP - Dr Nihat Gumus, Islamic Finance Specialist

Islamic Finance is not only for Muslims, there is no space for discrimination, BUT there is the fact: more that 60% of the crisis financing needs are in OIC countries, and so UNDP is mainly dealing with OIC regions. How to integrate better ISF in the financing structure of the response to crises?
Reconciling ISF with SDGs - Tools of Islamic finance: a general concept of sadaqa that defines all type of charity. When it comes to zakat it is a personal prayer, and it should be guaranteed that if you are dealing with zakat it is done properly in order to ensure people they are fully committed to their prayer. This is why zakat is usually taking place at the individual level. It is also a reason why there are issues regarding the collection of zakat by UN agencies or others.

Transparency and addressing the right beneficiaries are really important to ensure people that their zakat is used properly. You cannot use zakat for administrative costs, but you can cover them with sadaqa - this is an alternative to deal with administrative issues.

UNDP is building a strategy trying to integrate Islamic finance in its activities and has done workshops on capacity building at the country and regional levels in 2018, joined by 30 countries and four regions in total. UNDP will also develop a MOOC with IRTI on Islamic Finance. There are a lot of resources online on Islamic finance, but it is rare to find training content for the development community.

Three-level relationship for ISF: Harnessing funds from partners (IDB, BAZNAS), catalysing by helping Islamic financing stakeholders align with SDGs; Convening and collecting lessons learned; and creating a community for ISF investments. A platform will be launched next year called “Hasanah” – with the idea to have a global platform to collect Islamic philanthropy projects.

h. PKPU Human Initiative - Andjar Radite, Director of Partnership

ISF, and specifically zakat, sadaqa and waqf, is an important additional source of financing in the hope to reduce vulnerability and work on initiatives including empowerment, disaster and children. The World Humanitarian Summit has been an important way to catalyse the attention on ISF.

PKPU’s success in collecting ISF was not mainly in zakat, but more in collecting sadaqa and waqf. In 2016, when the Indonesian Ministry of Religious Affairs issued a law for organizations collecting zakat only, and thus PKPU split from its zakat collection.

The experience shows that it is easier to gain interest of the donors to donate based on the programme PKPU conveys in the field. Those donations are mainly sadaqa and not zakat, and there is an initiative to do sadaqa crowdfunding. When we speak about zakat it is almost strictly about the percentage of individual wealth and during the month of Ramadan. Sadaqa offers more flexibility and it is easier to manage the funds and distribute them to beneficiaries with less administrative barriers.

How does PKPU distribute its ISF funds? 19% is going to Humanitarian Aid, 11% for Da’wah (how we educate people to do their duty), zakat socialization (talking to communities about the importance of zakat), etc. Trend in zakat distribution: 41% for humanitarian aid, 16% education programme, 12% economic programme, 31% health programme.
WHO - Karim Yassmineh, External Relations Officer

The main challenge WHO may face in institutionalizing Islamic Social Financing (including zakat) are:

1. WHO currently does not have a digital donation platform through which zakat funds can be channelled. Negotiating with foundations/entities who are collecting these funds would take considerable effort, including heavy internal clearance processes as this would entail engagement with Non State Actors.

2. According to some Muslim scholars, zakat funds should go exclusively to Muslim beneficiaries. This is a non-negotiable point and WHO could not take a part of such engagement as this would compromise the organisation’s mandate and the humanitarian principles, including neutrality and impartiality.

3. WHO does not have a cash system/window (similar to other UN agencies like UNHCR and UNRWA) through which zakat funds could be channelled to beneficiaries with minimum admin and programme support costs.

4. The admin and programme support costs including HRs could not be covered from zakat funds. It may be covered from different Islamic funding sources such like forthcoming or in WHO's case could be other complementary resources.

Based on the aforementioned, the best approach to address this new opportunity is to first work collectively with other UN agencies. In this regard, one of the more interesting ideas discussed during the two-day learning lab was the establishment of an emergency Islamic pooled fund by OCHA in cooperation with the Organization of Islamic Cooperation similar to the UN Central Emergency Response Fund (CERF). Modalities still need to be worked out, but a pooled fund structure would simplify both receiving funds and allocating to eligible UN agencies and NGO partners.

During the next IASC HFTT retreat in March 2019, the proposed Islamic emergency fund will be discussed and later proposed to IASC Principals. In parallel, WHO should continue to work with other UN agencies to gather best practices and lessons learned in order to best adapt the Zakat initiative in accordance with WHO’s policy and regulations.

5. Group Work – the big questions:

- Can humanitarians adhere to humanitarian principles and work with ISF?

The principles of impartiality and neutrality are crucial. As humanitarian actors we have to develop a position on humanitarian principles in compliance with ISF. Zakat is the main instrument we look at, but other instruments are more in line with humanitarian principles.

Impartiality and neutrality are important, but it is through the engagement with scholars that we will achieve the objective.

Chain of responsibility when we receive a donation - what are the mechanisms to comply with humanitarian principles:
- important to engage with scholars. We need to compromise, as it is a process and we are not going to fix all the problem in one time. Some has already been done in engaging with scholars and looking at compromising;
- familiarisation of scholars to humanitarian principles is important too.

If the humanitarian and sharia principles are aligned together, then it would be easier for the results to be achieved. Within this alignment, it is also important to be clear that supporting humanitarian action focused on the needs of the beneficiaries is the primary goal of humanitarian actors. We need to be careful not to be too strict when linking these principles because we are here to open the debate, not to close it. When a fatwa is out it is really hard to change it.

- Check complementarity between Humanitarian Principles and Maqasid Sharia.
- Principles of ISF should be highlighted/defined – mapping. In order to see the complementary with humanitarian principles. Then we can go further in the negotiation.

- What can be done to help create a common understanding of “eligibility” for ISF?

Recommendations to improve eligibility:
- sensitize local organisations to Humanitarian values & Islamic teaching;
- mixed funding for projects;
- ensure clear communication to donors on access & ethics;
- clarify teachings from Islam on intersection between humanitarian principles & ISF (We see sometimes religious leaders don’t understand the context);
- get fatwa at global and local levels to ensure buy-in;
- important role of intermediaries in explaining contextual issues to Ijtihad;
- involvement of religious leaders in humanitarian decision-making and structures. Work at Mujtahid level down.

We need to work on the transparency and on the issue of transferring money in some countries. Country-based pooled fund – for example in Sudan.

Is there any issue of trust? There are some systems that give the chance to connect donors to beneficiaries, such as blockchain.
- ISRA: I-FIKR – an online platform to engage with Islamic Finance

You can search for any ISF term and it will tell you everything about it. ISRA’s main area of work is research, but also advocacy, and has publications, organizes events, gives scholarships (mainly for sharia scholars). It has produced 14 books, many articles and research papers.

- Are there significant regional differences in working with ISF?

How do we deal with difference – for example some communities restrict zakat to Muslims only.
We need policy engagement, but we still rely on practices of communities. We refer to the fact that it is mainly locally driven. It needs to be embedded in the local and individual level, as a global fatwa will not exist in the immediate future.

Some countries are more flexible than other regarding Maqasid Sharia, but some would not move at all before receiving the fatwa related to it.

- What can be done to make the humanitarian space more accessible to ISF?

Islamic scholars are specialist in their field, but they are not expert on how humanitarians work. In negotiations, we discussed with them and explained to them what we do. In our field we need to bring the two together, we need to share our expertise, but dialogue between humanitarians and Islamic scholars has not really started and we are not speaking the same language. We need to bring the two worlds together.

Muslim diaspora engagement – 80% of the fund come from the diaspora. It would be a good way towards opening ISF donors up to international organisations.

Use of the media is also a good way to shape the response by seeing what the community wants. When asked if they wanted to give zakat to refugees, around 95% of people say yes.

Regarding money transfer: reality of the generation is that people are more relying on online tech than bank. Accessibility: the more these online platforms to collect zakat are accessible the more it will work.

- How should organizations (UN, NGOs, etc.) adapt internally to work with ISF?

Structurally, agencies might not feel comfortable to engage with ISF. There is still an ongoing process of training the organizations.

Training on ISF and support for staff is important, and so is the role of international staff as connectors in promoting social mobilization. IDB could be a good organisation to provide this training, which could include how they can contribute to social financing, gender, humanitarian ethic, PSEA. It would be an open source.

There is a deficit of understanding within our own organizations. Some have really better understanding than others regarding ISF. Some organizations started already experimenting with it and national expertise exists, but there is a need to build bridges between us.

If no foot on ground, an organisation could send the money to an actor on the ground which then distributes the money.
- Where should humanitarians take collective action to make it happen?

- Further collective discussion on ISF and humanitarian principles.
- Create a network of scholars and engage more actors from the Muslim world – in order to bridge between them and the humanitarian world, as there is a mutual lack of understanding, and identify best practices.
- Community of practice: what is important is the synergy between people, we promote your own work further, we therefore need to identify ideas, training, etc. where people can come together to find ways to improve their work. Not create extra work.
- What we are talking about when talking about Community of Practice -> important to identify that first. It could be a platform for collaborative work.
- A briefing paper that will include an overview of ISF, estimated numbers, its instruments and challenges, best practices from case studies, identified collaborative opportunities, policy recommendations, etc. which can be taken to the IASC, and if endorsed will attract more actors and be useful for credibility when negotiating.

Look into linking ISF and disaster preparedness. Beyond zakat, there is opportunity to tap into other funds and mechanisms such as insurance funds.

Another area of potential interest is “green sukuk” – Indonesian government and Malaysian private support – this fund supports environment projects.

6. Potential outcomes and next steps

a. Action Points:

i. Summary notes (End-of year)
ii. Community of Practice/Expert Work Group on LinkedIn (January 2019)
iii. Collaborative Briefing Paper/cookbook on ISF (March 2019)
   1. Overview of ISF instruments
   2. Case studies of humanitarian ISF
   3. Main actions points
   4. Potential collective efforts
   5. Policy recommendations
iv. Inform IASC Principals (May 2019)
v. Webinar (2019 H1)

b. Potential collective efforts:

i. Create a common platform/resource for core studies, opinions, information and experience sharing.
ii. Policy development within UN/others on working with ISF (historical barrier between humanitarians and faith leaders)
iii. Staff training resources
iv. Inter-agency Task force at global level for ISF
v. Labs on ISF to be held regularly
vi. Idea of an ISF pooled fund