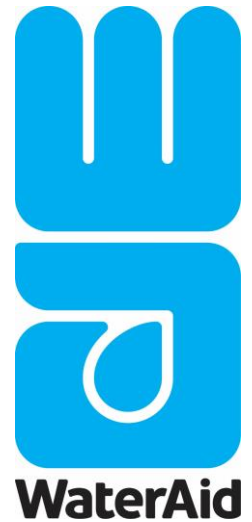


WaterAid Zakat Policy



Executive Summary

WaterAid works with partners in [28 countries](#) across the world to transform millions of lives every year by improving access to clean water, toilets, and hygiene. The work is supported by offices in the UK, US, Australia, Sweden, Canada, Japan, and India.

While installing taps and toilets is essential to their work, WaterAid does much more. WaterAid works with governments to change laws, link policy makers with people on the ground, pool knowledge and resources and rally support from people and organisations around the world, making lasting change happen on a massive scale.

There are an increasing number of Muslim donors, networks, and communities, who wish to support WaterAid's work through donating Sadaqah (voluntary charity) or their Zakat.

Muslims are required to pay an obligatory alms tax known as Zakat (the 3rd pillar of Islam) based on wealth, savings and investments including trade goods, crops, livestock, and minerals above a minimum threshold. WaterAid has devised its Zakat policy to ensure Muslims can feel confident in supporting the important and lifesaving work of WaterAid, while fulfilling their religious obligations.

Zakat: An Overview

Charity is a central part of a Muslim's faith; it is mentioned throughout the Quran alongside prayer as a means of salvation. In practical terms there are principally two types of charity which Muslims are expected to pay. The first is Sadaqah, which is a voluntary form of charity paid by anyone towards a wide variety of criteria. The second type is Zakat which is part of the obligatory requirements of their faith, Muslims are expected to pay fixed percentage of their wealth towards the wellbeing of the poor. This almsgiving is in some ways similar to that in other faiths, however the difference being that for Muslims it is regarded as an obligatory requirement, it is a more structured form of charity with strict rules around it.

The Basics

Zakat is regarded as one of the 5 pillars of Islam.

The term 'Zakat' is an Arabic word which means 'To purify', hence Muslims regard it as a process by which their wealth and earning are purified through the payment of Zakat.

Zakat is obligatory upon every adult Muslim whose savings exceed a set minimum amount based on 'Nisab', the payment of Zakat is set at 2.5% of a Muslim's residual wealth, which was acquired within the lunar calendar year.

Who is Zakat obligatory upon?

The rules of Zakat require that it is obligatory upon every adult person who has wealth above the level of Nisab (see below) and which was acquired through lawful means. That the person also has the mental capacity to understand the objective of Zakat and can make the clear intention of its payment. According to the majority of scholars zakat is also due on the wealth of children.

The Nisab threshold is the minimum wealth a Muslim possesses to be eligible to contribute their Zakat. Gold and silver are the two values used to calculate the Nisab threshold. Once an individual's wealth is above the Nisab threshold, 2.5% of all wealth is paid as Zakat to any of categories mentioned in the Quran.

When should Zakat be paid?

Zakat must be paid on a set date (known as Zakat anniversary) annually. A person's Zakat anniversary is the date in which they first owned wealth above the nisab threshold. If one is not sure of this date, then it is permissible to estimate. In practice, most Muslims will generally select a date in Ramadan as their Zakat anniversary. However, it can be paid at any time of the year once it becomes due.

Who is eligible for Zakat?

There are 8 categories of eligible recipients of Zakat as mentioned in the Quran: "Alms are only for the poor and the needy, and those who collect them [Zakat], those whose hearts are to be reconciled, captives, debtors, in the cause of Allah, and wayfarers...".

The categories of people/causes entitled to receive Zakat are described in the Quran (9:60) as:

The Poor - Those who do not have any means of livelihood or material possessions.

The Needy - Someone who is struggling to meet their basic needs.

Administrators of Zakat - Those who are responsible for collecting, storing, guarding, registering, and distributing Zakat.

Those Whose Hearts are to Be Reconciled - Those who are new to Islam.

Those in Bondage - Freeing those who are enslaved/ held captive.

Those in Debt - As long as the debts were not incurred through acts against Islamic law.

In the Cause of Allah – Utilising zakat to finance various forms of struggle or work undertaken for the love of God e.g., building water wells and other forms of infrastructure.

The Wayfarer - Anyone who is stranded whilst travelling or away from home and needs financial assistance – as long as they travelled for lawful purposes.

Why are WaterAid accepting Zakat?

In many countries where the state does not administer Zakat, such as Western nations, charities that have projects in the relevant sectors have stepped in to assist in the administration of Zakat on behalf of Muslims. As many of the projects being delivered by WaterAid are within predominantly Muslim-majority countries, we have undertaken an extensive consultation process on Zakat. As a result, WaterAid has developed its Zakat policy which confidently and appropriately fulfils the requirements of receiving and administering Zakat payments.

What was the scope of the consultation process?

WaterAid undertook a comprehensive research process to fully understand the required criteria around Zakat payments. This was followed by consultation process with Islamic experts who specialise in this field. WaterAid also consulted with British Muslims who represent the bulk of potential Zakat donors, alongside partners and recipients in regions where our projects are

delivered. Finally, WaterAid worked with a Muslim charity consultant on the practicalities of their Zakat policy, processes, project delivery and wider implementation. As a result of this work, WaterAid has been able to develop its own robust Zakat policy.

How does WaterAid use Zakat payments?

- Zakat payments made to WaterAid are allocated to a restricted Zakat fund and made available directly and only to Zakat eligible projects.
- 100% of Zakat payments are spent on projects and associated costs to help those identified as in need.
- Zakat is not used to cover any WaterAid's organisational costs that are not directly linked to administration of Zakat and is only used to fund the specified projects.
- WaterAid Zakat eligible projects are in Muslim countries or Muslim majorities with clearly identified communities in need of water, sanitation, and hygiene. Recipients are poor Muslims. Current WaterAid projects which fall into the Zakat eligible category are in Pakistan, Bangladesh, India, South Africa, Burkina Faso, Mali, Nigeria, Niger, Sierra Leone, Tanzania, and Ethiopia.

How do WaterAid Administer Zakat?

Principle Statement

At WaterAid, we ensure that Zakat is collected and utilised according to the widely recognised Zakat principles. Our projects are carefully selected within Muslim or Muslim majority communities around the world to ensure that we fully meet and fulfil the necessary Zakat criteria. Our policies and procedures are independently audited annually by a Zakat specialist and Muslim scholar to ensure we are fully Zakat compliant.

We have a 100% Zakat donation policy ensuring that only those communities who are in need of water solutions due to suffering from poverty and financial hardship receive the support through Zakat including any respective development costs in line with Zakat administration. Donors can select which country or project they wish to allocate their Zakat towards.

Key Zakat administration processes:

- WaterAid ensures its payment platforms clearly indicate and give the option to donate Zakat.
- Receipts are sent automatically for all Zakat payments marked as such.
- WaterAid has a dedicated, interest free bank account for Zakat, where funds are held until being sent to the relevant countries for implementation of Zakat funded project.
- The right to deduct gifts over SEK 200 for Swedish taxpayers is also applied to Zakat gifts.
- Zakat payments are utilised within one lunar year as per the rules and regulations of Zakat
- Communities or individuals who are potential recipients of Zakat are identified and consulted before appealing to donors for relevant projects
- Zakat funds can be used to support water, sanitation, and hygiene projects as well as intangible benefits such as education and training.
- WaterAid country programme and partner staff monitor our project delivery and recipient communities, to ensure we always meet Zakat guidelines.
- WaterAid is a development charity and as such abides by international codes of conduct ensuring all are supported within communities irrespective of religion or colour and as such some Muslim majority communities may also have a small number of non-Muslim beneficiaries in similar need of support and as such will also benefit from the project. Sadaqah or general funds will be utilised to meet any shortfall.

Who can I contact for further information relating WaterAid Zakat policy?

If you have any questions about WaterAid and Zakat, you can get in touch with us at info@wateraid.se.

WaterAid Zakat Advisors

WaterAid has worked with Shaykh Abid Khan, and his counterparts to help oversee the implementation of its Zakat policy.

Shaykh Abid Khan's knowledge and expertise will be crucial to provide advice and recommendations relating to its compliance and ensuring the reliability and credibility of this policy. At least once a year a review will be carried out ensure the practical implementations of WaterAid's Zakat Policy.

Shaykh Abid Khan

Shaykh Abid Khan is a graduate of Law and a teacher by profession. Having studied the Islamic sciences with teachers in the UK, Shaykh Abid decided to take his studies further and spent a number of years studying at the prestigious Al-Azhar university in Egypt from which he graduated with a BA in Islamic and Arabic studies. He also holds a Masters in Islamic Education and completed a post graduate diploma for Imams under the tutelage of Shaykh Abdullah Yusuf al-Judai.

Shaykh Abid teaches at a number of institutions including the European Institute of Islamic Sciences and is a founder member of the Al-Marifah Foundation. Shaykh Abid also serves as a member of the Manchester Sharee'ah Council dealing with family law cases.

Shaykh Abid has worked with a number of International charities as a Zakat consultant and continues to advise various charities on Zakat related matters.

Checked and approved by:

Shaykh Abid Khan



18th January 2021