



Policy Document

Zakat Policy

Scholars Without Borders

Section 1

Purpose

Zakat is a fundamental pillar of Islam, serving as a mandatory act of charity that purifies wealth and supports the community. This policy establishes the framework for Scholars Without Borders (SWB) to manage Zakat obligations with integrity and excellence.

- ✓ **Ensure Shariah Compliance:** Guarantee that all Zakat collection, management, and disbursement activities strictly adhere to Islamic jurisprudence and principles.
- ✓ **Establish Governance:** Define clear roles, responsibilities, and decision-making processes for SWB staff and board members regarding Zakat administration.
- ✓ **Maintain Transparency:** Implement robust financial controls, reporting mechanisms, and audit trails to ensure accountability to donors and beneficiaries.
- ✓ **Standardize Eligibility:** Provide clear, consistent criteria for identifying and verifying eligible Zakat recipients to ensure funds reach those most in need.



Scope

This policy outlines the comprehensive framework for Zakat administration within Scholars Without Borders. It encompasses all operational aspects and applies to all personnel involved in the lifecycle of Zakat funds.

Application Areas

- 1 Collection & Receipt:** Protocols for accepting Zakat donations.
- 2 Fund Management:** Investment and preservation of Zakat assets.
- 3 Beneficiary Verification:** Assessment of eligibility criteria.
- 4 Distribution:** Disbursement and monitoring of assistance.

Stakeholder Groups

- ✓ Board of Directors:** Oversight and policy approval.
- ✓ Executive Management:** Implementation and compliance.
- ✓ Finance Department:** Recording and reporting of funds.
- ✓ Programs Staff:** Execution of Zakat projects.
- ✓ Shariah Advisors:** Religious guidance and audit.

Principles of Zakat Administration

Scholars Without Borders is committed to administering Zakat funds with the highest standards of integrity, adhering to the core principles mandated by Islamic law while ensuring operational excellence.

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3.1 Islamic Compliance: All Zakat policies and practices are derived from the Quran and Sunnah, and are regularly reviewed by qualified scholars to ensure ongoing adherence to Shariah requirements.
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3.2 Transparency: We maintain complete openness regarding the collection, allocation, and distribution of Zakat funds, providing clear reports to donors and stakeholders.
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3.3 Accountability: SWB holds itself accountable to Allah (SWT) first, and then to donors and beneficiaries, ensuring every penny is used for its intended purpose without waste.
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3.4 Separation of Funds: Zakat funds are kept strictly separate from other donations (such as Sadaqah or general funds) in both accounting records and bank accounts to prevent co-mingling.
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3.5 Impact and Dignity: Zakat distribution focuses on maximizing positive impact while preserving the dignity and privacy of recipients, empowering them rather than creating dependency.



Section 4

Eligibility of Zakat Recipients

In accordance with Islamic jurisprudence, Scholars Without Borders distributes Zakat funds strictly to eligible categories of recipients as defined in the Quran (Surah At-Tawbah, 9:60). The following six categories are prioritized within our operational scope:



The Poor (Al-Fuqara) Individuals who lack property or income and have insufficient means to meet their basic daily needs and sustenance.



The Debt-Ridden (Al-Gharimun) Individuals overwhelmed by debt incurred for lawful necessities, including students burdened by educational loans.



The Wayfarer (Ibn as-Sabil) Travelers or students studying abroad who are cut off from their resources and require assistance to return home or continue studies.



The Needy (Al-Masakin) People who may have some income or property, but it is insufficient to maintain a minimum standard of living.



In the Cause of Allah (Fi Sabilillah) Those striving for the betterment of society, including students of knowledge and scholars dedicated to education.



Reconciling Hearts (Al-Mu'allafatu Qulubuhum) Individuals whose hearts are to be reconciled, including new Muslims needing support or community integration.



Zakat Fund Management



5.1 Restricted Funds Classification

All Zakat contributions received by Scholars Without Borders are classified as **temporarily restricted funds**. These funds must be strictly segregated from general donations, Sadaqah, interest income, and other non-Zakat revenue streams. They are to be utilized exclusively for purposes that meet the criteria of the eight Asnaf (eligible recipients) as defined by Shariah, ensuring that the donor's religious obligation is fulfilled with precision and integrity.



5.2 Financial Controls & Oversight

The Finance Department is mandated to maintain a dedicated sub-ledger or separate bank account for all Zakat activities to prevent commingling with operational funds. Borrowing from Zakat funds for organizational cash flow needs is strictly prohibited. Regular monthly reconciliations and an annual independent Shariah audit must be conducted to verify that all inflows and outflows of Zakat funds adhere to the stipulated guidelines and remain compliant with this policy.



Section 6

Zakat Fundraising Practices



Scholars Without Borders is committed to ethical fundraising standards. All communications soliciting Zakat funds must be transparent, accurate, and clearly distinct from general charitable appeals to ensure donors can make informed decisions regarding their religious obligations.



Clear Distinction of Funds

Marketing materials and solicitation campaigns must explicitly distinguish between Zakat-eligible projects and Sadaqah or general operational funds to prevent any ambiguity regarding the donor's intention (Niyyah).



Disclosure of Administrative Use

All Zakat appeals must transparently state SWB's policy regarding the percentage of Zakat funds that may be utilized for administrative or distribution costs, ensuring donors are fully aware of how their contribution is allocated.



Accuracy of Representation

Fundraising communications must truthfully represent the needs of beneficiaries and the impact of Zakat contributions, avoiding exaggeration or misleading imagery that could compromise the dignity of recipients.



Section 7

Allocation of Zakat Funds

7.1 Decision-Making Process

The allocation of Zakat funds is governed by a rigorous assessment framework overseen by the Zakat Committee. Decisions are based on documented needs assessments, Shariah eligibility verification, and strategic impact analysis. The Committee ensures that funds are distributed equitably across eligible categories, with priority given to cases of extreme hardship and programs that facilitate long-term self-reliance.

7.2 Disbursement Criteria

Zakat funds must be disbursed within one lunar year of their collection, unless there is a valid Shariah-compliant reason for delay, such as the gradual implementation of sustainable development projects. Scholars Without Borders mandates that all allocations result in the transfer of ownership (Tamleek) to the beneficiary.

Administrative Costs



8.1 Maximizing Beneficiary Delivery

Scholars Without Borders is committed to ensuring that Zakat funds are primarily directed toward the poor and needy. We strive to maximize the portion of funds reaching eligible beneficiaries by keeping administrative and fundraising costs associated with Zakat collection and distribution to the absolute minimum necessary for efficient operation and high-quality program delivery.



8.2 Administrative Uses

Scholars Without Borders is committed to maintaining the integrity of Zakat by ensuring that every dollar of Zakat entrusted to the organization is distributed directly to eligible recipients. The organization does not allocate any Zakat funds toward administrative or operational expenses. Instead, all such costs are covered through separate donations, allowing Zakat contributions to be used solely for their intended charitable purposes in full accordance with Islamic principles.



Section 9

Monitoring and Evaluation



To ensure the integrity of the Zakat administration process, Scholars Without Borders implements a comprehensive oversight framework. This system tracks the flow of funds from donor to beneficiary, ensuring full compliance with policy mandates and Shariah requirements.



Program Reports: Detailed impact reports are required for all Zakat-funded projects. These reports must document beneficiary demographics, distribution timelines, and tangible outcomes to verify that assistance reached the intended recipients.



Financial Reviews: Regular internal audits and financial reconciliations are conducted to ensure that Zakat funds are segregated from general funds and utilized strictly for eligible expenses without unauthorized diversion.



Field Verification: Random spot checks and field visits are performed to validate reported data. This includes direct interviews with beneficiaries and on-site inspections of distribution centers to ensure dignified and correct handling of Zakat.



Donor Transparency

10.1 Access to Information

Scholars Without Borders is committed to full transparency regarding the utilization of Zakat funds. Donors maintain the right to request clear and accessible information concerning the specific categories of beneficiaries and projects their contributions have supported, ensuring their Zakat is fulfilling its intended religious purpose.

10.2 Reporting & Updates

We will provide annual impact reports specifically detailing Zakat collection and distribution. These reports serve to assure donors of our compliance with Shariah guidelines and to demonstrate the tangible outcomes achieved through their Zakat, reinforcing our accountability to both our donors and the beneficiaries we serve.



Policy Review

11.1 Annual Review Process

This Zakat Policy shall be reviewed at least annually by the Executive Leadership Team and the Finance Committee. The primary objective of this review is to evaluate the policy's practical effectiveness, identify operational challenges, and ensure continued alignment with Scholars Without Borders' strategic mission and the evolving needs of the communities served.

11.2 Governance & Shariah Compliance

Any substantive amendments to this policy must be formally presented to and approved by the Board of Directors. Furthermore, to guarantee ongoing adherence to religious obligations, all proposed modifications regarding Zakat collection, allocation, or management must be reviewed and endorsed by the organization's Shariah Advisors prior to implementation.