ISLAMIC FINANCE FOR REFUGEES: EXPLORING THE VIABILITY OF EQUITY FINANCING

OMAR KACHKAR

IBN Haldun University, Turkey
E-mail: omar.kachkar@ihu.edu.tr

Abstract - This chapter examines the prospects and challenges of using Islamic modes of finance in particular the equity financing instrument of Mudharabah (profit-sharing partnership) instrument to extend microfinancing to refugees in microenterprise support programs. According to the literature, many Muslim refugees voluntarily exclude themselves from microfinance programs due to the element of interest that is strictly prohibited in Islam. Mudharabah as a Shariah-compliant mode of finance represents one potential instrument that complies with the religious teachings of Muslim refugees and could assist in the financial inclusion of many of them. Despite the inherent risks of mudharabah such as moral hazard and adverse selection, some successful stories are remarkably encouraging. This chapter is proposing a model for a microenterprise support program based on mudharabah. It further concludes that mudharabah is a viable mode of finance provided that best practices in implementing mudharabah as well as microfinance programmes are well adopted and observed.

Keywords - Refugees Entrepreneurship, mudharabah Financing, Sustainable Livelihood.

I. INTRODUCTION

The last few years have witnessed an unprecedented rise in the number of refugees worldwide. In 2010, approximately 200,000 new refugees were registered by the UNHCR (UNHCR, 2012). In 2017 the number of newly registered refugees reached 2.7 million,more than thirteen times higher than it was in 2010 (UNHCR, 2018).The UNHCR report (2019) affirms that by the end of 2018 the total number of forcibly displaced populations worldwide hadhit a new record high of70.8 million including around 20.4 million refugees. Since 2012, the overall number of refugees under the UNHCR's mandate has nearly doubled (UNHCR, 2019). Anexamination of thislarge number of refugees reveals that most refugees have nochance ofreturning home soon. Millions of people spend many years in exile. They become stuck in camps or temporary settlements and found themselves trapped in a long-lasting state of limbo known as "protracted situations". This term refers to situations where 25,000 or more refugees of the same nationality have been in exile for five years or longer in a given asylum country. By the end of 2018, it is estimated that approximately 15.9 million refugees are considered in protracted situations. 5.8 million were in a situation lasting 20 years or more. These refugees are hosted by 27 countries, representing32 protracted situations. In 2018 nine additional situations become protracted, and none of the previous protracted situations were resolved in the same year (UNHCR, 2019). To address the crisis of refugees in protracted situations, three solutions have been proposed by UNHCR as durable solutions. These includevoluntary repatriation, local integration in the host country of first asylum and,finally, resettlement in a third country(UNHCR, 2006). Although repatriation would bea preferable solution, for many refugees it seems impossible due to ongoing conflict in the country of origin or due to the loss of homes, livelihood and basic services (UNHCR, 2012). As for integration in host countries, many countries have resisted this solution for various political, economic and social considerations, to the extent that some commentators have called this solution as a "forgotten solution" or "non-solution" that may have been used in the past but is rarely put into practice nowadays(Jacobsen, 2001). The third durable solution proposed by the international community has been 'resettlement of refugees in a third country'. This solution has been ineffective for a number of reasons including the high costs of processing, transporting and integrating refugees (UNHCR, 2008). Additionally, the limited number of resettlement places offered by third countriescan by no means solve the plight of millions of refugees in protracted situations. For instance, in 2018, UNHCR estimated that out of 1.4 million refugees who needed resettling globally, only 81,300 places were provided by 29 resettlement states (UNHCR, 2019). Against this background, durable solutions proposed by UNHCR remain a dream for the majority of refugees (Slaughter and Crisp, 2009). UNHCR has acknowledged that "securing sustainable durable solutions is a long-term undertaking that exceeds the mandate and resources of UNHCR" (UNHCR, 2004a). As a result, the issue of economic engagement of refugees has recently gained great importance. In fact, investing in the refugees'potential andsupporting theirmicroenterprises (MEs) and business activities were recognized long ago as an effective approach for improving refugees'livelihood and enhancing their socio-economic situations. The Handbook of Self-Reliance of UNHCR 2005 affirms in the Annex 1.13.8 the need to promote micro and small enterprise for refugees (UNHCR, 2005). This paper is an additional effort in the field of refugee economic engagement and empowerment. It particularly focuses on microenterprises (MEs) and microfinance

programs for refugees. It attempts to achieve the following objectives:

a. To underscore the prospects and challenges of microfinance programs for refugees;
b. To examine themudharabahcontract as a mode of finance to support refugee microenterprises and tohighlight the prospects and challenges of this contract;
c. To point out the exceptional risks and challenges of using mudharabah in microfinance programs for refugees; and
d. To establish best practices in developing mudharabahmicroenterprise/microfinance programs.

II. PROFILE OF MUSLIM REFUGEES

It is not an easy task to provide an accurate picture of Muslim refugees around the globe, in particular their exact numbers. This is because humanitarian agencies, and on top of them the United Nations High Commissioner for Refugees (UNHCR), are supposed to act as impartial organizations and often introduce their missions to be "offering protection and assistance to refugees and others on the basis of their needs and irrespective of their race, religion, political opinion or gender" (UNHCR, 2019 a). However, estimates might be deduced from the information provided by UNHCR reports.

Where Muslim Refugees Come from?

The UNHCR Report 2019 (Table 1), affirms that most of the countries generating the highest numbers of refugees are unfortunately Muslim-majority countries. These countries are Syria, Afghanistan, Somalia, Myanmar and South Sudan. More than two-thirds (67 per cent) of all refugees worldwide came from these countries (UNHCR, 2019).

Country of Origin	Total Number
Syrian Arab Republic	6.7 million
Afghanistan	2.7 million
South Sudan	2.3 million
Myanmar	1.1 million
Somalia	0.9 million

Table 1. Countries of origin and numbers of Muslim refugees
Source: (UNHCR, 2019)

As depicted in Table 1, except for South Sudan and Myanmar, the remaining three countries are Muslim-majority countries. In addition, most of the refugees from Myanmar are Rohingya Muslims who have fled the military's large-scale campaign of ethnic cleansing against Muslims (Human Rights Watch, 2019). The percentage of Muslim refugees will significantly increase if we add 5.5 million Palestine refugees under UNRWA's mandate and refugees coming from other Muslim-conflict countries such as Iraq, Sudan, Yemen and Libya.

Where are Muslim Refugees Hosted?

While refugees are hosted by 127 countries on six continents, the vast majority of them (85 per cent) have remained in neighbouring countries. Turkey continued to host the largest population of Syrian refugees, to reach 3,622,400. Countries in the Middle East and North Africa with significant numbers of Syrian refugees included Lebanon (944,200), Jordan (676,300), Iraq (252,500)and Egypt (132,900). Outside the region, countries with large Syrian refugee populations included Germany (532,100), Sweden (109,300), Sudan (93,500), Austria (49,200), the Netherlands (32,100), Greece (23,900), Denmark (19,700), Bulgaria (17,200), Switzerland (16,600), France (15,800), Armenia (14,700), Norway (13,900) and Spain (13,800).

As for the Afghanistan refugees, in 2018, over 88 per cent of Afghan refugees were hosted by neighbouring two Muslim countries, namely, Pakistan with 1,403,500 and the Islamic Republic of Iran with around 951,100 refugees. Apart from these two countries Afghan refugees are hosted by Austria (33,100), Sweden (28,200), France (18,500), Italy (16,900), Switzerland (12,300) and Australia (11,900).

In regard to refugees from Myanmar, most of them have been hosted by Bangladesh (906,600). Other countries with sizable populations of refugees from Myanmar are Malaysia (114,200), Thailand (97,600) and India (18,800). Last but not least, Somali refugees are hosted by Ethiopia which is the largest host of them with 257,200 at the end of 2018. This was followed by Kenya (252,500), Yemen (249,000), South Africa (27,100), Germany (23,600), Sweden (21,000), Uganda (18,800), the Netherlands (14,000), Italy (13,400) and Djibouti (12,700). Over 80 per cent of Somali refugees have remained in countries close to Somalia (UNHCR, 2019).

In Europe, according to the Pew Research Centre around 78% of refugees who arrived in Europe between 2010 and 2016 were Muslims (Pew Research Centre, 2017).

III. INTEREST AS A MAJOR CONCERN FOR MUSLIM REFUFUGEES IN MICROENTERPRISE AND MICROFINANCE PROGRAMS

Many microfinance institutions charge prohibitive interest rates of poor clients. This has a very serious

impact on the sustainability and development of microenterprises. Sinclair (2012:9) affirms:

Interest rates on loans, when all the various hidden charges are considered, are substantially higher than those stated. Interest rates under 30% a year are disappointingly rare and rates approaching 100% or higher are disappointingly common.... Consequently, when institutions burden beginner entrepreneurs with such prohibitive interest charges, they are indirectly encouraging them to obtain another loan elsewhere to meet the repayments and often from the very moneylenders the microfinance community claim to replace.

In our case, in the context of refugees, the interest rate charged by World Relief was 5% on a monthly basis and 60% on a yearly basis (Feldman, 2005) and for CORD 10% on a monthly basis and 120% on a yearly basis (Jacobsen and Titus, 2004). In addition to being unjust and unfair to refugees, the interest charge has remained a real concern for many Muslim refugees around the world because it contradicts their religious beliefs.

IV. SENSITIVITY OF MUSLIM REFUGEES TO INTEREST

Charging interest on loans is decisively prohibited in Islam. Many Muslims including Muslim microentrepreneurs, voluntarily exclude themselves from approaching financial institutions because of that. Few studies may be cited in this regard. For instance, in Syria, Algeria and Jordan, around 20-40 per cent of respondents cited religious reasons for not approaching microfinance institutions (Karim, Tarazi, and Reille, 2008).

Additionally, approximately, 35 percent of West Bank low income respondents and 60 percent of Gaza Strip respondents affirm that they do not approach finance because of the Islamic prohibition on interest. And more than fifty percent of them are willing to offer higher prices for Islamic products ((PlaNet Finance 2007 as cited by (Karim, Tarazi, and Reille, 2008:1). In the context of refugees, in the study conducted by Kachkar (2016), refugees were asked to indicate their sensitivity to interest by answering the following question "I have a problem with interest even if it is low rate."

The findings show that about 71.2% of respondents stated that they either strongly agree or agree with the statement. These findings indicate that refugees still consider interest as a major concern even in times of pressure and difficulties of camp life and miserable situations. As such, finding an interest-free mode of financing compliant with Islamic law is a necessity, not just because it is fairer but also because it resolves the problem of many Muslim refugees around the globe who have voluntarily excluded themselves from ME and microfinance programs.

V. CHALLENGES FACING REFUGEES TO DEVELOP THEIR OWN MICROENTERPRISES

Starting a microenterprise is a daunting challenge for anyentrepreneur, let alone for a refugee. Refugee microenterprenuers faceall the same traditional challenges that confront microenterprisesin general. Such challenges can be summarised as lack of access to financing, lack of access to markets, and lack of human resources. Other problems may also be added such as:

a. information technology,
b. competition,
c. bureaucratic red tape, and
d. unfavourable regulations.

In some cases, psychological and physical scars and family responsibilities could influence the motivation and ability of refugees to take the entrepreneurial risk (Abera, 2012; IFC, 2013; Jagero, 2011).

However, these challenges are far more persistentin the case of refugees due to the absence of supportive government interventions and because of the lack of assistance from other private institutions, mainly microfinance institutions.

Additionally, refugee micro-entrepreneurs face the previously mentioned challenges ofrestrictions on movement, on the right to own property and on other civil rights. Furthermore, refugee micro-entrepreneurs face thesocial challenge of an aggressive environment in the host country.

A number of studies have highlighted the challenges of developing entrepreneurship among refugees. Diallo (2015) identified several challenges including access to finance, low market demand, lack of market information and insufficient infrastructure. In the same context, Ranalli(2013) emphasized the financial challenge for refugees and their need for start-up capital to develop microenterprises. Refugees find it virtuallyimpossible to acquire any funds from traditional banks or financial institutions.

Finally, Jacobsen and Titus (2004:5) in their report on a field visit to the microcredit program of Christian Outreach Relief and Development (CORD) in Nangweshi and Ayukwayukwa, Zambia, found the following:

- Access to markets is the biggest challenge facing the program participants. Nangweshi is in an extremely remote and isolated area. Therefore, transportation is reported a major obstacle for refugees wishing to engage in business. The high cost of transportation – in both money and time – means that the loans are often too small to grow the business.
- The demand for loans of any size far exceeds the funds available for the program.
- The ability to move in and out of the camp is at the government Refugee Officer's discretion, and therefore the loan recipients cannot count on regular access to markets outside of the camp.

Incidents with Zambian police regarding business transactions as well as movement between the camp and local community have also been the source of problems for refugees engaged in businesses.

VI. ISLAMIC FINANCE FOR REFUGEES: THE CASE OF EQUITY-BASED INSTRUMENT OF MUDHARABAH

Mudharabah is a type of partnership for profit in which one partner (rabal-mal) provides capital and the other partner (the mudharib) contributes his labour and expertise. The profit will be shared between the capital provider and the entrepreneur according to the agreed terms and the loss shall be born only by the capital provider (ISRA Compendium, 2010). It is worth noting that mudharabah is an equity financing vehiclethat did not start with Islam.It was extensively used by Arabs in the pre-Islamic period and then approvedin Islam.It is currently considered by many Muslim scholars as the preferable vehicle of financing in Islamic finance (Amuda, 2015; Shaikh, 2011; El-Gamal, 2003;Usmani, 2004). Shaykh al-Islam Ibn Taymiyyah comments in his Fatawa: "One who deliberates on the basic principles would easily conclude that musaqat, muzara'ah and mudharabahare nearer to justice than a labor-lease contract" (20, p. 356, cited by Shaikh, 2012).

Nonetheless, mudharabah as a mode of financing is not widely practised in Islamic financial institutions. In astudy conducted in 2016 on the financing instruments employed by 18 Islamic banks in Malaysia, Kadri (2016) found that mudharabah financing represented less than 1% oftheir disbursements.

Figure 1 depicts the usage of mudharabah as a mode of financing in Islamic banks as of 2012 as reported by the World Bank Group and the Islamic Development Bank (Global Report on Islamic Finance, 2016).

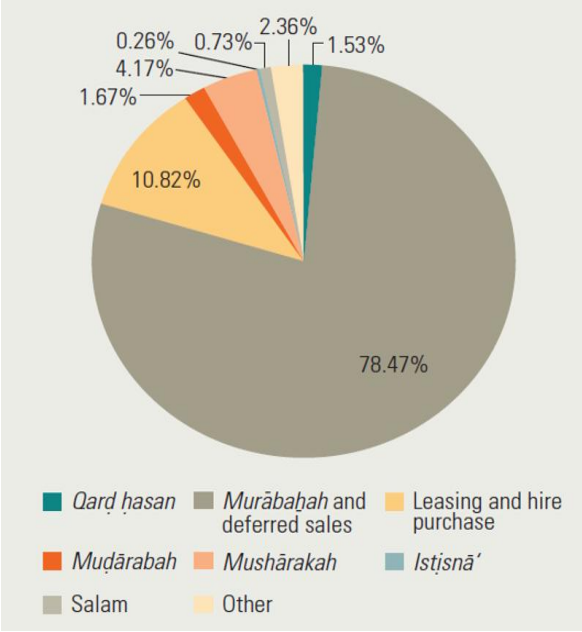

Figure 1. the usage of mudharabah as a mode of financing in Islamic banks as of 2012
Source: (Global Report on Islamic Finance 2016)

VII. INTRINSIC RISKS OF MUDHARABAH

Partnership-based contracts, including mudharabah, are the riskiest of the Shariah-compliant financial products. The reason is that the capital owner (rabal-mal) has no real control over the executive management of the underlying project, however the capital provider bears total financial losses in case its partner (mudharib) defaults. Several challenges and obstacles prevent Islamicfinancialinstitutions from using mudharabah as a mode of financing including adverse client selection, moral hazards, agency problems and credit risks.

Abdul-Rahman and MohdNor (2016) studied the challenges faced by profit-and-loss sharing (PLS) financing in Islamic banking institutions in Malaysia. The findings showed four major obstacles to PLS financing: high investment risk; difficulty in selecting appropriate partners; demand coming from customers with low creditworthiness; and lack of capital security.

VIII. THE MUDHARABAH INSTRUMENT IN MICROFINANCE PROGRAMS

Using mudharabah as a mode of financing in microcredit and microfinance programs is a two-fold challenge. Both microfinance and mudharabah are loaded with a number of risk elements that make using both of them in one programa very risky

business.For instance, microfinance on its own contains a number of risks that make financial institutions hesitant to get involved in them. In a publication released in 2000, Deutsche Gesellschaft fürTechnischeZusammenarbeit (GTZ) cited three major risk areas in microfinance categorised as: financial, operational, and strategic. These risks are depicted in Table 2.

Financial Risks	Operational Risks	Strategic Risks
• Credit risk • Transaction risk • Portfolio risk • Liquidity risk • Market risk • Interest rate risk • Foreign exchange risk • Investment portfolio risk	• Transaction risk • Human resources risk • Information & technology risk • Fraud (Integrity) risk • Legal &compliance risk	• Governance risk • Ineffective oversight • Poor governance structure • Reputation risk • External business risk • Event risk

Table 2: Major Risk Categories
Source: GTZ, 2000

On the other hand, Saad (2015) specifically highlights the inherent risks of mudharabah when it is used in microfinance programs. These risks are summarised as follows:

- Adverse selection: this occurs when IFIs choose the wrong customers for the project and leave out those who are capable of carrying out the project.
- Moral hazard: this occurs when there is a tendency for customers to use the funds for purposes other than the intended purpose.
- The agency problem: this occurs in a partnership when financing customers hide important information about the business such as revenue and profit.
- Ethical issues: such as trust, honesty and transparency on the part of the microfinance clients in disclosing business information to the financer (Saad, 2015).

IX. MUDHARABAHAS AN INSTRUMENT TO SUPPORT REFUGEES' MICROENTERPRISE

Mudharabah represents an ideal mode of financing to address the lack of funds that represents a major challenge for refugees to develop their own microenterprises. It is particularly appreciated by Muslim refugees, who in many cases refrain from participating in microfinance programs due to the interest element. Mudharabah can be effectively utilised through the establishment of a mudharabah fund that caters for selected professions with strict eligibility criteria that assist only refugees with previous experience and possibly a credit track record in order to minimise the credit risks of granting funds to refugees and the other related risks.

Management of Mudharabahin Refugee Microfinance Programs

It has been highlighted earlier that structuring mudharabah in a microfinance program entails an exceptionally high level of risk due to the nature of both mudharabah and microfinance. Putting this highly risky combination in the context of refugees will most likely makethe resulting scheme sorisky that it may be difficult to find any agency or NGO willing to take it.

Table 3 depicts the expected risk elements associated with each ofthe three concepts.

Microfinance Risks	Mudharabah Risks	Refugee Risks
• No collateral • No credit track record • Poor administrative and professional skills • Low levels of education • High rate of default	• Moral hazard • Information asymmetry • Agency problem • Ethical issues of trust and transparency • Business failure risk	• Future uncertainty • Mobility of refugees • Low social capital • No collateral or guarantee • Legal challenges

Table 3: Key Risks of equity financing in refugee context
Source: Developed by author

Having highlighted the above various risks, providing microfinance to refugees based on mudharabah will possibly be very challenging but not impossible. Some mudharabah microfinance programs have been successful implemented as mentioned earlier in the case of the Abu Halima Greenhouses Project. At the

same time, many successful stories can be cited on refugee microfinance. Combining the three elements of microfinance, mudharabah and refugees in one product will be a real challenge but still possible. What is needed is extra efforts in the risk management of such a product or scheme. The best practices of refugee microfinance and mudharabah must all be incorporated in the structure in order to minimise the risks and successfullyimplement thescheme. The following discussion will highlight some of the best practices cited in the literature on providing microfinance for refugees and mudharabah-based microfinance.

X. A PROPOSED MUDHARABAH MICROENTERPRISE MODEL FOR REFUGEES

The following diagram depicts the conceptual structure of the proposed mudharabah fund with all its key components. The diagram additionally explains theoretically the operations flow of the fund starting from the application of refugee participants and ending with sharing the revenues with the finance department. The operational steps of the proposed model are elaborated in detail in the next discussion.

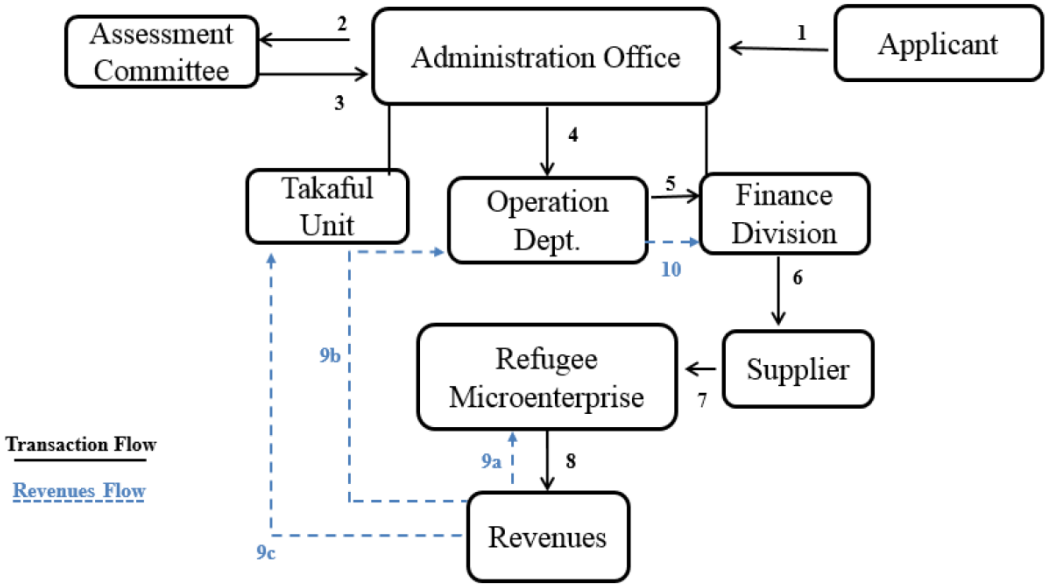

Figure 2. Proposed Model for Mudharabah Microfinance Fund
Source: developed by author

Transaction Flow

Based on the illustrative figure2, the following are the operational steps of the mudharabah microenterprise model in financing an enterprise for refugees within or outside the refugee camps.

1. The applicant approaches the Administrative Office (AO) and applies to be a participant in the mudharabah fund. The applicant must fill in the application form provided by the AO for this purpose. The application form must be informative enough to tell all required details about the applicant in terms of personal details, suggested profession, previous experience and preferably with a brief business plan on the enterprise. I addition to the application form, the applicant could be requested to provide two or three recommendation letters from local community leaders, if any, such as religious imams or community representatives.
2. The AO sends the applicant's application containing all the necessary documents, information, business plan and recommendations to the Assessment Committee (AC), which assesses the applicant's capacities and competencies as well as the viability of the business suggested by the applicant. The AC may call the applicant for an interview to assure his/her qualification and to clear any issues if any about the suggested enterprise.
3. The documents are then returned by the AC tothe AO. Unsuccessful applicants (NO) are informed by the AO of the AC's decision.
4. Successful applications are forwarded to the Operation Department (OD) for implementation.
5. Based on the AC's assessment, the applicant is sent to the Finance Division (FD) to arrange for the required funding and to communicate with the supplier directly and/or the landlord if a property is needed for rent, for instance.
6. The applicant is then sent to the supplier to acquire the equipment he or she applied for in step (1) above. Here, the applicant acts as an agent of the FD. It is worth noting that there is a conscious policy of avoiding cash disbursements to refugees. It is feared that needy refugees may spend the cash money on personal needs or for purposes other than income-generating activities.

7. The applicant (refugee) acquires the equipment from the supplier as an agent forthe OD, and he/she reports back to it to sign a formal mudharabah contract and agree on the terms and conditions.
8. The applicant now begins operating his or her refugee micro-enterprise (RME) business to offer products and services.
9. The revenue generated is shared in three portions. Part of it goes to the applicant and to the enterprise (9a), another portion goes to the Operation Department as agreed on the profit-sharing ratio (9b) and the applicant is encouraged to donate the third small portion of the revenues to a Takaful Unit (TU) or fund (9c).
   The TU is integrated into the model in order to provide guarantees for refugee microenterprises. Each interested refugee should join this unit before applying for any financial assistance. This unit is considered essential in the absence of any financial collateral and with the considerable ineffectiveness of social collateral in the refugee communities. This unit will depend on the recommendation of participants. Any new individual should have a signed recommendation from one more of the old members of the TU. An additional function of the TU will be to provide financial assistance for refugees in emergency situations such as illness or unexpected accidents or death of any TU member.
10. The Operation Department transfers the share of the MudharabahFund to the Finance Division.

A valid question could be raised in relation to the enterprise term and enterprise ownership.Obviously, the Mudharabah Fund will not be interested inretaining the enterprise for a long time once the refugee entrepreneur can afford to transfer ownership of the enterprise and pay all the capital provided at the outset of the project. In this regard, diminishing musharakah (musharakahmutanaqisah) could be used to gradually transfer the ownership of the project from the capital provider to the entrepreneur.

Eligibility Criteria of Refugee Microentrepreneurs

Taking into account the size of risky elements in the proposed model of mudharabah microfinance for refugees, it is suggested that the eligibility criteria for refugees to benefit from the mudharabah financing must be very strict. The strict criteria may ease gradually to include more refugees. Refugees who do not meet the eligibility criteria may join other programs offered to refugees such as administrative and professional training. The eligibility criteria for the applicant to participate and become a member of the Mudharabah Fund are elaborated as follows. Applicants must:

1. Be between 25-45 years old;
2. Have at least three years' working experience in the suggested profession or enterprise;
3. Acquire the basics of accounting and business administration;
4. Provide three recommendation letters from community leaders or religious authorities;
5. Have at least a high school education;
6. Obtain a valid ID such as a passport;
7. Legally stay in the country of refuge;
8. Be allowed to operate and own a business in the country of refuge.

Identification of Success Factors of a Microenterprise Support Program for Refugees Based on Mudharabah

Several success factors can be identified from the earlier cited programs of microfinance for refugees and of microenterprise support based on mudharabah. These factors are summarised as follows:

1. Provision of living allowances to beneficiaries in the early implementation stages;
2. Adoption of group lending as well as individual lending;
3. Careful selection of beneficiaries;not all refugees are ready to receive funds and undertake enterprises;
4. Integration of a mutual, cooperativereserve fund (takaful);
5. Provision of non-financial assistance such as professional training and marketing;
6. Collective cooperation among stakeholders including hosting authorities, aid agencies and other supporting institutions;
7. Allocation of a considerable portion of intervention to the hosting community;
8. Supporting short-term enterprises;
9. Linking the program with future engagement after refugee repatriation;
10. Adoption of technology to monitor beneficiaries;
11. Avoidance of direct cash advancesto beneficiaries;alternatively, direct communicationwith suppliers;
12. Usage of different packages/arrangements for different types of beneficiaries.

XI. CONCLUSION

Microenterprises and microfinance interventions have been empirically proven to beeffective tools forcombatting poverty. Many refugees end up living in miserable situations and in desperate need of any source of income to support their households and improve their socio-economic conditions. The majority of current refugee microfinance programs contradict the religious beliefs of most Muslim refugees who represent the majority of the world refugees. Mudharabah financing represents one of the potential modes of Shariah-compliant modes of financing. Nonetheless, utilisingmudharabah to provide microfinance for refugees is quite challenging. In addition to the risks inherent in microfinance and refugees, mudharabah financing has

its own intrinsic risks. Therefore, designing a refugee microenterprise support model based on mudharabah requires extra efforts of risk management. Furthermore, the best practice of providing microfinance for refugees, microenterprise intervention and mudharabah must be fully observed. The success elements of a successful model of refugee microenterprise program based on mudharabah have been highlighted in this chapter. Besides, a proposed model of refugee microenterprise support model has also been depicted and discussed. This chapter has concluded that despite all the challenges of using mudharabah to support refugee microenterprises, with the collective cooperation of all concerned stakeholders, mudharabah can still be utilised as a potential mode of financing to provide the needed access to finance for refugees.

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