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# Philanthropy in the Arab World

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Dr. Marwa EL-DALY <sup>1</sup>

Dr. Moustafa KHALIL <sup>2</sup>

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**Contact at AFD:**

Charles SELLEN ([sellenc@afd.fr](mailto:sellenc@afd.fr))

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<sup>1</sup> Middle East Research and Social Investment Consultants (MERSIC), Manchester, United Kingdom

<sup>2</sup> *Ibid.*

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## **Philanthropy in the Arab World**

Marwa El-Daly, Middle East Research and Social Investment Consultants (MERSIC), Manchester, United Kingdom, e-mail: mdaly@aucegypt.edu

Moustafa Khalil, Middle East Research and Social Investment Consultants (MERSIC), Manchester, United Kingdom, e-mail: mykhalil@mersic.co.uk

### **Abstract**

This paper is an introduction to the current status of philanthropic giving in the Arab Countries. The paper is based upon previous research of the authors, mainly the PhD thesis of Marwa El-Daly, which explores in greater detail philanthropy in Egypt. The paper starts by looking at obligatory and voluntary philanthropy as the two main categories of philanthropic giving in the Arab World. It identifies both types of giving as well as endowments detailing the main concepts that stand behind them and discovering their routes in prevailing culture and religious beliefs. The paper then outlines the main factors that influence philanthropic giving with particular focus on religion which is a central concept in the understanding of Arabs' practice of philanthropy. The paper uses quantitative data to explore patterns of giving practiced by Arab populations. The following section of the paper illustrates the current institutional structures of philanthropy in Arab countries with a detailed analysis of the situation of Arab civil society organisations and the challenges they face. The paper also looks at several examples of philanthropic foundations that operate in and from the region with a closer focus on the Agha Khan Foundation. In conclusion, the paper analyses some of the obstacles that face the expansion of philanthropy into a more significant contributor to development in the region with suggestions for future research.

**Keywords:** Arab countries, Middle East, Altruism, Philanthropy, Private foundations, Religion.

**JEL Codes:** D64, F63, L31, N35, O19, O53, P33, Z12.

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## 1. Introduction

The Arab World has a long history of philanthropy practice. Since the seventh century, the State has been active in collecting Zakat (alms) from individuals and using parts of it to help the poor and provide other public goods and services. By the 15<sup>th</sup> century, primitive forms of Civil Society Organizations (CSOs), funded by endowments, were legalised by the state first in Egypt in 1517 under the name of the *Waqf* (endowment in Arabic). Both Muslim and Christian endowments flourished for centuries as they benefited from secure and rather sustainable funding. They established hospitals, active in collecting Zakat (alms) from individuals and using parts of it to help the poor and provide other public goods and services. By the 15<sup>th</sup> century, primitive forms of Civil Society Organizations (CSOs), funded by endowments, were legalised by the state first in Egypt in 1517 under the name of the *Waqf* (endowment in Arabic). Both Muslim and Christian endowments flourished for mosques and schools. They also ran many economic projects that employed thousands of people and generated profits that further expanded their charitable and services activities (Hussein 2003). In modern times and despite the weaknesses of civil society structures in Arab countries, philanthropy remains a strong practice by a society where religion continues to play a central role in shaping people's attitudes. However, literature on philanthropy in the Arab World remains limited in quality and quantity when being compared to literature on development and civil society. This paper is an attempt to address this weakness by providing an overview of the current concepts and practice of philanthropy in the Arab World.

The purpose of this paper is to help understand how philanthropy works in this part of the world, what roles it plays in development and what factors shape its current realities. This will enable AFD to explore the potentials in the philanthropic sector in the region and to understand the environment it would be stepping into if it decides to work with philanthropic organisations in the Arab World. Philanthropy in this paper refers to acts of unpaid giving of money, material or time for the wellbeing of others. The focus of this paper on the Arab World rather than the Middle East is to exclude Middle Eastern countries such as Iran, Israel and Afghanistan, which all have different socio-economic and cultural environments that make the philanthropic scene there quite different from the Arab World and harder to capture given the limited time allowed for this study.

This paper is mostly based on the Doctoral Thesis<sup>1</sup> of co-author Marwa El Daly in addition to secondary resources.

## 2. Unique Forms of Philanthropy in the Arab World

In this section, we shall explain the main concepts of philanthropy in the Arab World. Most of these concepts are derived from religious thought, mostly Islamic. We can divide these concepts into either obligatory giving, where philanthropists are obliged by their religious beliefs to give, and voluntary giving, where philanthropists choose to give albeit mostly still within a religious framework.

### 2.1 Obligatory Giving

#### 2.1.1 Zakat and Ushour

Islamic *Zakat* and Christian *Ushour* are the two main concepts of obligatory giving in the Muslim and Arab World. Due to its dominance in size and development of practice, this section will mainly discuss Zakat and briefly explain the Ushour towards the end.

The term *Zakat* indicates different meanings. As Al-Marsafy explains (Al-Marsafy 2004), *zakat* derives from growth accompanied with blessing, like a plant growing or a soul developing. Another meaning is associated with purity, like purifying one's soul. "*Of their goods, take alms, that so thou mightest purify and sanctify them; and pray on their behalf. Verily thy prayers are a source of security for them: And Allah is One Who heareth and knoweth*" (Quran, 9:103). Hence, as indicated by this verse, *zakat* receivers and their prayers are the source of security to those who pay. It is the gift that they [*zakat* givers] receive in return for paying what is due to them. However, it is noteworthy that this definition of *zakat* and its different implications could be only clarified in the context of understanding poverty in Islam, which is not necessarily a material condition. According to Mannan (1988), in Islam, richness or poverty is not assessed by material properties, but also by richness or poverty in one's spirit. In the Quran, *zakat* is strongly connected to praying (*salah*), whereby the two were the main means of purifying one's soul. "Lo! Those who believe and do good deeds and establish Salah and pay Zakat, their reward is with their Lord; and no fear shall come upon them, nor shall they grieve" (Quran 2:277) The application of *zakat* was mentioned in great detail in the Quran in the sense that it is con-

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<sup>1</sup> El Daly, Marwa (2010). *Challenges and Potentials of Channeling Local Philanthropy towards Development and Social Justice and the Role of Waqf (Islamic and Arab-Civic Endowments) in Building Community Foundations. The Case of Egypt*. Humboldt University, Berlin.

sidered the main source of social interdependence (*takafol*) in the Islamic faith and the primary means for the realization of social justice. There are 234 Quarnic verses encouraging spending, a considerable number, reflecting the significance of giving as against capital stagnation (Yehia 1986). *Zakat* was profoundly explained in details in the Quran to reflect not only its importance, but also that it is not an individual act left to the freewill of the giver and accordingly should be calculated in the utmost deatil as it belongs to God and the people He assigned it for. *Zakat* accordingly is considered a means to worship God; it is a monetary *'ibadah* (worship) and not a tax, as Al Sheikh (1998) described it.

According to Zayas (2003: 11), in the terminology of Islamic jurisprudence, the minimum limit to be reached in order to pay *zakat* is called "*nisab*" indicating that *zakat al mal* (*zakat* on money possessions) applies to surplus wealth only. Thus to be a giver of this kind of *zakat*, which is known as monetary *zakat* or *zakat al mal*, one must possess a minimum amount of wealth or '*nisab*' upon which one year has passed. The exception of *zakat* that must be given without reaching the *nisab* is the *zakat* to be paid on agricultural products, the product of gold and silver mines, treasures gained in war and finally what concerns *zakat al fitr* which is a fixed amount given directly following the holy month of Ramadan. The following is a description of the types of *Zakat*:

In the Quran, types of *zakat* or the "zakatable goods/assets" reflect, as Ahmed (2004) elaborates, the existing wealth that prevailed during the time of the Prophet Mohamed (*mpbuh*). In contemporary times, there are many new items of income and wealth that reflect the financial status of an individual. These new items are not elaborated in the classical *Fiqh*<sup>2</sup>, however contemporary scholars have discussed many of these items and agreed that they should be included as zakatable items. For example salaries according to Al Qaradawy (1973) are subject to *zakat* taken that they had covered the living expenses and met the yearly *nisab* amount. The application rate on the salaries is calculated in comparison to the 2.5 percent of the traditional *zakat* on money and trade inventory. Income from rented real estate properties is measurable at a rate of 5 percent on the gross returns or or 10 percent on the net returns in analogy with the legislation on agricultural lands.

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<sup>2</sup> Islamic religious legislation science.

In principle there are two main types of *zakat*: *zakat al mal* (*zakat* on money) and *zakat al fitr* (breaking the fast *zakat*). *Zakat al mal*, according to the classical *fiqh*, includes 6 different forms listed as follows:

1. Zakat on Money: The *nisab* or quantity in which *zakat* must be paid is equivalent to 85 grams of gold and 600 grams of silver. This applies to gold and silver properties as well as banknotes equivalent to this value in gold or silver. If one year passes on the money that reaches the *nisab* or more, a value of 2.5 percent must be paid as *zakat*.
2. Articles of Merchandise and Industry
3. Plants and Fruits
4. Livestock
5. Mining
6. Stocks and Shares
7. Bonds and Securities
8. Properties and Rented Objects

The other main type of Zakat is *Zakat al fitr*, which is an obligation on both the rich and the poor alike and is not limited to the individual adult and rational giver, but is a small amount of money that must be paid for each member of the family, even children and the completely disabled. For this, the head of the household, whether male or female, calculates the amount that should be paid by each of his/her family members to pay *zakat* on their behalf (Ashour 1980). It is due once every year on the first day of the breakfast feast, which comes immediately after the fasting month of Ramadan

#### 2.1.2. *Al Nuzur*, *al Kaffarat*, *al Adhahi*, and Emergency Aid

According to El Daly, These four forms of giving, *al nuzur*, *al kaffarat*, *al adahi*, and emergency aid, in addition to *zakat* in general and *zakat al fitr* in specific, are considered compulsory giving in Islam.

*Al nuzur* (singular: *al nazr*) is an obligation that the person undertakes upon him/herself to be paid for God's sake. For instance, *al nazr* could be a promise to sponsor an orphan student's education in case my child succeeds or to sponsor a sick person's treatment in case my child survives his/her sickness. A promise to demonstrate gratefulness to God is free willing and optional, yet it is obligatory giving once promised. As to *al kaffarat*, it is also due as an obligation if a person commits any error in the legislation of the fasting, the pilgrimage, etc, or simply to wipe off a sin as it is generally understood. One expression of *kaffarat* in the old days was to release slaves for instance, something that contributed to the abolition of slavery starting from the early Islamic era and onwards. *Al adhahi*, which indicates slaughtering an animal (sheep, cow, goat and their sorts) during religious



festivals to distribute food to the needy, people of kin and friends, is also compulsory for those who could afford it. Finally, emergency aid is also compulsory, as in the Islamic legislation it is unacceptable not to help a neighbor who is in need or to go to bed knowing that she/he is hungry. In such a condition, assistance or giving becomes obligatory (2010).

### 2.1.3. "Ushour"

'Ushour (Coptic tithes) means "tenth", i.e. the paying tenth of every Christian's income to charity. According to Bishop Jacobs (1998), Ushour incorporates any income one receives. Types of Ushour include:

1. Money and Gifts: It is all the income a person owns whether it is in a salary form or income from a project either industrial, commercial, services or anything else. One tenth of any income throughout the year is subject to go as Ushour according to the Coptic Orthodox Christian faith.
2. Property: This is any property one receives as inheritance, gift or any other means
3. Time: Every Christian should give one tenth of his/her time to God, whether in the form of prayer or in helping the poor
4. Harvest and animals: Any harvest one gets or any animal one slaughters to eat or sell is subject to Ushour as well.

Thus 'Ushour, like Zakat for Muslims, should be part of the Christian's life, and they should give a percentage of their income for the sake of God.

## 2.2 Voluntary Giving: *Sadaqa*

Sadaqa is derived from sidq in Arabic, which means 'the truth'. According to Sahih Muslim (2009), in the book of zakat (kitab al zakat), it is the truth in affirming that the love for Allah or God is greater than any other material wealth. In my personal interpretation of the word sadaqa, I see that Allah is the ultimate truth (huwa al haqq) and by giving sadaqa, we give back to Him what belongs to Him, and this is the truth that we must all see. Therefore the verb of sadaqa, tasaddaqa, means by default the act of giving to God. Practically, it is a donation that can take various forms. The one of them that is mostly long-lasting and most institutionalised is the sadaqa jariyah or the sustainable and ongoing sadaqa that is synonymous to waqf or endowment building that benefits others in a sustainable way.

### 2.3 Waqf Endowment: Al- Sadaqa Al-Jariyah (Sustainable Giving- Philanthropy)

Waqf literally means 'to stop' or to 'forbid movement' (El Daly 2010). It is synonymous to another term, habs, which literally means, 'locking up'. Waqf (plural: awqaf) or habs (plural: hubus) have been both used in the Arab and Muslim Worlds throughout history to describe permanent gifts of land or properties that are invested to get their yield allocated to serve certain causes (Miran 2009). Waqf has taken the form of an Islamic religious endowment institution for charitable giving and has been a significant practice in the religious, social, economic and political experience in the early days of Islam. In principle, waqf is a gift to God and all waqf income is charitable. However, modern Islamic legislation distinguishes between waqf kheiry (charity waqf dedicated to social causes), waqf ahly (family waqf dedicated to family members) and waqf mushtarak (dual function waqf dedicated to support family members and also charitable causes independent from the family). As there was no clear distinction between the types of waqf in classical Islamic legal doctrine, the three have been administered as per the same rules.

As explained, waqf is synonymous with sustainable giving or sadaqa (charity). It is not only a sadaqa by which one gives assistance to the needy, but it is a sadaqa jariyah that is continuous and sustainable (jariyah) due to the fact that the capital endowed is tied-up to support the cause that the endower specified and allocated this waqf to serve in perpetuity (El Daly 2010). The waqf is accordingly, and as described by Peters (2000: 59-63), designated by the waqif (endower) to public utilities such as schools, hospitals, etc. or to certain individuals or professions, like a religious scholar, a researcher, a public servant as beneficiaries of the waqf proceeds. The waqif is aware that his or her waqf accumulates good deeds for the endower even after his/her death, adding sustainability to the spiritual, intangible world of "hassanat", or good deeds.

Whether in Egypt, North Africa, in Turkey or in India, the waqf was established as follows: the founder of the waqf decides to endow his or her personal property for a specific social purpose that appeals to him or her. Accordingly, the waqif develops a deed of endowment (wathiqat al waqfeyat) and it becomes registered with the authorities. This endowment deed specifies the amount of the original capital (corpus), the purpose for which it is endowed and all other management details. The founder put strict conditions (shart al waqif) on how the annual revenue of the waqf is to be spent. Accordingly, the endower appoints a trustee (mutawalli) or a comptroller (nazir) to manage the waqf. In other incidents the waqif him/herself or his/her descendants manage the waqf; and in many instances the endowments were placed under the direct supervision of the Chief Judge (El Daly 2010).

The above types of giving can be summarised in the following table:

Types of Practiced Philanthropic Giving in the Arab Countries					
	Obligatory Giving			Voluntary Giving	Endowments (Waqf)
	Zakat	Nuzour, Kafarat etc.	Ushour		
Definition	Tax-like duty regulated by Islamic faith upon all Muslims payable to various categories of recipients	Obligatory occasional payments which individuals choose to commit to for different religious reasons	Tax-like duty collected and managed by Churches on members of the Christian faith	Voluntary giving for religious and non-religious motives	Voluntary sustainable giving where capital or property or tied for the purpose of financing regular philanthropic giving
Links to religion	YES	Mostly	YES	Sometimes	Mostly
Regulated by States	Sometimes	NO	NO	NO	YES

Table 1: Summary of the Types of Philanthropic Practice in the Arab World

### 3. Factors Determining Philanthropic Behavior in the Arab World:

The only comprehensive comparative study available on philanthropic giving in the Arab countries is the study that was commissioned for the Ford Foundation between 2003 and 2007 covering six Muslim and Muslim-inhabited countries including Egypt.<sup>3</sup> The study in Egypt was developed by the lead researcher in Egypt (El Daly, 2010) and included a large-sample quantitative survey that covered every aspect of philanthropic understanding and practice by the respondents in addition to groups of qualitative interviews of a selected sample of donors, beneficiaries and staff of religious and charitable organisations.<sup>4</sup> As Egypt

<sup>3</sup> Marwa El Daly co-author of this paper was head of the team that implemented the study in Egypt which was part of the 5-country study.

<sup>4</sup> Quantitative data gathered by this study was reused in Marwa El Daly's PhD thesis and this data is the main source used in this section.

is the biggest Arab country with around one of every four Arabs being an Egyptian and due to the central position that Egypt occupies in the Arab countries' history and culture, we shall focus in this part of the paper on analysis of this part of the survey that was done on Egypt. From this, we will understand how Arabs link philanthropy to three important concepts; development, volunteering and religion. We will see that religion is by far the most significant element in determining philanthropic behaviour in the Arab World:

### 3.1 Philanthropy and Development:

According to El Daly (2010), while most respondents related philanthropy to charity, only a small fraction (0.6 percent) of the respondents related it to development through the implementation of projects that target social problems. People appeared to comprehend philanthropy from a non-developmental point of view, where direct assistance and charity prevails in their perceptions. The study revealed that there is a degree of variation in perceiving development amongst the public although most could distinguish between development and charity. For example, respondents who worked in CSOs saw that development is a plan and a vision for the future as it builds the capacities of beneficiaries. On the other hand, individual donors interviewed perceived development as strongly related to economic growth. "Economic development is the most important; if one invests his money in development, this will benefit the society, the country and one's self. If one puts his money in charity, this benefit goes only to himself and those who receive the money", stated one of the donors interviewed in the study.

In an attempt to explain this tendency which cognitively relates philanthropy to charity and not to development, Neamat Mashhour (Colloquium hosted by the author – El Daly: 2004) believes that philanthropy is regarded as an act that reflects the voluntary will of the giver (out of *tafaddol* or courtesy), while it is actually not a voluntary act, nor should it be out of courtesy; it is a duty and should be understood as such. Therefore, according to Mashhour, there must be clarity about what is termed "sufficiency" or "subsistence" or *hadd el kefaya* in Islam, which determines the right of the recipient to receive what allows him/her to live in subsistence-or-sufficiency level. She then questions what the substance level in our society today is and explains that it differs between Cairo and Aswan for instance, and varies according to personal circumstances. There are people who are physically or mentally not capable of working, and others who are at an age that does not allow them to seek a job, yet need to maintain a subsistence standard of living. Therefore, in cases such as these, Islam calls for monthly sponsorship or *kafala* to provide them with their basic rights as human beings. In this case, what Mashhour's explanation hints at, is the fact that understanding concepts such as *hadd el kefaya*, which is synonymous to the economic term subsistence-level, is a way of educating people and shift thinking towards social responsibility to achieve a clear goal and help alleviate the status of the impover-

ished in the long run.

Looking into more detail at the reasons that were given by the 21.5 percent who believe that channelling philanthropy towards development is not possible, figure 1 highlights that 64 percent believe that *sadaqat* (in this context indicating charity) is faster in meeting the immediate needs of the poor. For many, poverty is so widespread and such a vast amount of people are deprived of their basic needs that it seems necessary to respond to them rapidly by charitable means. It is also indicated that 19.6 percent believe that their giving should go to charity because putting it into development projects contradicts with the teaching of Religion; a point of view that should be seriously investigated and put into consideration when thinking about the religious messages given by sheikhs. Another interesting number given is the 9.2 percent who attribute their position to the nonexistence of organisations in charge of development work. Although this is not the majority, it is a considerable percentage that should not be neglected and which reflects a considerable portion of people who are not aware of the existence and role of development organisations. On the other hand, 7.2 percent feel that there is always a risk in developmental projects and accordingly prefer charity. This problem does not only face individual donors, but also Chairpersons of the NGOs who do not prefer to undertake development-related programs like small loans projects for instance, fearing that this would bring more trouble than good. Especially in Aswan Governorate many so called development practitioners working in NGOs did not accept the idea of small-loans projects because they prefer grants and donations that respond to direct needs. This is a culture where people prefer direct charity or ad-hoc aid over philanthropic and organised giving that entails investment in the human being. Changing such a culture is in return not an easy task and requires education, awareness, the display of successful local models that initiate change and the introduction of strategies on the application of development techniques (El Daly 2005).

It was also evident that most organisations concentrate their activities on giving charitable aid to poor families or on providing services to the needy more than on creating job opportunities or initiating developmental projects that invest in empowering their target communities. This trend has affected beneficiaries who had wished to start projects to support themselves and their families. As one daily worker in an NGO indicated: *“NGOs give only to the people in need; they do not provide loans and grants to people for start-up projects.”* This reflects the mental division between people in need, who are associated with receiving regular or non-regular assistances and those who wish to receive funds to start up small projects (El Daly 2010).

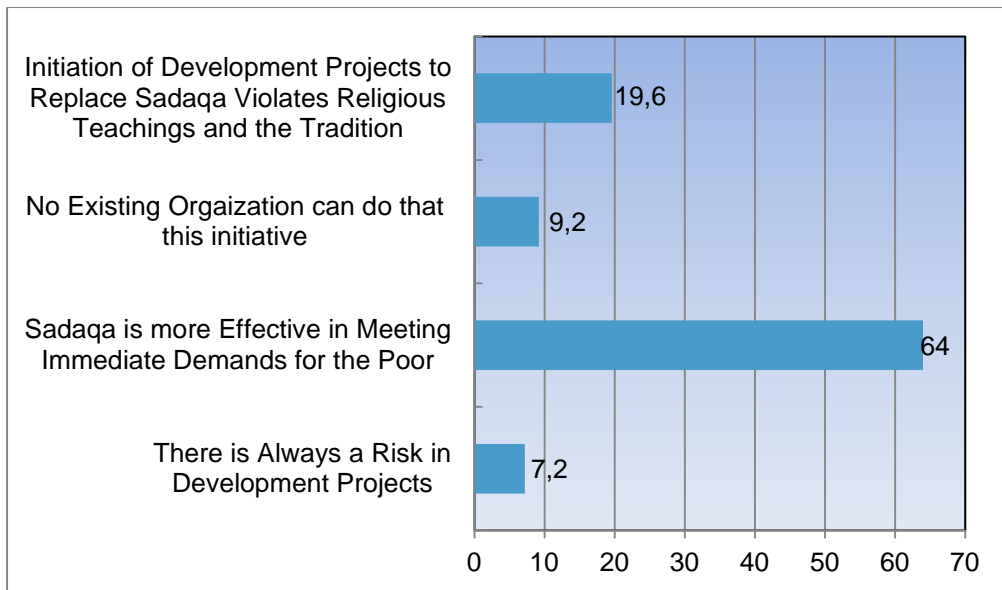


Figure 1: Reasons behind the Reluctance to Initiate Developmental Projects (El Daly 2010)

It is also important to highlight that bureaucracy and governmental red tape facing development of new projects discourage NGOs and private philanthropists from working in job creation and other empowerment-related social projects. Many were reluctant to help when it comes to facing bureaucratic obstacles; philanthropists prefer to give the money without having to engage in any other responsibilities, and NGOs prefer to give direct assistance rather than in creating projects that necessitate government's approvals and bureaucratic procedures. As one NGO's Chairperson described, *"There are a lot of problems that we face in order to obtain the Governmental approval to establish a small kiosk for example. The problem in the cities is more serious than in villages. In villages, they are all relatives, or they know each other and the rules are softer, but in big cities, the procedures are long and decisions are firm."*<sup>5</sup>

### 3.2 Philanthropy and Volunteering:

A considerable percentage of the respondents (23.4 percent) saw philanthropy as the voluntary effort to assist others. Many of the respondents elaborated that faith-based philanthropy in the form of *sadaqa* involves non-material giving such as a smile to cheer up a sad person, a kind word that boosts a spirit or any voluntary act of assistance. This perception towards volunteerism could enable a positive impact of volunteer effort if organised and directed towards development.

The quantitative results showed no real relation between the economic conditions and the level of volunteerism. This might be due to the Egyptian/Arab culture which neglects the voluntary effort made towards helping individuals and only calculates the voluntary

<sup>5</sup> ibid

efforts made to organisations. However, the in-depth interviews revealed different results related to volunteerism, showing that voluntary effort increases with the decrease of the economic conditions. The reason behind this is sometimes to make up for the inability to provide financial donations. It is also sometimes attributed to the lack of work, which motivates many people to spend their times doing useful things. That was explained by a volunteer who said, *“To me, the economic conditions gave me a bigger chance to volunteer. I work as a contractor, and very often, I don't have work to do. I, therefore, prefer to spend my time in volunteering in the organisation.”* The current bad economic situation together with lack of awareness about *waqf* as a form of philanthropy are among the main reasons behind the deterioration of the *waqf* system and the avoidance by the majority to form new *awqaf*<sup>6</sup>.

The motivation chart that contains the reasons for volunteering for those who said they volunteer was diversified. The respondents were asked to choose multi-answer variants. From the answers received, it was found that there are points of similarities and difference between the motives behind giving in general and those behind volunteering. The similarity is manifested in the religious motive, which is common in all kinds of giving either material or voluntary. On the other hand, the care for the general welfare of the society did not have the same weight among donors in general as much as it did among volunteers. In addition, unlike volunteering in NGOs, gaining a social status and respect in the community was not considered as a motive among individuals who provide material donations. The following figure (figure 2) shows in details the reasons behind volunteering in certain NGOs:

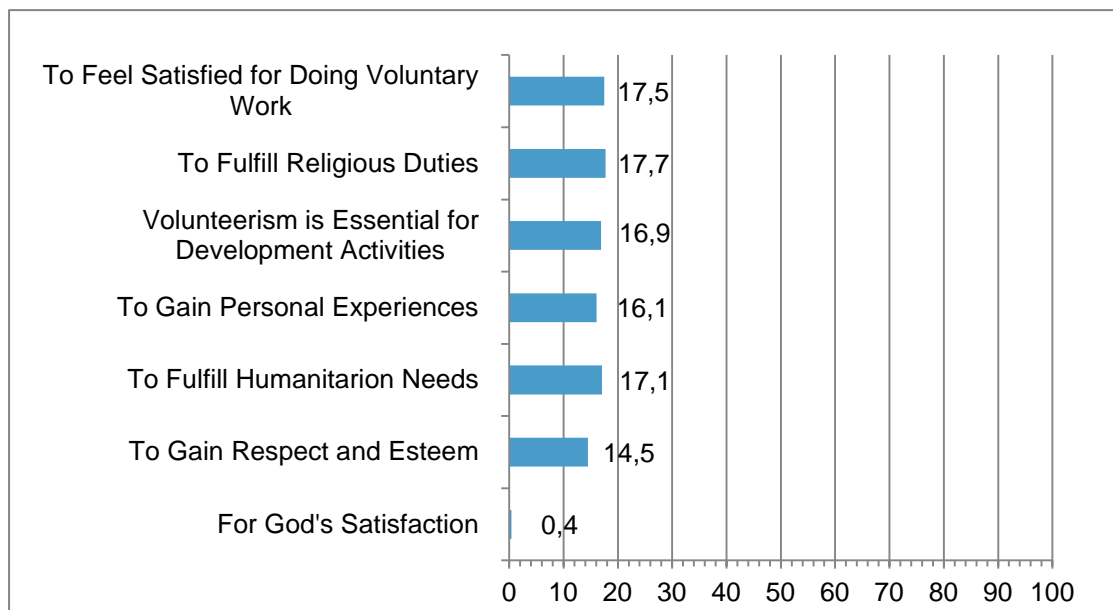


Figure 2: Motives behind Volunteering in Philanthropic Organizations (Source: El Daly 2010)

<sup>6</sup> *ibid*

As evident from the above figure 2, volunteering to abide to a religious duty is the first motive (17.7 percent), followed by almost the same rate of (17.5 percent) of the respondents volunteering to achieve a feeling of satisfaction for doing social volunteer work. The sense of responsibility towards the whole society exists among 17.1 percent of the volunteers, while a developmental motive is shared by 16.9 percent of the volunteers. In addition, and in spite of the religious motive also behind volunteering, there is no direct relationship between volunteering and pleasing Allah/God. Only 0.4 percent related their volunteering to pleasing God. This might relate to a different interpretation of the right of God (*haq Allah*) in this volunteer work; a concept seen in material giving but not in volunteering time and effort, which is regarded a religious duty but not as the right of God. This is an interesting finding, especially that *sadaqa* in its theoretical sense significantly includes non-material giving such as a kind word, hospitality to strangers and all forms of assistance to the general public. An example that is constantly cited to explain *sadaqa*, is '*izahat al aza an al tariq*' that translates into: securing that the road is safe for all people who pass by. If a person lifts garbage or an obstacle off the road for others to enjoy a better or safer road, this is a *sadaqa*. Also different from the motives behind material giving, 14.5 percent of the volunteers indicated that they volunteer their time and effort to gain status and respect among members of their society. This motive - was denied by respondents as a motive behind their giving, which they preferred it to be secretive and discrete (El Daly 2010).

### 3.3 Philanthropy as Faith-Based Giving

Philanthropy as a concept in peoples' minds proved to be strongly connected to religion (25.6 percent) and to the duties of paying *zakat*, *ushour* (tithes) and *sadaqa*. This was very clear, in particular among chairpersons of the BoD of organisations and religious figures. In defining what philanthropy means, respondents responded by quoting the Quran or the Bible and the Prophet's sayings (*ahadith*) on giving, as well as God's rewards or punishments to those who do not help others. As the head of the board in one NGO operating in a run down area of Cairo said, "Philanthropy for me is what the Prophet Mohamed said in his hadith: 'None of you will have faith until he wishes for his brother what he wishes for himself (Sahih al Bukhari Book 2, Number 38)

It was observed throughout the study that even the most concrete concepts like *zakat* or *sadaqa* could have different meanings to different people. People vary in their perception of even the most basic terms that drive their faith-based giving. The majority (40.6 percent) could identify *zakat* as a religious obligation, equivalent to that segment representing Christians (8.2 percent) identifying *'ushour* as a religious duty, and as Table 8 suggests, more than 70 percent define more or less correctly what *zakat* is. In addition, there are urban/rural differences that influence awareness. Mainly farmers and respondents who live in rural areas are aware of forms of *zakat* that concern animal husbandry or agriculture, its conditions and percentage, while those living in urban areas are less aware. This



lack of awareness could be among the main reasons behind the unorganized and scattered giving habits.

An interesting finding was the readiness of almost 40 percent of the sample to give *zakat* and *sadaqa* to people of different religions. When we cross-tabulated the data by religion, we found out that 37.3 percent of the Muslim community compared to 34.3 percent of Christians reported having no objections to giving their charities to people of other faiths. This means that a significant number of both Muslims and Christians give their religious charities to the needy irrespective of their faith, whether Christians or Muslims.

In trying to measure the level of trust in religious institutions versus the level of trust in non-religious institutions, the quantitative and qualitative research revealed different results. The quantitative findings showed that 15 percent of the donors doubt that the contribution made to religious institution reach those who deserve them, while only 8 percent of the donors felt that the contributions made to non-religious institutions never reach those who deserve them. Thus, the quantitative results indicate that people trust non-religious organisations more. However, the qualitative analysis produced different results. Although many donors said that they trust the NGOs they deal with mostly because they have personal relations and contacts with people working there, other donors expressed that they lack trust in organizations and only trust mosques. They mentioned that generally, men who are responsible for activities in mosques have good reputations as religious men. One donor explained, "Mosques are more transparent and clear. NGOs have many people whom we do not know. It takes them ages to make studies on the poor cases that they have. I could give to these poor families directly." From here it is evident that some donors do not value the procedures that NGOs take to allocate those in need; especially when distributing money; an activity that most donors could do by themselves, especially if NGOs are not knowledgeable about most optimal ways to channel their donations. In addition, some donors expressed their fear of donating to NGOs because they do not exactly know where their money is allocated. Besides, donors fear that once they channel their charitable donations through institutions, they would never have the opportunity to object to the procedures as to how their donations will be distributed. Only 4.5 percent of the respondents who contributed their charitable donation through institutions indicated that they do not feel entitled to influence the activities of these institutions<sup>7</sup>.

It became evident that donors prefer organisations with a high degree of transparency. When they were asked whether they would fund Al Azhar (Mashyakhah Al Azhar), which makes many ads on TV to attract *zakat*, the quantitative analysis showed that donating to Al Azhar scored very little (6.7 percent) among the respondents. The qualitative analysis reflected the same picture where most of the interviewed donors objected giving to Al

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<sup>7</sup> ibid

Azhar because they do not know where exactly these donations go. According to one donor, "There is no way I give to Al Azhar; there is no clarity; why should I give them money; what will they do with it". It is, therefore, understandable that the lack of transparency and participatory nature of philanthropic institutions is the major reason behind the reluctance of donors to channel their donations to their accounts.

A considerable portion of the philanthropic organisations that participated in the survey were secular, and it was important to inquire about their relationship with religious institutions. When the Chairpersons of the organisations were asked to report as to whether or not there is cooperation between their organisations and religious institutions, almost (43 percent) of them answered positively. As the data in figure 3 suggests, there are three forms of cooperation that reflect a close relationship with religious organisations. This particularly concerns the collaborative efforts in civic activities with a rate of (43 percent) and receiving and distributing donations, rating (32 percent). The joint-venture project, which takes a rate of (25 percent), could very well be the establishment of educational and health institutions. As the data in figure 3 suggests, there are three forms of cooperation that reflect a close relationship with religious organisations. This particularly concerns the collaborative efforts in civil activities with a rate of (43 percent), receiving and distributing donations, rating (32 percent). The joint-venture project, which takes a rate of (25 percent), could very well be the establishment of educational and health institutions<sup>8</sup>.

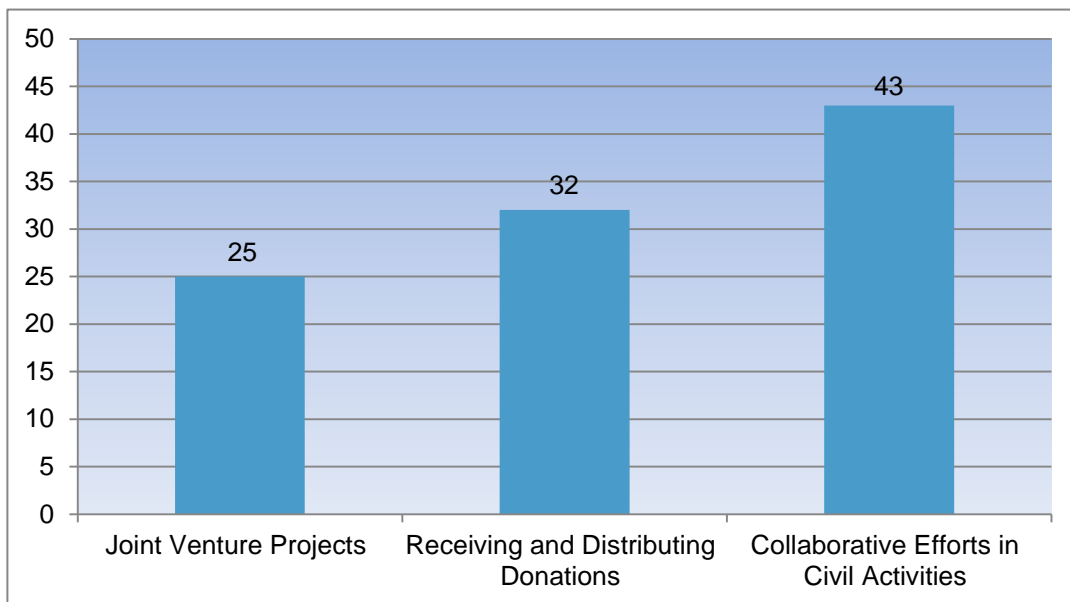


Figure 3: The Form of Cooperation with Religious Institutions (Source: El Daly 2010)

<sup>8</sup> *ibid*

Religion was also apparent in the motives for people to practice philanthropy. Besides giving for the sake of fulfilling a religious duty or of satisfying God, the in-depth interviews revealed that some donors give with the intention to protect the blessings they are enjoying during their life time. This motive has a religious base since they feel that if they help the poor, God will protect the blessings that He provided them with. As one of the donors said, "Honestly, I save myself from diseases. When I help somebody who is sick, God protects me from illness. Also, my bothers are businessmen, and they believe that if they don't pay their *zakat*, God would prevent them from His blessings." Another donor explained the reason for sponsoring two orphans by saying, "*I heard that there are children here, and I have two girls. I sponsor two children because if I die, I hope that they find somebody to help my children*".

Another important motive behind philanthropy among the Egyptian public is what we term compassion-based giving, which is related to an internal feeling of compassion than rather than to a feeling of social responsibility or social interdependence. As revealed in the in-depth interviews and expressed by many donors, it is the naturally inborn tendency in every human being to help others. This was expressed by one of the donors who said, "Helping is something inside the human being; it is a psychological motive; it is the instinctive love of doing good things." Like the above religious motive, it should be noted that this answer was not confined to only one category of people. Rather, it was expressed by both males and females of varying ages and incomes and from different Govern-orates<sup>9</sup>.

### 3.3 Where do People Give?

According to El-Daly (2010), people in Egypt (This can be also applicable to most Arab countries) tend to give mostly to individuals rather than institutions. The most common form of this individual giving is when individuals give to poorer members of their families or in their neighbourhoods. However, the same study pointed to a difference in such type of giving among Muslims and Christians in Egypt. Muslims were found to prefer giving directly to people in need. On the other hand, Christians prefer giving to institutions whether to the Church or religiously-related organisations.

The second trend in this regard reveals that giving is mostly charity-oriented. People prefer to give in order to tackle symptoms of the problem and not the root causes. Therefore, giving to support education for instance is not a priority, while giving to tackle a pending health issue or to feed a poor family is more common. In case people give to organisations that appeal to them, the preference is always to organisations that provide services such as offering food and shelter and seldom does it extend to those that provide education or job creation services.

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<sup>9</sup> *ibid*

In addition, most philanthropic giving identified by the study consumed in buying food especially in occasions such as the holy month of Ramadan or in other religious festivities. People invest a lot of their giving in buying food and collecting clothes to shelter the needy. In doing that, they usually resort to secrecy. According to the survey (El-Daly 2010), about 66 percent of those who give believe that they should maintain secrecy in their giving to get good deeds from God in return. Showing off giving is considered a means to take away God's reward. This was found to be the belief amongst both Christians and Muslims included in the survey sample. Other trends found in the study show that giving in this part of the world relies on relationships and reputation. People tend to give to individuals whom they trust or organisations where people that they trust are in charge. Personal relationships are the main source of confidence in institutions.

#### **4. The Current Structures of Philanthropy in the Arab World**

After explaining the concepts of philanthropy and the factors that influence its understanding in the Arabic country, we now move to outline the current status of philanthropic practice in the region. While Arab governments have sponsored and led a number of schemes that attempted to utilise the size of philanthropy in the region and the nature of Zakat that makes it possible to maintain a sustainable tax-like flow of funds coming into it, most of these schemes have been criticised for falling in the usual traps of inefficiency, politicising and mismanagement that usually hinder much of the work done by Arab governments. It is no surprise that the vast majority of philanthropic practice apart from a few major foundations in the Gulf region and endowments (*waqf*), which remain mostly under public control in most Arab countries, have been coming from non-governmental sources. The following lines will outline the current status of the main channels of philanthropic practice in the Arab World starting with civil society before moving on to foundations and finally endowments.

##### **1.1. Civil Society and Philanthropy**

The nature of authoritarian rule in most Arab countries meant that states have always been working hard to repress civil society, especially the part of it that can be involved in activities that have a political or a social mobilisation nature (Zahid 2010). As a result and despite rapidly growing numbers of registered CSOs, civil society in most Arab countries was left to be described as a rather "weak, fragmented and contained" body (Langohr 2005) that suffered from various problems that included lack of skills and capabilities, weak management, elitism, red tape and bureaucracy (UNDP 2010). It also suffered lack of funding and strong financial dependency on governments as subsidising CSOs using public funds had been widely practiced (Becker 1997). The relationship with governments was influenced by the

strong involvement of the State in the simplest of matters concerning CSOs. In many countries, security forces maintained strong presence and influence inside the government bodies responsible for supervising civil society, such as the Ministry of Social Solidarity (MoSS) in Egypt (Tadros 2011). Being side-lined by the State, civil society was left out of any serious involvement in policy making; leaving it to perform only service provision and economic development functions (Ozlem and Icduygu 2012).

The majority of Arab CSOs are mainstream organisations working in sustainable development or advocacy. In Egypt, these can be added to Community Development Associations (CDAs). CDAs are local associations established and sponsored by the government in the 1960s to carry out community development activities, especially in rural communities, following a trend for community development that was introduced by the World Bank (Hulme and Turner 1990). However, most CDAs have lately become "dysfunctional" (UNDP 2008) as most of the conditions that accompanied their establishment no longer exist. One third of CDAs can be considered Faith-Based Organisations as they practice development activities and claim religious affiliation. Those include Islamic and some Christian CDAs. In general, FBOs (CDAs or not) are abundant in numbers, but most importantly abundant in resources and activities (UNDP 2008).

The leadership of Arab civil society is almost exclusively confined to older men from more affluent socio-economic backgrounds. Women, rural populations and the poor are usually found on the receiving end of the work of civil society (Ozlem and Icduygu 2012) except for a few countries such as Tunisia and Lebanon where women have a much better status in civil society. Financially, most CSOs fund themselves through local donations, although sometimes foreign funding makes a little contribution as well as state funding especially in oil rich Gulf countries, with almost total absence of membership fee funding. Funding shortages in most countries expose civil society to restrictions imposed by the authorities on its operation, human resources and partnerships. For example, the total annual income of CSOs in Egypt in 2008 has been estimated to be two billion EGP (about 220 million GBP). Only about 15% of the funds come from foreign donors and are received only by few organisations. The MoSS subsidises about 30% of CSOs and pays salaries for about 15% of the work force in the sector, while almost half of CSO workers are unpaid volunteers (UNDP 2008). Financial difficulties faced by civil society in the Arab World are often attributed to a long heritage of dependency on either rent income or government subsidies. This heritage has impaired the creation of any serious fund raising skills or culture (Becker 1997). An exception, however, is shown by faith-based organisations (FBOs) that demonstrated noticeable efficacy in fund raising.

FBOs make the biggest portion of Arab CSOs. However, it is difficult to give a precise figure of their share because official registers do not record the extent of the religion affiliation of the organisations. Yet, examining organisation names as they appear in the register of CSOs in Egypt for example and their activities that might contain elements typically associated

with FBOs (such as funeral services and organizing pilgrimage trips to Saudi Arabia), show that they exist in abundance. Field research experience of the authors can record three types of FBOs that exist in the Arab World:

(1) Organisations that directly or indirectly belong to, or work under, the umbrella of nationwide religious organisations, such as the Muslim Brotherhood and Al-Gam'eya El-Shar'eya. The parent organisation manages or supervises a nation-wide network of mosques, CSOs and health institutions that provide social assistance, education, health care and social services. It is difficult to ignore the existence of political or religious agendas for such networks that have been traditionally applying their services to win loyalty and support of the local population for their causes (Sullivan and Abed-Kotob 1999).

(2) A number of CSOs and CDAs that claim an Islamic affiliation, but their activities seem to be quite similar in nature and target to other non-FBOs. This gives the impression that those organisations are using their Islamic labelling to gain credibility within communities they serve, rather than to reflect any deep Islamic influence on their doctrine or practice. Some of these establishments have founded their own mosques to provide religious services to their communities.

(3) Local mosques that used to provide informal social assistance at the personal responsibility of mosque leaders; but decided to change the framework of their activities to establish formal CSOs to comply with local registration rules as they develop in every state. Operating through a legal framework also appeals to donors who prefer to get printed stamped receipts for their donations as seen above.

## 1.2. Endowments (Waqf)

With the coming of the socialist regime in Egypt and the spread of this wave in other parts of the region at the beginning of the second half of the 20<sup>th</sup> century, the government became the sole provider of goods and services. In 1952, family *waqf* was abolished by law in Egypt and soon after in Syria. The management of all old endowments was transferred to governments. Christian endowments were exempted by these arrangements in Egypt. The same legal reforms gave the government the right to disburse of the endowments profit followed the State's will rather than the will of the original endower.

These historic conditions shaped the situation of endowments today in the Arab countries. In most of them, Waqf, which was historically the backbone of civil society, became a forgotten practice among civil actors and turned into a government monopoly. Most endowments today remain managed by a government body referred to in most countries as the Ministry of Awqaf (Ministry of Endowments). The benefit forgone for current civil society is the ability to endow cash or properties in a donor's name for eternity as the old system of waqf attempted to do.

Current Civil Society Organisations (CSOs) suffer the lack of autonomy that the old waqf entities have enjoyed, yet there are constant attempts to modernise the law and give civil so-

ciety more freedom in terms of formation, financial sustainability, fundraising, tax benefits and others. Whether such attempts can be feasible or not, depends on governments, which remain authoritative in most Arab and Islamic states and maintain considerable reluctance when it comes to allowing civil society more autonomy. A direct result of such restriction on what can be the main method of financing philanthropic activities is that most philanthropic organisations in the Arab and Islamic World are either semi-governmental or non-for-profits that operate under close supervision by designated governmental departments.

### 1.3. Foundations

With the oil boom of the 1970s, numerous Arab governments began directly or indirectly (through some of their royal families' members) establishing foundations that attempted to copy numerous western models for the delivery of development aid, social assistance, education funding and cultural development. Derya Deniz (2011) lists some of the biggest foundations available. We have added the last foundations that were not on Deniz's list which can be summarised in the following table in the following table.

Foundation	Country	Type	Size	Activity focus	Activity areas	Geographic Scope
Abu Dhabi Fund for Development	UAE	Governmental	\$2.17 billion accumulated capital	Sustainable development	Development project funding by loans	53 countries worldwide
Alwaleed bin Talal Foundation	Saudi Arabia	Charity	\$2.4 billion of grants over the last 30 years	Humanitarian and development aid	Grants to many projects in various fields	60 countries worldwide
Arab Science and Technology Foundation	UAE	Charity	n/a	Promoting scientific research and technology innovations	Provide grants to various projects and research institutions	The Arab World
Dubai Cares	UAE	Charity	\$1 billion budget	Education	Improving infrastructure, health and nutrition, and water and sanitation.	24 developing countries worldwide

Gulf for Good	UAE	Charity	n/a	Children	Building and providing equipment and supplies to schools and hospitals, as well as refurbishing orphanages.	10 countries in Africa and Asia
International Humanitarian City	UAE	Charity	\$1 billion budget	Development and humanitarian assistance	Providing grants to multilateral and international development organizations and U.N. agencies	NGOs and multilateral organizations
Khalifa Bin Zayed Al Nahyan Foundation	UAE	Charity	\$ 50.9 million annual grants	Humanitarian aid	Health, water and sanitation, social infrastructure and other	35 countries worldwide
Kuwait Fund for Arab Economic Development	Kuwait	Governmental	\$7.15 billion authorized capital	Development assistance	Technical assistance to provincial governments, international and regional development institutions, and corporate entities that undertake projects jointly owned by a number of developing countries.	Worldwide
Reach Out to Asia	Qatar	Charity	\$ 20 million budget	Health care and education	Builds or adopts schools, promotes female education and provides vocational training.	10 Asian countries in west and east Asia



Saudi Fund for Development	Saudi Arabia	Governmental	\$8.26 billion authorized capital	Development assistance	Financing development projects and administering loans and grants extended by the Saudi government to developing countries.	Africa and Asia
Silatech	Qatar	Charity	\$ 100 million budget	Economic development and job creation	Promotes large-scale job creation, entrepreneurship, and access to capital and markets for young people	Arab countries
Zayed Bin Sultan Al Nahyan Charitable and Humanitarian Foundation	UAE	Charity	\$13.0 million of grants annually	Development assistance	Range of sectors, most notably education, water and sanitation, and social infrastructure and services	22 COUNTRIES MOSTLY IN Africa
<i>Qatar Foundation</i>	Qatar	Government	n/a	Development assistance	Research, education and social development	Worldwide
<i>Sawiris Foundation for Social Development</i>	Egypt	Charity	n/a	Economic development and job creation	Training, education grants abroad and arranging job placement	Egypt

Table 2: Major Foundations in the Arab World.

Only two of these foundations: Mohammed bin Rashid Al Maktoum Foundation and Sulaiman Abdul Aziz Al Rajhi, can be seen on the list of the world's top foundations occupying 8<sup>th</sup> and 28<sup>th</sup> positions respectively, which reflect the underdevelopment of the foundations sector in the region in comparison the size of philanthropic practice amongst individuals and in light of its importance imposed by religion.

## 5. Case Study: The Aga Khan Foundation

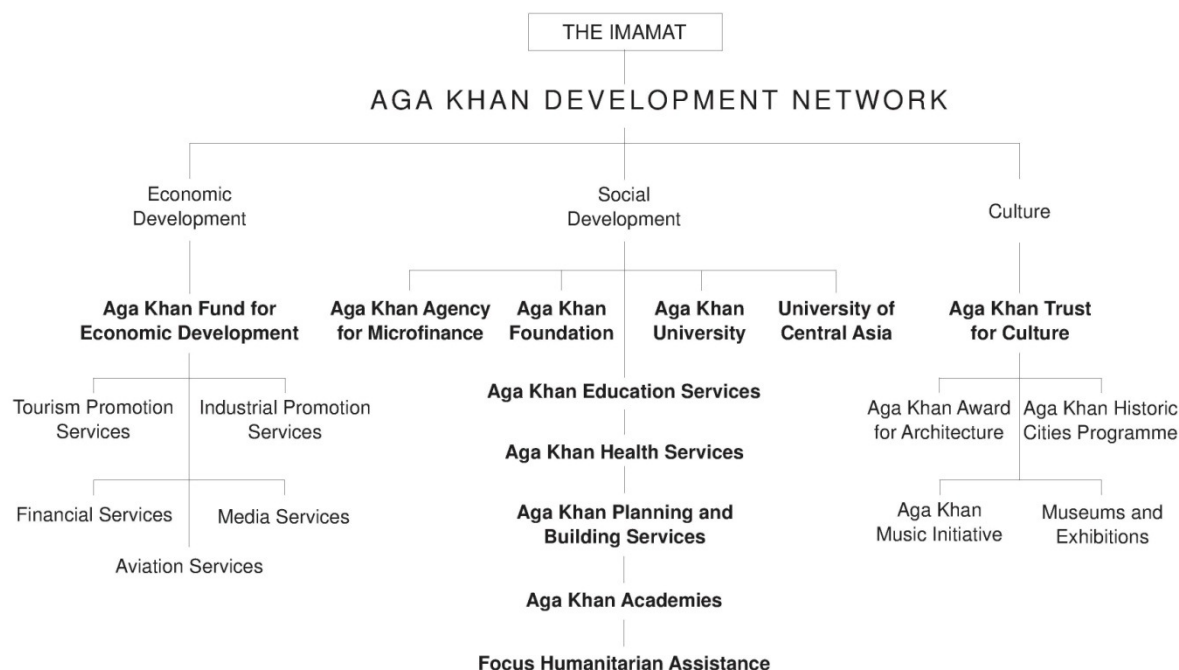
The Aga Khan Development Network (AKDN) inspired and founded by The Aga Khan<sup>10</sup>, is a set of development agencies that are all specialised in different areas such as health and education, architecture and the revitalisation of historic cities and disaster aid, rural development and the promotion of private-sector enterprises. The AKDN consists of 11 organisations working in 30 countries mostly based in the developing world and employing around 80,000 employees. These AKDN organisations are: the Aga Khan Academies (AKA), the Aga Khan Agency for Micro-finance (AKAM), the Aga Khan Education Services (AKES), the Aga Khan Foundation (AKF), the Aga Khan Fund for Economic Development (AKFED), Aga Khan Planning and Building Services (AKPBS), Aga Khan Trust for Culture (AKTC), the Aga Khan University (AKU), FOCUS Humanitarian Assistance and the University of Central Asia (UCA). The AKDN's average annual budget for non-profit development activities is around US\$ 600 million. The project companies of the Aga Khan Fund for Economic Development generated revenues of US\$ 3.5 billion in 2013 (all surpluses are reinvested in further development activities). Due to the size of the network and the limitations of this paper, we shall focus here only of the The Aga Khan Foundation (AKF) as it represents an authentic model of philanthropic practice which matches the focus of this paper. The following diagram shows the structure of the AKFN.

AKF in collaboration with its sister organisations in the AKN, has extensively invested in promoting indigenous philanthropy and in acknowledging the significance of local means giving such as *zakat* and *waqf* and volunteering as a form of sadaqa in promoting development work. The AKF through its field and research work, has also acquired wide knowledge on - and supported the development of locally driven philanthropic models worldwide - whether local associations, community foundations, individual initiatives and most interestingly in supporting centres for the study of philanthropy. One of the leading examples is the support granted to the Pakistan's Centre for Philanthropy. This generous support led to first of its kind data on local philanthropy in Pakistan and to a variety of partnership through knowledge exchange on philanthropy in Muslim countries and those countries with a significant Muslim population.

In the countries where the AKF works, it follows a strategy of closing partnerships with like-minded institutions whether government or private to maximise the benefits of the interventions. AKF is an operating foundation and not a grant-making one. It does receive funding from The Aga Khan yet it also relies on funds from its own endowment that covers its operation costs. Nevertheless, it also receives funds from other entities through its own fundraising initiatives.

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<sup>10</sup> The Aga Khan, the Chairman of the Aga Khan Development Network, is the spiritual leader of the Shia Ismaili Muslims since 1957 succeeding his grandfather, Sir Sultan Mahomed Shah Aga Khan. He is allegedly a direct descendant of Prophet Muhammad.



AKF's Civil Society activities have developed to be part of broader AKDN-wide civil society program. "...civil society [is] a realm of activity which is neither governmental nor commercial, institutions designed to advance the public good, but powered by private energies." (The Aga Khan, *Enabling Environment Conference*, Afghanistan, 2007). In accordance to this belief, investing in civil society organisations is a crucial objective of the AKDN and one that is inviting plenty of partnerships with grass roots civil society organisations, governments and the private sector in the countries the AKF or the AKDN work. This allows the AKF to be sensitive to its local partners' needs for institutional support and also to help promote an enabling environment for the civic sector in their countries. An Africa-enabling environment conference took place in 1986 and work took place in cooperation with different foundations to allow for the promotion of local philanthropy through advanced legal regulations and corporate policies. In year 2000, a conference on indigenous philanthropy took place in Islamabad within which the proposal to establish the Centre for Philanthropy in Pakistan<sup>11</sup> was introduced. The Centre contributed to a wide range of significant studies and researches from quantifying philanthropy in Pakistan to introducing policy changes for a more enabling environment to indigenous philanthropy. In addition, the AKF also invests in establishing NGO Resource Centres like the one launched in Pakistan in 1993 and Zanzibar in 1994 to build the capacity of development-oriented groups, to raise public awareness of the role of civil society and to stimulate an enabling environment for the civic sector. Nevertheless,

<sup>11</sup> <http://www.pcp.org.pk>

important questions need to be raised on the impact of these interventions in a country like Pakistan for example.

Practically, in an attempt to sum up information provided by AKF on its web site, we can see that it focusses on five thematic areas: rural development, health, education, civil society and the environment. Its activities are intended to improve the quality of life of beneficiary communities by assisting in the struggle against hunger, disease, illiteracy, ignorance and social exclusion. AKF's objectives for its programming include as follows:

- Make it possible for the poor to act in ways that lead to long-term improvements in their income and health, in the education of their children and in the environment;
- Provide communities a greater range of choices and the understanding necessary to undertake informed actions;
- Enable beneficiaries to develop confidence and competence to participate in the design and operation of activities that affect the quality of their lives; and
- Put institutional, management and financial structures in place to ensure activities are sustainable without AKF assistance within a reasonable timeframe.

AKF is largely a field-based organisation with programme units located in Afghanistan, Bangladesh, Egypt, India, Kenya, the Kyrgyz Republic, Madagascar, Mali, Mozambique, Pakistan, Portugal, Russia, Syria, Tajikistan, Tanzania and Uganda; resource mobilisation offices in Canada, the United Kingdom and the United States; and headquarters based in Geneva, Switzerland. In Asia, Africa and the Middle East, activities are most often concentrated in rural communities in mountainous, coastal and other remote, resource-poor areas. In Europe, urban peripheries are targeted to address challenges commonly faced by new and often poor immigrant communities. In every context in which it works, the Foundation's efforts are coordinated not only with those of other AKDN agencies, but also with local, national and international partners in order to bring to bear a full package of multiple activities that can spark a long-term process of positive change for these communities and, ultimately, improve their overall quality of life.

The Foundation's oldest country programme is in Pakistan, where many of its activities are undertaken by the Aga Khan Rural Support Programme (AKRSP). The largest country programme is in Afghanistan. Within every developing country context, AKF chooses to focus on certain regions. Criteria for undertaking activity include special needs in impoverished environments as well as the presence of capable implementing organisations. It normally engages a volunteer base locally in order to ensure knowledgeable and culturally sensitive management of local affairs.

## **6. Quantification of philanthropic giving in the Arab World.**

The methodological challenges in quantifying philanthropy relate to the population as a unit of analysis. This is due to the fact that it is difficult in most Arab countries to acquire information and also to receive approval from the governments to carry on surveys. In addition, as human beings tend to believe in the secrecy of religious giving, in many cases it is difficult to get accurate information about the money whether zakat or sadaqat that the people really give. Third, quantifying philanthropy is labour, time and money intensive.

Nevertheless, there have been a number of successful attempts to measure the size of philanthropic giving in the Arab World. For instance, in Egypt, because of the study that we referred to in this work (EL Daly 2005) which used a representative sample of the population relying on the Master Plan for the Egyptian population collected at the Central Agency for Population Mobilisation and Statistics (CAPMAS). In this study, both quantitative and qualitative approaches were used and 2000 units of analysis constituting the households were surveyed. SPSS was used to analyse the quantitative data. The qualitative part of the study used open-ended questions and focus group discussions to explain the trend revealed by the quantitative research. Over 40 researchers were involved in this work, which is highly labour, time and money consuming. The results of the study have not been fully published yet, but they are available for Egypt and six other Islamic countries included in the study at the Ford Foundation.

According to El Daly, in Egypt, local philanthropy was estimated to be LE 5.5 Billion or 1.5 Billion USD. This was a significant number as it showed that the per capita share of philanthropy which was USD 14 was higher than the per capita share of foreign economic aid to Egypt which was USD 13. This figure revealed for the first time the significance of local philanthropy as an economic power. Egyptians as per this study were put on the map of being generous philanthropists as over 62% of the population turned to give annually (2005).

Another country included in the study was Turkey, which we can look at here as an example although it is not an Arab country. The study revealed that 80% of the population there give financial donations annually. Annual local philanthropy was reported to reach around USD 2 Billion. Like Egypt, although a considerable part of the economy, yet philanthropy in Turkey remains personal and lack institutionalisation. Like Egyptians, the Turks also prefer giving to individuals not institutions and philanthropy is faith-based and is reactive rather than proactive.

## 7. Conclusion: The Main Policy Challenges Facing Philanthropy in the Arab World

There are institutional infrastructural barriers to philanthropy in the Arab World. This is evident by the noticeable absence of information on this sector, and in the lack of legal and policy frameworks that encourage giving and volunteering. There are no incentives, other than the individual faith-based and compassion-driven motives, for philanthropy. A recent examination of Arab tax laws (Al Kilani 2013) showed that apart from Lebanon that offers a progressive taxation legislation providing significant incentives for philanthropy, limited attempts to copy this in Jordan, Egypt and Saudi Arabia are all that remain. However, and as demonstrated throughout this review, this faith-based philanthropic culture is a major point of strength that can be capitalised upon as an opportunity for positive change.

As we have seen above, the CSO sector in all Arab countries remain scattered and weak, which may explain our earlier observation that people prefer to give their donations through direct giving to individuals other than to civil society organisations. This is not only a direct consequence of the absence of an encouraging legal environment and good tax-deduction laws. This is also due to the legal constraints imposed on CSOs in all Arab countries that make them financially and structurally weak. The extreme contrast to that comes from state-sponsored philanthropic models mostly present in the Arab Gulf in the form of foundations such as the various ones we looked at in the paper or a model like the AKDN that enjoys autonomy and outreach because of its independent financial resources.

Even after the so-called “Arab Spring”, the quest for more freedoms for the civic sector has brought adverse reactions. The experience in Egypt for instance reflected even greater state influence over associations, with an even more centralised and authoritarian local administrative and political systems (Khalil 2016). This disabling environment remains the biggest challenge facing Arab CSOs and philanthropists of all sizes as cooperation and partnerships remain fragile. Throughout history and until present times, mostly authoritarian Arab governments felt threatened when met by a civil society that is capable of organising itself and when philanthropy became strategic and proactive. It is no surprise how this lack of democratisation in general leads to such suppressive policies.

The relationship between Arab governments and foundations is no exception. On the one hand, Arab governments face various challenges to provide adequate living standards and services to their citizens. Even oil-rich countries are expected to face serious developmental challenges in the near future as oil prices plunge to their lowest levels in decades. We should therefore expect that governments of such countries would be pleased to see strong and capable foundations stepping forward to relieve governments from at least some of this burden. However, the relationship between governments and foundations, especially local ones, remain marked by suspicion and caution. This is an area that needs further investigation specific to each type of foundations, but links can be drawn here to the profound weaknesses within the Arab States themselves, which leave them more at risk when allowing strong elements of civil society to replace the State in providing for the people. The example of the sophisticated relationship between the ultra-conservative Islamic *Al-Gam'eya Al-Shar'eya* and the Egyptian State (Khalil 2014) can be a good illustration of this paradox. This foundation-like network of mosque-based NGOs runs the biggest poverty-assistance and orphan-sponsorship program in Egypt. The program that started in 1912 (Hasan 2009)

can be compared to government-funded social protection schemes that rely on direct cash payments (Hanlon et al 2011) and have been growing in popularity over the past decades. And while the Egyptian government seems happy to see this program continue and has mostly excluded it from its crackdown on Islamist CSOs that followed the military coup of 2013, occasional harassment by government departments on branches of *Al-Gam'eya Al-Shar'eya* that included shutting down some of its branches still occur.

All in all, philanthropy in the Arab countries remains a fascinating area to explore because it can be argued that there is not another part of the globe where philanthropy enjoys the profound position in history and culture as well as the inherited institutional structure that dates back to millenniums in the past that can be seen in the Arab World. However there is a clear gap that separates this glorious past from coping with the rise of philanthropy in modern development theory and practice. Despite the rich history in philanthropy, Arab countries still have a wide knowledge gap to bridge with models of philanthropy such as those found in the USA where philanthropy has become a main pillar in the provision of social services. At the end of this paper, we wonder if bridging this gap can be an area where AFD can have a significant contribution. We believe that this can be an area worth exploring.

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