



THE AMERICAN UNIVERSITY IN CAIRO

THE JOHN D. GERHART CENTER FOR  
PHILANTHROPY AND CIVIC ENGAGEMENT

FROM CHARITY  
TO CHANGE:  
TRENDS IN ARAB  
**PHILANTHROPY**



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## From Charity to Change: *Trends in Arab Philanthropy*

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We hope that this mapping study will stimulate others to invest in developing resources and documentation for the sector. In coming months, the Gerhart Center is committed to continue publishing updates and analysis, and we welcome ideas that will improve our work. This is an exciting time to be part of the renaissance of Arab philanthropy, and we all feel grateful for the opportunity to make a contribution to that effort.

Dr. Barbara Ibrahim, Director  
John D. Gerhart Center for  
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The American University in Cairo  
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## From Charity to Change: *Trends in Arab Philanthropy*

INTRODUCTION:

ARAB PHILANTHROPY IN TRANSITION

*By Dr. Barbara Ibrahim*

### Overview

The Arab region is currently generating unprecedented wealth and creating new generations of wealthy citizens. For the second time in half a century, rapid economic expansion is underway, fueled in part by high oil prices and growth in related sectors. National economies today, however, are more diverse than in the first oil boom of the 1970s. Petroleum and gas exporting countries of the Gulf now have policies in place to capture resource wealth for sounder long-term growth. Sophisticated Arab companies have become globally competitive, including in non-extractive sectors such as telecommunications, construction, and transportation. Meanwhile, international investors are showing increased interest in other emerging capital markets like Egypt and Jordan. As a result the current profile of regional wealth creation is far more diversified than in any previous decade, and appears set to continue independent of global oil pricing.

Meanwhile, demographic shifts and political conflicts are exacerbating some of the region's long-standing socio-economic problems. Youth unemployment, intractable poverty, substandard public services such as health and education, environmental degradation, wars and sectarian strife are among the critical challenges facing Arab societies. Whereas in the past, foreign donor support or government programs would have been looked to for solutions, there is wide consensus today that these alone will not be able to bring about desired change. Arab governments have an uneven track record in responding to the major challenges, but all seem to realize the need to open up spaces for greater citizen participation. The most progressive leaders are creating incentives for stronger partnerships between private and public sector actors. Throughout the region, individuals, families, and companies are seeking new ways to apply their wealth to improve life for their fellow citizens - and increasingly for those in need beyond their borders.



This report explores the ways in which persistent societal problems and wealth creation in the Arab region are driving a new generation of actors to commit their resources for the greater public welfare. Widely known as *philanthropy*, voluntary contributions to causes that serve a public good are a longstanding and important aspect of cultures in the Arab region. What is of particular interest today is the proliferation of ways in which this private giving is being channeled into new institutional forms, and in some cases is becoming more *strategic* in its aims -- by which is meant **utilizing resources effectively to address the underlying causes of important social problems, and ultimately, to resolve them.**

Because individual giving is widespread throughout the region and often very personal in nature, it is not covered by the study. We focus on the ways that philanthropic giving is currently formalized into institutions. This is important because of the greater likelihood that institutions can be replicated and thus become models for others in the sector. It is also crucial because one goal of the present study is to understand how Arab philanthropy is becoming more sustainable and effective. That is most often tied to institutions, which augment the potential impact of individual actors during one lifetime. Institutions are more likely (though not always successful) in cumulating impact, forming alliances, and taking a long-term view of social change. Therefore, the present study is focused on the landscape of philanthropic organizations and the founders and executives behind them.

## Common Language: What is Philanthropy?

The idea of philanthropy does not have a single accepted definition but instead is expressed through many terms around the Arab region. And yet, the meaning underlying the concept is easily understood by everyone; it holds positive valence regardless of class, gender, education, or place of residence. Giving of one's material wealth to benefit those in need is a fundamental tenet of both Islam and Christianity. Studies consistently find that this form of giving is widely practiced at all levels of society and in countries across the region. Some of the difficulty springs from the lack of a single equivalent word in Arabic. A literal translation of the Greek root – love of humanity – is unhelpful.

Recent attempts to capture the idea of modern philanthropy in Arabic include: *ata' al igtima'i* (social giving) and *takaful insaniya* (humanitarian solidarity). Neither of these phrases is in wide usage, however. Many people would simply say “li’llah” (for God). Other terms used by the public to refer to their giving include *ata khairiya* (charitable giving), *zakat* or *ushur* (religious tithing among Muslims and Christians respectively), *birr* or *mabara* (good works), or *sadaqa* (voluntary charitable giving). One of the goals of a public discussion about the emerging field of Arab philanthropy should be to clarify definitions of key concepts and to seek greater consensus around terminology.

Definitions are further complicated by newer ideas that have gained currency in the private sector. Corporate philanthropy and ‘Corporate Social Responsibility’ (CSR) are increasingly attractive concepts that identify the ways in which private business marshals its assets to serve the surrounding community or broader public causes. In addition, some governments are engaged with private actors in initiatives with philanthropic aims.

For the purposes of this study, the research team developed a working definition of philanthropy as the institutionalized pooling and distribution of private resources with the goal of building capacity, sustainable financing and expertise for long-term societal benefit.<sup>1</sup> Our definition of philanthropy, therefore, is narrower than the utilization of private wealth for the public good. Not all of the examples highlighted in this report meet each of the above criteria. However, we found a growing consensus over their importance as worthy objectives for the sector.

## Important Traditions of Giving<sup>2</sup>

The idea of philanthropic giving is closely linked to the Arabic concept of *takaful* or social solidarity.<sup>3</sup> For Christian Arabs, *ushur* is the practice of giving a tenth of one’s wealth or income to those less fortunate in the community. This is often accompanied by giving of time for voluntary service to others. For Muslim Arabs, *zakat* is the practice that most closely encompasses their understanding of giving as both a spiritual and social



obligation. *Zakat* falls under the wider umbrella of charity referred to as *sadaqa*. *Sadaqa jariya* encompasses benevolent acts with an ongoing life, such as distributing religious books or tapes, making educational materials available freely, or planting fruit trees in a public square. Waqf is an important form of *sadaqa jariya* described below.

## *Zakat*

*Zakat* is the third pillar of Islam, a requirement for all believers. The word *zakat*, which appears in 82 verses of the Quran, is most often translated as alms or charitable giving. The social importance of *zakat* is its role in helping in the treatment of poverty. It is seen as a tool for more equitable distribution of wealth, for achieving social stability and solidarity, discouraging hoarding, and encouraging the circulation of capital in the economy.<sup>4</sup> *Zakat* is also seen as a way to spiritually cleanse oneself and purify wealth.<sup>5</sup>

A donor's intention to give solely as an act of piety is a requirement of *zakat*. In many countries, *zakat* is an entirely private matter. A desire not to humiliate the poor underlies the practice of giving in secrecy, and many believe that "special religious merit is gained by giving alms in secret".<sup>6</sup>

There are various forms of *zakat*—a *zakat* on money, on trade, on merchandise, etc. A Muslim is responsible for paying *zakat al mal* (alms on money) equivalent to 2.5 percent of net worth if, after meeting his needs, the believer possesses the equivalent of 85 grams of gold or 600 grams of silver for a period of one year.<sup>7</sup>

Eight categories of people entitled to receive *zakat* are mentioned in the Quran.<sup>8</sup> This issue is of utmost importance because it underlies the organizational structure of charity in all of the countries included in this study. The list includes: the poor, the needy or vulnerable, the administrators of *zakat* funds, recent or potential converts, freed slaves or those in bondage, overburdened debtors, those following the cause of God, and travelers who need to return to their homes. The seventh category is the most open to



interpretation and discussion because while *fi-sabil-illah* literally means “following the cause of Allah,” this has in some circumstances been interpreted as supporting *jihad* (fighting in the name of Islam) and funding the travel of those who cannot afford to perform the *hajj*, or pilgrimage to Mecca.

Today, there is a great deal of discussion about whether *zakat* can be used to contribute to other causes, such as providing support to strengthen charitable institutions, environmental organizations, development projects and cultural institutions. For example, Mufti Nasr Farid Wasel in Egypt issued a *fatwa* that contributing to the building of a cancer treatment center is a form of *zakat*.<sup>9</sup> Abd-Allah interprets category eight to include the sub-category of refugees<sup>10</sup>, but this opinion is not widely held because of discussions about whether recipients of *zakat* must be Muslim. Islamic scholarly opinions on this topic are often confusing and at odds. However, regardless of the area of giving, there is a responsibility to reserve a portion of one’s *zakat* to the poor and the needy. Therefore, most *zakat*-supported organizations distribute primarily to these categories, including orphans and those widows who have no male support and are most clearly identifiable as the ‘deserving poor.’

## Sadaqa

*Sadaqa* is translated as “benevolence”. The main difference between *zakat* and *sadaqa* is that *zakat* is obligatory while *sadaqa*, the broader concept, usually refers to voluntary giving of all types. *Sadaqa* can take many different forms, material and nonmaterial. According to *hadith*, or traditions attributed to the Prophet, every good deed is a form of *sadaqa*: a kind word and a smile are both considered forms of *sadaqa*.<sup>11</sup> The best form of *saqada*, according to another *hadith*, is to pass on knowledge.<sup>12</sup>

*Sadaqa* is often performed through voluntary work, in-kind contributions and free services. It can be given to anyone, with no specific groups designated as recipients.



However, since most charitable organizations are sustained through the receipt of *zakat* funds, spending priorities tend to be in line with the eight *zakat* categories. Since *sadaqa* is less structured, it has recently been explored as a way to extend Muslim CSO work to more development-oriented approaches and support for art, culture, or environmental protection. In addition, *sadaqa* has been utilized as a means of reviving volunteerism, especially among pious youth. In countries like Egypt with large populations in poverty, *sadaqa* is increasingly mobilized to finance micro-enterprise and microfinance credit programs.

## *Waqf*

*Waqf* is an Arabic term meaning to stop, confine, isolate or preserve in perpetuity certain revenue or property for religious or philanthropic purposes. Thus, it resembles and in fact is one of the oldest examples of an endowment. The act of establishing a *waqf* may be performed on behalf of someone who has passed away, by endowing a public water fountain or the construction of a mosque.

A *waqf* endowment (pl. *awqaf*) is a form of ongoing public service that utilizes private wealth to establish projects of public benefit. An individual, a family, group of individuals, or an entity can accumulate the capital for *waqf*. *Waqf* funds may derive from assets such as real estate, land (usually agricultural), buildings, cars, machinery, books, and money. There were traditionally three kinds of *waqf*: charitable *waqf*, familial (heirs) *waqf* and mixed *waqf*, or *waqf* that serves both purposes.

The purpose of a *waqf* is set by the endower and should only be changed in accordance with his/her will. There are numerous ways to allocate *waqf* money, be it through direct benefit (for example, housing people or building a mosque) or investments (financial or agricultural). Historically, most *awqaf* took the form of real estate, and this may still be the case in some Arab Gulf countries. However, there are numerous other ways of financing *awqaf*, including shares, stocks, bonds, and other instruments that have been established by Islamic financial institutions.<sup>13</sup>



*Waqf* as an institution has changed dramatically over time.<sup>14</sup> Historically, *awqaf* were an important source of funding for and played a critical role in the provision of public services, including support for the building of mosques, schools, libraries, hospitals, water supply, cemeteries, gardens, windmills, public transport facilities, parks, roads and the provision of healthcare services for the needy and disabled.<sup>15</sup> Often, revenue from farms, gardens, buildings, shops and industrial plants were channeled towards charitable purposes in the form of *awqaf*. During the Mamluk period after the mid-thirteenth century, more than half of Egypt's agricultural land and the majority of buildings in Cairo were *awqaf*.<sup>16</sup> At the start of the nineteenth century, between half and two-thirds of all property in the Ottoman Empire were held as *awqaf*.

As modern states emerged over the course of the next 150 years, some governments either took over control of *waqf* properties or heavily regulated them. In the countries included in our study, the *waqf* institution was found to be thriving in some, and completely frozen in others. With its important features of sustainability and generation of ongoing funding streams for public causes, *waqf* is a promising model for reinvigoration in the present day.<sup>17</sup>

## Mapping Arab Philanthropy Today: A Beginning

Arab philanthropy is rich in history and contemporary complexity. An entire book has been written about a single charitable endowment in 13th century Jerusalem that continues to feed the poor to this day.<sup>18</sup> Thousands of comparable *waqf* endowments persist and increase across the region, while registered *mo'assasat* (asset-bearing foundations) in just one country (Egypt) now number over 400<sup>19</sup>. Clearly, with such deep traditions of giving, any initial attempt to cover contemporary trends in the Arab region must be in some respects incomplete.





What is novel in the current period is the ways in which some actors are structuring and targeting their giving. These include revamping older forms like the centuries-old *waqf* endowment model, creative uses of religiously-mandated donations (*zakat* and *ushur*), and a variety of other modalities such as social investing, corporate philanthropy, and the establishment of modern grant-making foundations. Another promising trend is toward regional funding institutions, based in one country but governed by a truly pan-Arab board of directors.

The authors have selected eight Arab countries for study that together represent a range of historic and contemporary profiles.<sup>20</sup> They include oil and gas producers such as Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates. Several countries were selected with fewer oil resources but longer histories of civil society organizations (CSOs) involved in social development. Those include Egypt, Jordan, Lebanon, and Palestine.

These eight countries display wide diversity in the contexts in which philanthropy developed. At one end of the spectrum is Palestine, where for many decades the lack of a functioning government led to a proliferation of civil society organizations providing basic services to the Palestinian people. At the opposite end of that continuum, Egypt is emerging from over half a century of tight control over the activities of private social actors, at one point nationalizing *waqf* endowments and appropriating to state actors the sole mandate to address social problems. In other Arab countries, ruling elites use their influence and private wealth to stimulate additional giving among fellow citizens. In all cases, we found a dynamic situation, with new forms of giving emerging and larger scales of philanthropy than at any previous time in recent history.

While this emerging sector is not yet fully documented or networked together, it is nonetheless determined to make significant and lasting contributions to social change. This inspired the title of the present report, *From Charity to Change*. The newer institutions and alliances will never replace charitable giving, nor do they intend to do so.



The leaders behind them are committed to working alongside existing modalities of giving. In some cases they are in dialogue with charitable colleagues and institutions to work jointly or to widen the permissible targets for giving. It is a vibrant moment for Arab philanthropy, and the authors of this report hope that their first efforts at documentation will be a contribution to carrying the work forward.

## Study Approach

In this first of what we hope will be regularly updated reports, we have aimed for breadth of coverage. Each of the eight countries included in the volume merits a fuller survey and more space to convey the diversity of its organized philanthropy. Time and resource constraints made that impossible in the first report. So the authors have settled for a ‘map’ of the major contours of giving in each country, knowing that it will require further refinement and elaboration.

Similarly, we did not follow a rigid formula that would give every country the same space or amount of coverage. Some settings have a longer history of civil society institutions and therefore more research and written material was readily available. Where there has been longer international involvement in philanthropy the documentation was sometimes greater. Larger and older countries may have more complex institutional scenes, while younger states may be more cohesive. And finally, people in some settings are more used to responding to the requests of social researchers for information, and therefore more forthcoming. For all of these reasons, country coverage is uneven in this first report. We count on readers to help in filling in the information gaps so that subsequent publications will be more complete and comprehensive.

Our primary aim is to identify the factors that contribute to a particular national giving scene and the institutional forms of philanthropy found there. For each form, examples are given that offer insight into the areas of work and modes of operation of contemporary giving. Where a number of organizations belong in a single category, such as family foundations, authors have included just one or two examples per country to illustrate the category. These may not be the oldest, or largest, or ‘best’ examples, rather they reflect an effort to provide broad coverage of the range of types of giving in that country.



Because corporate social responsibility is a burgeoning field, and one that others such as UNDP<sup>21</sup> are in the process of documenting, the authors decided not to cover corporate forms of philanthropy extensively in this first study, but to limit themselves to one or two significant examples in some country chapters.

For all of the above reasons, the report should not be read like a directory of organizations but rather as a nautical chart, pointing to important features on the map as a guide for fellow travelers.

## Study Design

Data presented in this report was collected over a nine month period in 2007 by a team of six researchers coordinated at the John. D. Gerhart Center for Philanthropy and Civic Engagement at the American University in Cairo. The premise that guided the study design was that the field of philanthropy is changing rapidly in the Arab region, but those changes are poorly documented and often too new to be widely understood. The goal was to create an initial ‘map’ of the major trends and types of organizations comprising philanthropy in the eight selected countries. We recognized at the outset that this was the first effort of its kind, and that our initial report would be preliminary and indicative rather than definitive and complete.

A core research group consisting of Dina Sherif, Barbara Ibrahim, Mahi Khallaf and Mona Atia met to develop a set of key issue areas around the structure, management, giving philosophy, and programs of philanthropic organizations.<sup>22</sup> They also developed a set of questions around the national culture of giving and the legal, political, and economic factors that shape local philanthropy. This became the basis for an interview guide used by individual researchers, who made one or more visits to the country to conduct interviews and make field visits<sup>23</sup>. Field researchers were selected who had extensive prior knowledge of the country under study and/or of civil society institutions in one or more countries of the region.



Prior to field visits, each author compiled secondary data followed by a desk review of what has been published about philanthropy for each country. Based on that, data gaps were identified and a study strategy developed for each country. In addition, a common set of country-level statistics were compiled as well as historical profiles and thumbnail sketches of the contemporary political, economic and relevant legal contexts. Once in the field, a combination of key informant interviews and case studies of institutions were completed, notes reviewed, and write-ups shared with other authors for comment.

In each country, key advisors were involved from an early stage in framing the central questions for that setting and in arranging interviews with major actors. They provided pivotal information and, in some cases, acted as readers for the draft chapters and assisted in other ways to facilitate the completion of the study. Country chapters were reviewed by other members of the research team and by experts selected for their knowledge of the national scene. We are grateful to all of those who facilitated our work, often under tight time pressures and in environments where there was considerable reluctance to reveal financial or other information about philanthropic giving.

From the outset, it was planned that the results of this first round of data collection would be shared with important stakeholders in a regional consultation. The intent was to invite key actors in the field to respond to the study findings and to reflect on the implications for forward action and 'next steps' to enhance the field. The current version of the study report will be launched with in-depth discussions on January 20<sup>th</sup>-21<sup>st</sup>, 2008 in Dubai, at a consultation co-hosted by the Mohammed Bin Rashid Al Maktoum Foundation and AUC's Gerhart Center. Shortly after, an Arabic version of the report will be circulated in hard and soft formats. Website procedures will be in place for ongoing updating of the information and organizations included in the report and plans are underway to make publication of an update on Arab philanthropy a regular contribution.



## Research Constraints

A number of factors complicated the data collection for this report, not uncommon to other research efforts in the region. Planned study trips had to be postponed more than once when an election or other national event made interviewing impossible. In particular, political conditions in Lebanon restricted travel and limited data collection and Gaza could not be covered as the authors had envisioned.

While the historic record is extensive, documentation of patterns of contemporary giving is scarce. Few governments collect or publish data on private philanthropic giving. While senior advisors in each locale pointed researchers to important institutions and actors, and provided crucial assistance in gaining the confidence of those needed for interviews, authors found that the realm of philanthropy is still surrounded by a great deal of secrecy, especially with regard to financing and the volume of assistance offered. Public disclosure in the form of published annual reports and independent audits of organizations are increasing, but in some places still rare. The management of traditional giving practices such as tithe, *zakat*, *mabarāt* and *waqf* are typically the purview of religious bodies, many of which are only starting to publish information on their holdings.

Additionally, a history of nationalizing private assets and other forms of official interference has made people in some countries wary of disclosing information. In other instances, organizations operate in a segmented fashion so that executive managers are not fully aware of the full financial picture, especially with respect to contributions of the founder or other benefactors.

Another important reason for lack of respondent openness is rooted in religious belief. Both Christian and Muslim traditions discourage giving that is announced to bring acclaim to the giver. Muslim practice is to be discreet in order to also protect the dignity of those receiving the gift.<sup>24</sup> Some philanthropists organize their giving to be completely anonymous. We found these attitudes and practices to be widespread across the Arab region. One national survey of philanthropy in Egypt estimated the volume of all private philanthropic giving at over 5 billion Egyptian pounds (nearly 1 billion dollars). The authors noted, however, that secrecy and underreporting make that figure unreliably low.<sup>25</sup>

While reluctance to share information made the task of compiling this study more difficult, secrecy around philanthropy may have wider implications. By not sharing information, philanthropic organizations remain isolated and do not benefit from the learning that is possible through exchanging best practices and formation of professional networks. Fortunately, the trend toward more openness and transparency among philanthropists is gaining ground, one of the positive findings of this study.

An aspect of secrecy that was not addressed in the present study is the post 09-11 reticence to report on activities that might expose philanthropists to legal or security-related scrutiny. We suspect that the new international atmosphere of suspicion has influenced our ability to gain access to information. Certainly in countries such as Kuwait and Saudi Arabia, post 09-11 pressures have resulted in regulations that restrict spontaneous giving. Additionally, some foundations that would have remained inside the region are now established elsewhere as a strategy to avoid suspicions or the additional scrutiny imposed after 2001.

Another potential area of secrecy surrounds philanthropic activity tied to oppositional politics. The line between funding social services and funding political loyalty may not be firmly drawn in local cultures.<sup>26</sup> In Lebanon and Palestine, our informants pointed to the prevalence of sectarian and political identities as a source of philanthropic initiative. Egypt has a tradition of social services for the poor, students, and others provided by philanthropists with ties to the Muslim Brotherhood. The study does not include activities or groups whose objectives are purely religious or political in nature.<sup>27</sup>

## Emerging Themes from the Study Findings

### *Charity and Change*

The Arab world, with its long and deep traditions of giving and beneficence, is one of the last regions to develop a vigorous modern sector of philanthropic institutions. One finds a high volume of individual generosity, often conducted in private, but a relatively low prevalence of institutionalized philanthropy. Nonetheless, traditional giving practices are



widespread and historically rooted in every country in the study.<sup>28</sup> Arabs have been and remain generous and philanthropically inclined people. Islamic and Christian principles provide the strong bedrock for giving that is supported by even older traditions of Bedouin hospitality to strangers and guests. And yet, institutions that aim to make this giving cumulative and effective are often isolated and only a few decades old.

Why should these disparities exist in a region where benevolent giving had its earliest origins? The search for answers turned up several important factors which this report explores. One is that some venerable religious traditions of institutionalized giving failed to make a robust transition to modern circumstances. Another factor is the prevalence of foreign donor contributions (both public and private) which for decades have dominated the development scene in places like Egypt and Palestine. Other reasons include the relative youthfulness of modern civil society institutions generally. Finally, governments have not always been friendly to private, home-grown institutionalized giving. Or they have attempted to meet the needs for public goods and services without assistance from private sources.

A primary factor that has both stimulated giving and inhibited new expressions of it is the religiously-motivated drive to make charitable contributions. Far from waning in recent decades, religious charitable giving has grown stronger as part of a search for authenticity and a resurgence of religiosity across the region. **By *charitable giving* we mean contributions to causes that alleviate the immediate suffering or wants of people in need.** Both Islam and Christianity call on believers to give from their material wealth to share their good fortune and reduce the suffering of others. This is both a spiritual and social command. Abdullahi Annaim has referred to this type of giving as the provision of consumables, because once the offering of food, clothing, medicines or similar support is depleted, the beneficiary finds him or herself in the same position of want.<sup>29</sup> When communities were smaller and the needs for subsistence less monetized, this system probably functioned well in keeping all members supplied with their daily needs.

The devotion to maintaining religious giving practices is strong and drives ever-increasing scales of giving. Commitment to these practices and the sense of having completed one's religious obligations may deflect impulses toward other forms of giving. Most giving to fulfill religious obligations remains charitable rather than developmental in the choice of targets and therefore relatively short-term in its effects.<sup>30</sup>



As societies have become more complex, the problems of poverty, displacement, exclusion and discrimination have also become more intractable. In the research for this study, we found a growing consensus around the Arab region that longstanding inequities cannot be solved through charity alone. Significant progress toward the solution of the 'big issue' problems of our day will require new approaches and more collective and strategic pooling of resources.

### *States and Private Philanthropy*

Relationships between state and philanthropy in the Arab region were historically complex. Under the centuries of Ottoman rule, Mashreq countries with urban centers (Lebanon, Jordan, Syria, and Palestine) and the Hegaz as well as Egypt developed a vast system of *waqf* endowments to fund good works and prevent property from dissipation or taxation. By and large, those arrangements were respected by generations of rulers. However, in the 20<sup>th</sup> century modern states attempted various degrees of control and appropriation of *waqf* property. This led, in Egypt for example, to nationalization and a halt to the formation of new *awqaf*. More importantly, these actions generated a good deal of reluctance to establish private endowments for fear of interference.<sup>31</sup>

Other countries have managed to revive and modernize the *waqf* model, so that in Kuwait, Saudi Arabia and Qatar, rulers serve as important role models for their establishment. Alternatively, the lack of a recognized government for many years in Palestine created a large vacuum in public services. Civil society organizations and foundations proliferated to fill in the gaps. Political struggles are affecting philanthropic organizations just as they impact all aspects of Palestinian society. Private Diaspora philanthropy has and continues to be of high importance in Palestine.

As a general observation, however, governments of the region are rarely active in the promotion of foundations or endowed philanthropic organizations. Recent studies have shown the serious obstacles placed in the way of registering an independent foundation



and protecting its assets across the region. In late 2007, a draft law in Egypt has proposed to *reduce* the tax advantages previously reserved for charitable foundations. Proactive measures need to be taken in all of the Arab countries covered in this study to create more effective public-private partnerships, improve the legal climate, and encourage institutionalized private giving.

One hopeful sign is the way in which hereditary rulers are providing strong role models for philanthropic giving in a number of Arab countries of the Gulf and in Jordan. Their high profile support for institutions and causes helps to legitimize expanded forms of philanthropic giving. Commitments of time and talents are modeled by 'royals' as well as the giving of wealth. In Lebanon, a former prime minister, Rafiq Hariri was a major benefactor of that country's reconstruction during and after 15 years of destructive civil war.

### *Wealth Creation and Citizen-Business Leaders*

Perhaps at no time since the economic and social surge of the 1920s have businessmen and women played such key roles in public life. During much of the last half of the 20<sup>th</sup> century, the business community remained somewhat aloof from public life, seeking to avoid the state or currying favor just as far as necessary to gain business advantages. Today, some Arab business leaders are redefining their roles as public actors, increasingly seeing themselves as partners with governments and with civil society organizations. The impetus for this new activism is not altogether altruistic. Many have come to recognize that social and economic development for all sectors of society is 'good for business'. At the same time, success in the corporate sphere gives these individuals confidence in their ability to make a positive difference beyond their own commercial interests. They are emerging as founders of non-profit associations and foundations, outspoken advocates for social issues such as the environment, and advisors to government on social, economic, and political reform.

Earlier pioneers in this spirit of what we call **citizen-business leaders**, were great philanthropists such as Abdel Hameed Shuman, founder of the Arab Bank. Their contemporaries today have become active for a variety of reasons. Some may feel pangs of conscience over their large financial successes. Many are motivated to engage in public life by religious convictions. However, they are unlikely to speak outwardly in religious terms. Business leaders interviewed for this report spoke about an identification with the fortunes of their country or the region, a motivation that Asef Bayat calls 'nativism'.<sup>32</sup> Many expressed an impulse to share their gains with those less fortunate. Some say that their personal philosophy parallels that of global Corporate Social Responsibility (CSR), which posits a mutual benefit to business and the country from corporate engagement in the long-term solution of pressing social problems.

A small but growing number of citizen-business leaders seek to be more strategic in deploying their wealth to address large systemic problems. They are concerned about the effects of poor public policy or burgeoning poverty on long-term business prospects. They also see clearly that governments, regardless of the size of revenues in their coffers, cannot fix all of the complex problems of modern societies. Some worry about the growth of corruption as a corollary of government stagnation. They often share a conviction that success in the private sector gives them a set of skills and methods that will enhance the efforts of civic groups *and* government bodies.

### *Varieties of Philanthropic Institutions*

We found that when Arab business and professional leaders engage in philanthropy, they fairly rapidly see the advantages of institutionalizing their involvement. Many do so with a registered fund or endowment established in the name of their family or a parent. We have termed this category *Family Foundations*. Another growing trend is to establish a department inside the privately-owned firm to handle giving or CSR activities. Over time these departments may spin off into a legally independent foundation in the name of the company, operated through a share of annual profits. Throughout the report, these are referred to as *Corporate Foundations*.



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Some variant on these patterns were found in every country surveyed for this report. Where *waqf* structures are viable, as in Qatar and Kuwait, and not too closely controlled, this is a preferred form of endowing private philanthropy. In countries such as Egypt, Lebanon, and UAE, *mo'asasat* (private foundations) are gaining popularity. In a few cases, business entrepreneurs become impatient with the structures they have set in place, preferring to return to spontaneous giving that they can individually control. Most, however, are convinced of the advantages of continuity, impact, and professionalism that are afforded by organized programs of giving.

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An interesting modality we identified emerges when two or more entrepreneurs partner closely with each other on the basis of trust and a common social goal. Because these arrangements can be an outgrowth of long-standing business relations, the author has elsewhere called this form of philanthropic giving the '*Shilla Foundation*'. (*Shilla* is an Arabic term for a closely-knit group of friends who provide mutual support.) This model often expands over time to include a large number of wealthy contributors. The most sustained example of this is the 20 year-old Welfare Association, founded by a group of Palestinian businessmen. Newer but rapidly growing examples also include the Egyptian Food Bank and Ruwwad in Jordan.

A closely related type of philanthropy is the *Community Foundation*, usually with a geographic area or population sub-group as the target of service. Community foundations are still relatively rare in the region, but they provide opportunities for many small contributors to cumulate their donations for more effective benefit of the community.

In terms of their modalities of operation, two types of foundations were noted, those that channel financial resources to other groups in civil society, or *grant-making foundations*, and those that choose to conduct their own in-house programs, or *operating foundations*. While both forms exist, hybrids are also emerging, as well as the tendency for some grant-making organizations to shift over time to greater in-house programming. This reduces the flow of resources to CSOs, causing some tension, and blurs the line between philanthropic and other kinds of civil society organizations.



### *Philanthropy and Corporate Social Responsibility (CSR)*

A number of publications and recent conferences in the Arab region have attempted to distinguish philanthropy from corporate social responsibility<sup>33</sup>. The argument runs that philanthropy as a field should be defined as ‘good deeds’ and monetary contributions for public causes, whereas **CSR relates to the strategic decisions of corporate leaders to orient their businesses toward fair labor practices, protection of natural resources, and solutions to major social problems that expand the economy and therefore improve long-term business prospects.** An example of this dichotomy is that philanthropy would give food or services to the poor, while CSR would improve the products or disposable income available to the poorest consumers, through so-called *pro-poor business strategies*.<sup>34</sup>

Making these distinctions has been an important way of helping to educate the business community away from thinking that a few public relations gestures by their marketing departments qualify as good corporate citizenship or CSR. Businesses that conduct high-profile activities, for example, to clean up the environment while continuing business practices or products that are ultimately harmful need to have these contradictions exposed. And to the extent that the private sector can be more engaged in significant eradication of poverty and want rather than offering ‘band-aid’ local projects, the dichotomy is useful as an advocacy tool.

However, in the course of interviews, the authors of this report found interesting areas of overlap between classic philanthropic activities and corporate responsibility across the region. Business leaders themselves are often the catalysts for both kinds of activities and do not see the two as distinct or contradictory. They may, for example, be utilizing *zakat* contributions from privately-owned business profits to create job-training programs for unemployed poor youth. Company CSR activities might be funded on an annual basis through a mix of budget-line transfer, volunteer time, and private contributions from the firm’s executives and employees.



These creative mixes are in some cases leveraged through lobbying for redefinitions of appropriate *zakat* giving. Business leaders are in the forefront of these innovations. A good example is legal, employment, and psychological counseling programs for refugees. When the traditional *zakat* category of ‘wayfarers’ is redefined to include refugees, who form a large vulnerable population due to war and ethnic displacement in the Arab region, important social benefits are extended to an excluded and underserved group.

As will be seen below, in practice it is virtually impossible to draw clear lines between non-profit and business-related aspects of social service and giving. We found great dynamism and innovation at this interface between corporate and private philanthropy.

### *Philanthropists and Public Life*

Business leaders engaged in philanthropy are often active in other arenas of public life. They write opinion essays in the press, act as advisors to government, serve as legislators and sometimes are active in political parties. This level of public engagement can be met with suspicion in contexts where transparency is absent, or when there are concerns over exclusive circles of political power. But the overlap of philanthropy, politics, and public advocacy is a reality not only in the Arab world, but elsewhere. Some countries have dealt with the issue through legislation, in other places professional associations set standards for the ethical conduct of philanthropy.

### *Civil Society, Public Advocacy and Corporate Responsibility*

Some of the most interesting and creative initiatives in Arab philanthropy are being generated at the interface between civil society, public advocacy, and corporate responsibility. Some of the impetus is coming from multi-national companies, but local citizen-business leaders are increasingly in the forefront. The business and professional communities are revitalizing philanthropy through the application of management expertise and business analysis to social problems. Advocacy groups ally themselves with



philanthropies to marshal greater influence to shape or alter public policy, for example in areas of civil society legal reform. The field of ‘social investing’ is relatively new in the Arab region, involving financial and management skill investments with an intended financial return, but higher tolerance for risk or willingness to defer profit because of an overriding social objective. While still rare, the study uncovers interesting examples of this hybrid area.

### *Laws and Public Policy*

Policies and the legal context of each country we studied play a vital role in shaping philanthropic communities. Authors found considerable frustration among foundation executives about over-regulation or a lack of understanding of their contributions from state actors. Much more documentation and sharing of good practice would be useful among countries of the region. Other lessons can be learned from the divergent policy paths taken in other regions. For example, the slow development of European philanthropy is linked to higher tax burdens and the presence of strong state structures providing welfare services and a safety net to citizens. In the United States by contrast, government had a history of minimal involvement in social welfare while providing generous tax breaks for charitable giving. In that climate, organized philanthropy flourished over the last century; over time it played an increasingly important role not only in covering the gaps in government welfare programs but also providing new vision and models for social change. Arab philanthropic sectors can draw upon the lengthy experiences of other regions to advocate for legal frameworks, tax incentives, and property protections that will encourage the expansion of effective corporate and personal philanthropy.



## Conclusion

The new wealth currently being generated in the Arab region can and must be captured for the greater public good. The region cannot afford to allow disparities of income and access to modern life to remain as unequal as they are today or to further widen. Environmental degradation threatens the future of all societies rich and poor. And transnational problems of labor migration and integration must be addressed for economies to continue to prosper. This is an opportune time to be taking stock of the resources, institutions, and actors that are providing leadership in tackling these issues through the philanthropic sector today.

Hopefully, one of the outcomes of regional consultations and alliances on philanthropy will be to expand the numbers and quality of organizations engaged in the sector. Another will be to set standards that are transparent and appropriate to the region, much as ISO standards are forthcoming for international CSR. Meanwhile, the business-philanthropy interface is just one example of the boundary areas that are sites of innovation in a rapidly changing time for Arab philanthropy.

We offer the eight country chapters that follow in the hopes that they will stimulate dialogue and interest in the issues which they raise. Following the country case studies, a concluding chapter points to areas for future work and suggests collective action to enhance the philanthropic sector in the Arab region. The authors intend to issue a subsequent version of this report in Arabic in early 2008, and to make the publication of new information on Arab philanthropy a regular contribution to this dynamic field.



## Introduction

<sup>1</sup> This definition excludes purely individual or informal giving. It would include, however, institutionalized means of collecting individual contributions if they utilized beyond the community that collected them. It also attempts to distinguish philanthropy from other associations and activities of civil society. See Marwa Daly for a useful discussion of these distinctions in Egypt. CDS 2006.

<sup>2</sup> This Section was contributed by Mona Atia

<sup>3</sup> El-Daly, M. (2006) *Philanthropy in Egypt*. Cairo: Center for Development Services, 53

<sup>4</sup> Emara, N. F. (2003) *Islam: A guide for the perplexed: Study and evaluation of an attempt of application: alleviating poverty in Tafabna Al-Asbraf*. MA thesis, The American University in Cairo, 34-35

<sup>5</sup> Quran 2003:283

<sup>6</sup> Benthall, J. (1999). *Financial worship: The Quranic injunction to almsgiving*. *Journal of the Royal Anthropological Institute*, 5, 33-34

<sup>7</sup> El-Daly, M. (2003) *Private philanthropy in Egypt: institutionalized private philanthropy as a mechanism for sustainable community development*. MA thesis, The American University in Cairo, 57

<sup>8</sup> Surat al Tawba, 9:60

<sup>9</sup> El-Daly, M. (2007). *Philanthropy in Egypt: A comprehensive study on local philanthropy in Egypt and potentials of directing giving and volunteering towards development*. Cairo: Center for Development Studies.

<sup>10</sup> Benthall, *ibid*, 32

<sup>11</sup> *Hadith* ibn al Hambal 8856 cited in Abdel halim Omar A

<sup>12</sup> Abdel ibn al Majeh 91/I number 1844 cited in Abdel Halim Omar A

<sup>13</sup> Abdel Halim Omar. (undated manuscript). A comparison between Western endowments and Islamic waqf.

<sup>14</sup> Bellion-Jourdan, J. & Benthall, J. (2003) *The charitable crescent: Politics of aid in the Muslim world*. London: I.B. Tauris.

<sup>15</sup> Bellion-Jourdan & Benthall *ibid*, 31; El-Daly 2007

<sup>16</sup> Bellion-Jourdan & Benthall, *ibid*, 34

<sup>17</sup> Bellion-Jourdan & Benthall, *ibid*, 30

<sup>18</sup> Singer, A (2002). *Constructing Ottoman beneficence: An imperial soup kitchen in Jerusalem*. New York: State University of New York Press.

<sup>19</sup> El- Daly, M. (2006) *Philanthropy in Egypt*. Cairo: Center for Development Services

<sup>20</sup> In a subsequent study, the authors plan to add Arab countries of North and Sub-Saharan Africa., and to report on new pan-Arab foundations.

<sup>21</sup> United Nations Development Program. (2007). *Business solutions for human development*. Cairo: UNDP.

<sup>22</sup> Helpful input at the design stage was also provided by Barry Gaberman, former Senior vice president, Ford Foundation, and Mohamed al Waked, civil society researcher in Egypt.

<sup>23</sup> In Palestine we were fortunate to identify a local researcher familiar with the CSO landscape. In future rounds of the study, we plan to utilize research teams made up of one local and one regional researcher.

<sup>24</sup> Abdel Halim A. & An-Na'im A. (2006). *Rights-based approach to philanthropy for social justice in Islamic societies*. Working paper, The John D. Gerhart Center for Philanthropy and Civic Engagement.

<sup>25</sup> El-Daly, *ibid*.

<sup>26</sup> Bellion-Jourdan & Benthall, *ibid*.

## *Introduction*

<sup>27</sup> Petersen, M. & Sparre S. (2007). *Islam and civil society: Case studies from Jordan and Egypt*. Copenhagen: Danish Institute for International Studies.

<sup>28</sup> Bellion-Jourdan & Benthall, *ibid.*

<sup>29</sup> Abdel Halim & An-Na'im, *ibid.*

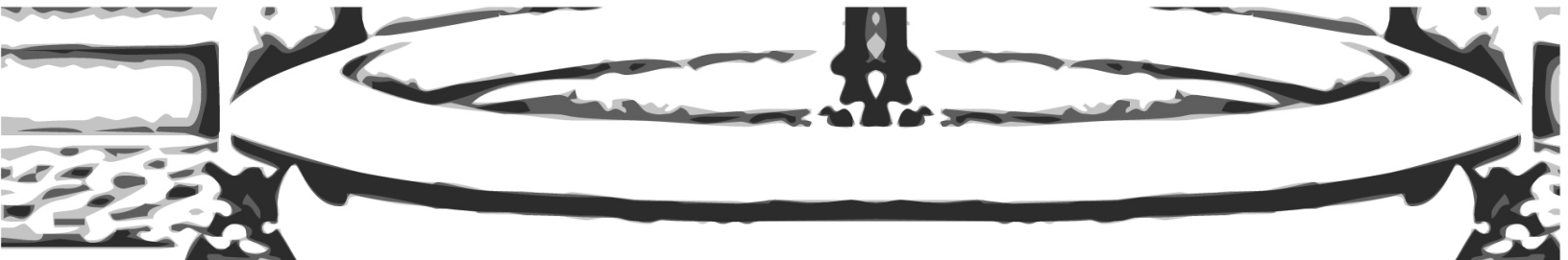
<sup>30</sup> El- Daly, M. (2006) *Philanthropy in Egypt*. Cairo: Center for Development Services

<sup>31</sup> El- Daly, *ibid.*

<sup>32</sup> Bayat, A. (2007). *Making Islam democratic: Social movements and the post-Islamic turn*. California: Stanford University Press.

<sup>33</sup> CSR Summit in Dubai; UNDP, *ibid.*

<sup>34</sup> Prahalad, C.K. (2006). *The fortune at the bottom of the pyramid: Eradicating poverty through profits*. New Jersey: Wharton School Publishing.



ARAB REPUBLIC OF EGYPT

*By Mona Atia*

Overview

Country Level Background

*Egypt at a Glance*

*Modern History*

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Philanthropy in Focus

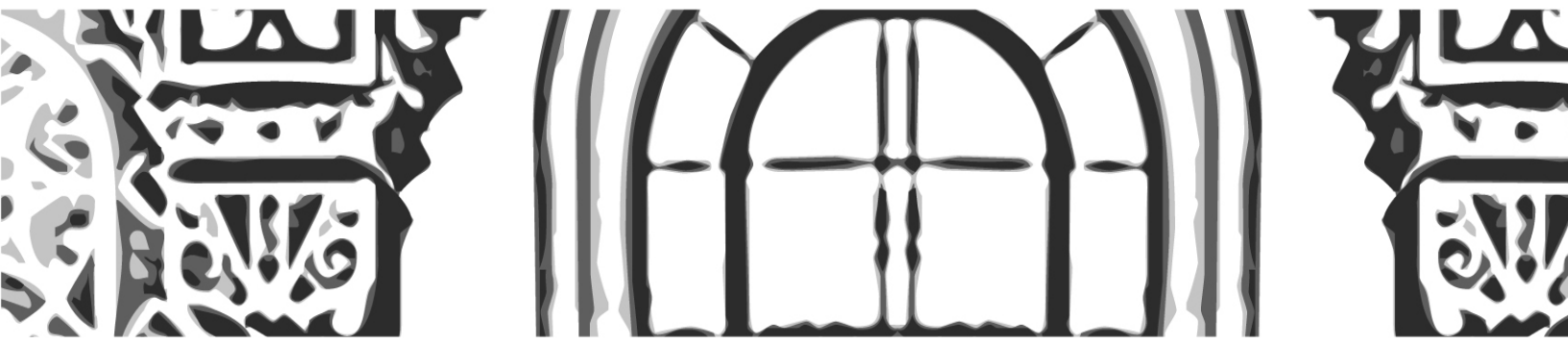
*The Culture of Giving*

*The Legal Environment for Philanthropy*

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## Overview

Egypt's historic role as an intellectual center of the Arab-speaking and Muslim world, its deep-rooted traditions of giving, and the long-standing presence of development organizations in the country make it an important location in which to examine philanthropic trends. As the most populous Arab state, many social trends begin in Egypt, and given its historical position as the Arab world's media provider, it is often considered a benchmark for trends in the region.

As an Arab republic with approximately 90 percent of the population Muslim and a sizable Coptic minority, the country grapples with the role of religion in governance. Religious associations are the bedrock of civil society in Egypt and religious motivations play a central role today in the expansion of philanthropic ventures. Secular civil organizations date from the beginning of the 20<sup>th</sup> century and have emerged as important building blocks of civil society. The large body of research on civil society in Egypt speaks to various forms of organizations, their successes, the obstacles they face as well as the importance of tensions between Islamic traditions and a secular civil society. The philanthropic sector is a clear example of how these tensions play out but can also complement one another. The historical legacy and cultural-religious practices of *zakat*, *sadaqa* and *tithes* continue, while international development approaches emphasize the importance of sustainable and strategic philanthropy to the long-term improvement of the human condition. Currently, the philanthropic sector is experiencing a great deal of change in response to both a religious revival as well as emerging expressions of social responsibility in the private business sector.



## Country Level Background

### Egypt at a Glance

Country Size	997,739 sq.km.
Population	71.35 million
GDP (2006)	USD 107.9 billion
<i>Agriculture</i>	15%
<i>Industry</i>	36%
<i>Services</i>	50%
GDP per capita (2006)	USD 1,489
Unemployment rate (2004)	10%
HDI ranking	0.659
Religious groups	Muslim 90%, Coptic 9%, other Christian 1%
1 Egyptian pound (EGP)	USD 0.18

### Modern History

The post-colonial period of the late 1950s and 1960s was marked by the expansion of the welfare state, to provide nationalized universal free education, job guarantees and security for high school and college graduates, healthcare, social housing, rent control and food subsidies. Major institutions were nationalized in the name of socialism, including banks, insurance companies, basic heavy industries and public works. In the philanthropic sector, control of *awqaf* property, which had been privately administered for centuries, was placed under the Ministry of Endowments (Awqaf) and an Endowment Commission. The custom of establishing *awqaf* for public purposes had fallen out of favor by the mid-20<sup>th</sup> century, and after nationalization, the practice nearly disappeared, with no other mechanism for private endowments taking its place. In the early 1960s, the swelling of the public sector accounted for 40 percent of GDP, but by the mid-1960s, Egypt's economy was hit by severe inflation, declining productivity and depleted national savings as a result of state over-spending<sup>1</sup>.

Economic liberalization began in 1968 and continued via the open-door policy throughout the 1970s. This policy increased foreign trade and investment, established free-trade zones, encouraged the development of the private sector and shifted the focus from redistribution to an efficiency and growth-oriented model. At the same time, state-systems of education and healthcare became underfunded and overburdened, informal housing and squatter settlements proliferated, and parallel private industries of healthcare and education catered to the growing upper class.

In 1992, Egypt instituted a structural adjustment policy that promoted privatization, extended market logic into social affairs, eliminated many state provisions of social services, reduced the state's role in social service and encouraged the proliferation of civil society organizations (CSOs)<sup>2</sup>. Since then, Egypt has embraced neo-liberal policies, the immediate effects of which have been increased consumerism, income polarization, growth of the informal economy and a decline in public infrastructure<sup>3</sup>. Shrinking public services have led low-income Egyptians to increasingly rely on CSOs for social services previously provided by the government<sup>4</sup>. Organizations with religious philosophies have grown much more rapidly than those with secular orientations, yet secular organizations are heavily supported by international aid agencies. The increase in social services provided by civil society organizations is part of a wider revival of popular religious interest and a commitment to social work. This revival can be observed in both Muslim and Christian communities in Egypt.



## The Political Scene

### Type of Government

Egypt is a republic with a partially democratic governing system based on a constitution passed in 1971. The president serves for a renewable term of six years. The current president is Hosni Mubarak, who was recently elected for a fifth six-year term. The most recent election allowed for contending candidates, but Mubarak garnered 90% of the votes, according to post-election statistics. Article 76 of the Constitution (May 2005) requires that prospective presidential candidates either be on the executive board of a political party controlling at least 5 percent of the seats in both houses of Parliament or secure the support of 250 members of parliament and municipal councils.

### National Legislature

The People's Assembly (*Majlis al-sha'b* or lower house) has 444 directly elected members and 10 additional members nominated by the president, all serving five-year terms. The president has powers to dissolve the Assembly. The Consultative Council (*Majlis al-shura* or upper house) has 264 members of whom 176 are directly elected and 88 appointed.

### National Government

The Council of Ministers is the highest administrative and executive body managing the state's affairs. The Cabinet is headed by the Prime Minister, currently Ahmed Nazif. The president is responsible for appointing and dismissing ministers.

### Legal System

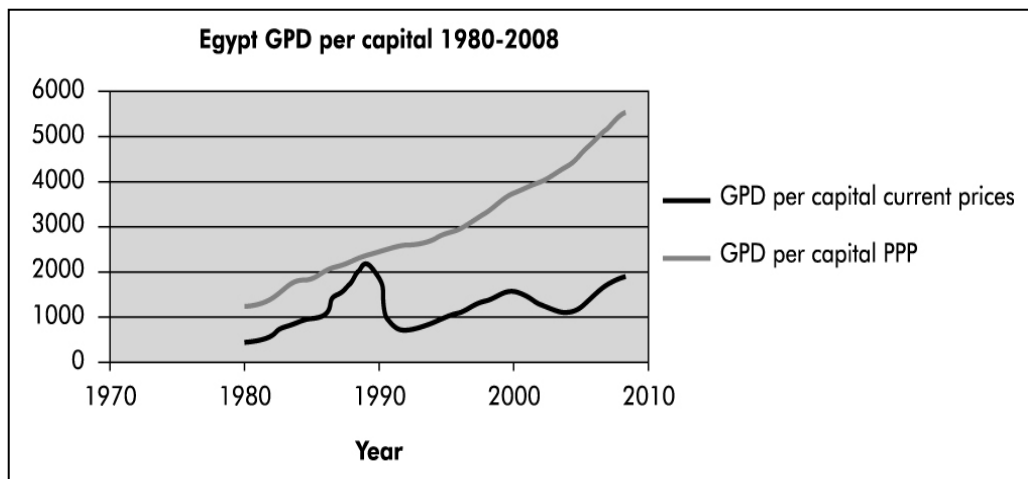
The legal system is based on both Islamic law and civil law that draws its origins from the French legal system. Judicial authority is quasi-independent, with judges having some degree of political clout. The government is able to invoke Emergency Law which is able to circumvent potential judicial rulings.

## The Economy

Economic activity, including services and government investment, is concentrated in the north and in major cities like Cairo and Alexandria. Lack of opportunity outside these areas has created substantial rural-urban migration, with the economies of the cities unable to keep pace. The lingering effects of socialist economic policies still reverberate



within the economy; the bloated public sector as of 2005/06 accounted for one-third of GDP. Tourism is Egypt's most important economic sector, employing directly and indirectly some 2.2 million persons. However, the sector's performance tends to fluctuate sharply with national and international political events, such as the bombings in Sinai and the fallout from September 11<sup>th</sup>. Levels of foreign investment have been plagued by the vagaries of the value of the Egyptian pound, which has in the past few years reached some stability. The petroleum sector receives a large share of foreign investment, while liberalized privatization measures are now drawing foreign direct investment into industries such as telecommunications and tourism. Yet foreign investment figures still lag behind those of more successful developing countries.<sup>5</sup>



Source: International Monetary Fund, World Economic Outlook Database, April 2007

GDP per capita has increased, but fails to accurately reflect the income disparities that exist within the country. The Gini coefficient reflecting distribution of wealth is .344, pointing to an unequal distribution of both wealth and the benefits of economic growth. Although average per capita income is USD 1,488.61 (current prices), the richest 20 percent of the population account for almost 44 percent of income and consumption, while the poorest 20 percent account for approximately 9 percent of income/consumption. Current economic growth, at an impressive seven and a half percent in the first half of 2007, appears to primarily benefit the wealthy minority.



## Philanthropy in Focus

### The Culture of Giving

Egypt has a long history of religiously-motivated contribution of individual wealth, with deep roots in both Muslim and Christian traditions. These include the Muslim giving of *zakat*, required of all believers, as well as voluntary giving, *sadaqa*, and the form of *sadaqa jariya*, perpetual giving, that includes *waqf*. Christians give in the form of *ushur*, or tithe, traditionally ten percent of wealth, and are also active in volunteerism. A survey conducted by the Center for Development Studies found little difference between Muslim and Christian attitudes towards giving<sup>6</sup>.

Attitudes are changing, however, about the targets of individual philanthropy in Egypt. For at least a decade, groups that include international donors, community activists, and the Egyptian Ministry of Social Solidarity have encouraged civil society organizations to be more developmental in their activities rather than to operate as charities. Thus, many of Egypt's 15,000 CSOs are moving away from a charity model that relies largely on handouts and direct social service provision, and towards a development model that emphasizes sustainability, skill-upgrading and microfinance for the disadvantaged. Based on a survey conducted by the Center for Development Studies, Daly found that "philanthropy to create jobs was the most sacred and the most valuable form of social responsibility in the eyes of respondents; especially seen as the responsibility of the private sector."

In the last few years, successful businessmen or their families, many of whom made their money during the recent era of privatization, have begun to institutionalize their giving through the initiation of foundations (*moassasat*). When asked about their giving, these business owners persistently refer to the social obligation of '*takaful*' or social solidarity<sup>7</sup>. Business owners express *takaful* as a religiously inspired proclivity to give back to society, and see their *moassasat* as part of fulfilling their social responsibility to Egyptian society. In addition, they may benefit financially from this type of philanthropy, because Egyptian law gives fiscal incentives that allow individuals and corporations to deduct donations (up to ten percent) from their income before calculating taxes (ICNL).



While these changes are slowly happening, the rise of corporate social responsibility (CSR) as an ethos in the private sector is becoming increasingly influential, with strong support coming from multinationals and UN agencies. Socially responsible business practices are driven by a variety of motives, including improving public image, minimizing detrimental environmental impact, and improving the attractiveness of employment. This growing movement to involve private business in 'good citizenship' and sustainable forms of economic and social development will add momentum to the shift toward development and institutionalized forms of philanthropy.

While CSR is influencing the ways in which Egyptian businessmen and young people go about their giving, charity remains, nonetheless, a strong component of philanthropy. Given its strong roots in religion and the growing needs of a society in transition away from state welfare, charitable giving to the most disadvantaged groups in society will continue to form a strong element of Egyptian philanthropy in the foreseeable future.

### The Legal Environment for Philanthropy

The legacy of restrictions on endowments and confiscation of private property has created a major obstacle to institutional giving in Egypt. The *waqf* institution, in particular, has lost its prominence in Egypt over the past forty years, as a result of the government's overhaul of the *waqf* system, the enactment of new laws regulating *awqaf*, and the levying of taxes and fees on *awqaf*.<sup>8</sup>

In 1946 under Law 48, a number of legal changes occurred that transformed the governance of *awqaf*. The law set out rules regarding the conditions for the establishment, distribution, supervision, preservation, and dissolution of *waqf*. In subsequent years, numerous revisions were made - changes that continue to impede attempts to revive the *waqf* system in Egypt. Law 180 of 1952 cancelled the family *waqf*; Law 247 of 1953 vested the ministry with the power to modify *waqf* expenditure and supervision; Law 51 of 1958 gave government control of agricultural lands that were *awqaf*; Law 122 of the same year gave the government jurisdiction over expired *waqf*; Law 44 of 1962 moved supervision of buildings and land *waqf* to local governorates; and Law 80 of 1971 established the Egyptian Endowment Authority (*Hay'et Al-Awqaf Al-Masreya*).



As a result of these legal steps, new *awqaf* have ceased to be established and existing *waqf* revenue has declined (although financial information is difficult to obtain). The family *waqf* is still prohibited by law, and today, many organizations that would plausibly have been established as *awqaf*, are set up as *moassasat*.

There have been calls for a *waqf* come back in Egypt<sup>9</sup>, modeled after the successful revival of *waqf* in Iran<sup>10</sup>, Turkey<sup>11</sup>, as well as across the Arab Gulf states of Kuwait, Saudi Arabia, Qatar and the UAE. The persistence of government control over *waqf* in Egypt, however, remains a major obstacle. Waqfiyat Al-Maadi, discussed below, is a good example of one attempt in Egypt to revive *waqf* as a relevant and sustainable model for funding development projects.

The rise of *moassasat* is an important response to the decline of *waqf*. But it is also a result of legislative restrictions on the operations of private associations and the occasional government interventions in their affairs.

Private associations in Egypt are governed by Law 84 of 2002. The main features of the law include: regulations regarding the registration process and tax exempt status; a requirement that organizations notify the ministry of any fundraising efforts and obtain advance approval from the ministry for funds from abroad; and the right of government authorities to investigate board member backgrounds and financial records of the organization and to abolish organizations that violate restrictions. The law forbids military or political activities, acts that threaten national unity, disrupt public order or breach ethics, or activities that discriminate among citizens.

Regulations of the law allow organizations to register as either an association (*gamiyya*) or a foundation (*moassasat*). The main differences are that the law requires associations to have ten founding board members, while foundations only need three. Foundations are based on the allocation of a fund rather than the presence of a set of members, and regulations regarding annual meetings and general procedures are simpler for foundations. Since the inclusion of foundations as an acceptable form of organization, nearly 400 foundations have registered with the Ministry of Social Solidarity.

*Moassasat*, then, have become the predominant form of institutionalized philanthropic giving in Egypt. Some of these foundations operate as membership associations, but others (such as the Sawiris Foundation, described below) are beginning to act in ways resembling modern foundations. In that regard, the new legislation has been supportive of a shift from informal charity to the development of an institutionalized philanthropic sector.

## Institutionalized Philanthropy

Developing a typology of philanthropic institutions in Egypt is a difficult and highly contentious task that continues to spark debate among scholars of Egyptian civil society<sup>12</sup>. For the purposes of this report, six “types” of philanthropic institutions in Egypt have been identified, namely operating foundations, grant-making foundations, religious charities, community foundations, private sector partnership or ‘*shilla*’ foundations, and corporate grant-making. A seventh type, venture philanthropy, is now emerging. While this is a useful typology for identifying diversity of organizations, in reality many organizations will have features of more than one type. Classification could be geographically distinct or operationally distinct, but what is clear is that multiple stakeholders are increasingly cooperating to address either a specific cause or a specific area. An explanation of each general type, their organizational structure, roles and obstacles to success are outlined below, followed by illustrative examples from the Egyptian philanthropic sector.

### *Operating Foundations*

Operating foundations are established with an initial sum of funds to be channeled towards a particular cause. The foundation is directly involved in the provision of services or activities. Funding may come from one family, or contributions may be accepted.



## **Al-Noor Foundation**

Al-Noor is an operating foundation with linkages to Al-Maghrabi Group. Al-Noor's mission is to alleviate blindness and visual disease and promote healthy sight. The foundation is a leader in this field, performing clinical work and service delivery that addresses community needs in ophthalmology. The organization participates in action research, community service, and subsidized services. Its specific objectives are to collect reliable and situational analysis; provide accurate data on eye disease; provide high-level eye-care services to the communities they serve; operate as a model for high-volume, quality, sustainable eye-care services; provide knowledge of eye-care issues to the public; and serve as a national policy advocate.

Al-Noor began engaging in charity work in the mid-1990s and was officially established as an NGO in 1997. The organization works in close collaboration with Maghrabi Medical Group, a private sector entity that provides services at market prices. Al-Noor provides the same services at subsidized prices for those that qualify. The administration is the same for both organizations; both buildings are connected by a bridge, and are serviced by the same staff and same facilities.

The donations to establish the organization came from Dr. Akef Al-Maghrabi in his capacity as CEO of the Maghrabi Group Corporation. Currently, however, the foundation's revenues are greater than its operational costs. During the start-up phase, Al Noor was successful in leveraging additional funding. The foundation received support from the Kilimanjaro Center and CIDA during the period 1999-2002 under the International Trachoma Initiative. The foundation was also funded by USAID, the NGO Service Center, the Ebsar Center for the visually impaired, Osman Ibn Al-Osman, and the Egyptian NGO Support Center (Al-Markaz Al-Misri li' Da'm Al-Gameyat Al-Ahlaya). In 2005, their projects became self-sustaining.

The foundation, which has 12 permanent staff, is very much a specialized NGO - structurally and capacity wise. The foundation strongly believes in networks and evolution of services and activities. Some of its CSO partners include Al-Tanweer in



Minya, Asdiqa Al-Amrad in Fayoum, Haya' Al-Quptaya in Minya, Salama Mousa, Gamiyat Al-Saeed, and Caritas. Although it is an operating foundation, Al-Noor is very interested in grant making, and would also like to share its technical training and capacity building regarding other primary eye-care issues as well as gender issues.

### *Grant-Making Foundations*

A number of foundations in Egypt make grants to other CSO organizations working in their areas of focus. Selection criteria are set by the administrators and processes for applying for support vary based on individual institutional cultures. Often, these organizations provide support beyond funding, including strategic advice, technological support, consulting services and feedback.

### **The Sawiris Foundation**

The Sawiris Foundation is thought of as Egypt's first modern family grant-making foundation. Established in April 2001, its goal is to support social development through job creation. The foundation offers grants to intermediary organizations engaged in job training. Cultural and educational work is a secondary goal. The foundation is 'market driven', tailoring its projects around jobs demanded in the marketplace. The Sawiris Foundation has over forty projects, ranging from health, vocational training, and microfinance/credit, to education and professional development, scholarships and literacy awards. Its largest projects are in the healthcare sector.

The Sawiris family has been involved in giving for decades. Yousreya Sawiris, an active national advocate on behalf of the poor, played a pivotal role in institutionalizing the family's work. Dr. Ibrahim Shehata, former Executive Director of the World Bank, helped establish the foundation's by-laws and procedures. The Sawiris Foundation was



the first foundation in Egypt to be based on the dedication of corporate shares to endow the foundation. Due to objections, however, from the Ministry of Social Solidarity stemming from the variable value of stocks, the shares were liquidated. The foundation now has a cash endowment. The board consists of eleven members and an executive committee that meets twice a year.

Operating procedures are well documented and the model for measuring performance is based on deliverables. Grantees are selected competitively. All the organizations the foundation supports must be registered for a minimum of three years, and have the capacity to implement projects successfully and to serve as the intermediary between the foundation, other donors and the trainees. Emphasis is on sustainability, replication and expansion, mainstreaming innovative solutions, and social entrepreneurship.

In addition to funding, the Sawiris foundation provides its grantees with support in monitoring and supervision, capacity building, technical assistance and troubleshooting. The foundation is committed to establishing long-term partnerships with different types of institutions, including local CSOs, universities, international organizations, ministries and local governorates.

### *Religious Charities*

Religious charities are typically registered as associations under Law 84 of 2002. Undoubtedly, some operate without registration, and are therefore difficult to document. Financed largely through individual donations, some organizations additionally receive governmental support or grants from foundations. Their activities tend to center around supporting orphans and female-headed households, and subsidizing medical care for the needy. As part of the shift towards development, many organizations are attempting to include more sustainable projects such as skills training, but the bulk of their support is in the form of food, clothing, medicines, and care for the poor and disadvantaged.

## Al-Orman

The organization began in 1985 and was formalized in 1993 under Ahmed Al-Abbany, Dr. Khaled El Kouri and Dr. Magdy Badran. Al-Orman is one of the largest and most well-known charities in Egypt, with 16 chapters across 16 governorates, covering 15,000 projects in Upper Egypt alone. The organization has traditionally focused on orphan care, but has expanded to include support for cancer victims, micro-enterprise, *qurd bassan* (interest free loans) and vocational training.

At the end of 2006, Al-Orman began developing a philanthropic initiative that involves 40 businessmen in eight villages, utilizing a community/joint foundation model in an attempt to have each businessman completely cover the needs of a particular village. Behind the project is a desire to mobilize private sector expertise and provide funding, planning and supervision from the private sector to help the village improve its standard of living. This project is still at the preliminary phase but work has begun in the eight villages. The businessmen provide the ideas and donations but are not involved at all in the administration. Al-Orman maintains close relations between the businessmen and the villages, including a monthly strategy meeting for businessmen. The organization is working in the areas of skill-building/upgrading, including training for carpet-weavers, potters, and other artisans. The businessmen are financially responsible for a village, from beginning to end, covering food procurement, healthcare, literacy, medical treatment and infrastructure building.

So far, Al-Orman has spent EGP 2,965,000 in private sector funding across the eight villages. The projects include four literacy programs, improved production of milk and cheese products, school improvement programs, sewing projects for girl orphans, medical buses that take patients from their village to a hospital for medical treatment. The goal is to work in 100 villages over the next eight to ten years with an overall cost of EGP 150-200 million in private sector funding.



### *Community Foundations*

Community foundations are initiated by multiple donors who pool their financial resources together for a specific purpose, often focused on a particular place. Similar in form to Egypt's CDAs in terms of their focus on a defined geographic area, community foundations attempt to foster solidarity and civic participation within a community by addressing social needs. Community foundations can potentially play a vital role in urban regeneration or rural development.

#### **Al Maadi Community Foundation (*Waqfeyat Al-Maadi*)**

*Waqfiyat Al-Maadi* was established in 2007 with the aim of reviving and modernizing the *waqf* concept of endowment as a means of creating a sustainable system for channeling and mobilizing local resources towards development. The foundation was set up by a group of residents of Maadi, a Cairo suburb that houses some of the capital's wealthiest residents. Squatter settlements have sprung up on the outskirts of the suburb whose inhabitants are mostly employed in the informal sector and barely able to make ends meet. The foundation serves the seven districts of Maadi as well as several of the settlements.

The work of the Maadi Community Foundation revolves around four main axes:

- Introducing and promoting the *waqf* model of development as a local mechanism for sustainable development, including implementing nationwide awareness campaigns about *waqf* concepts and modern applications.
- Providing social services in Maadi and its outskirts, either directly or through grants to other CSOs.
- Providing facilitation, coordination, and capacity building services to other CSOs and socially responsible businesses.



- Research and development, and creating access to scientific, practical resources using interactive online technologies (through the development of the *Waqfiya* portal) and the existing physical learning resource center on philanthropy, *Diwan Al-Waqfiya*.

The foundation is supported by an endowment to fund its development programs, forge partnerships with CSR initiatives, and collaborate with schools and ministries. In addition to being a foundation, *Al-Waqfeya* is an advocacy organization, lobbying and supporting public education for policy changes and citizen involvement in revival of *waqf*.

### *Private Sector Partnership or ‘Shilla’ Foundations*

*Shilla* or partnership foundations are based on a group of individuals committed to a particular cause or vision, who pool their financial resources and generally play an active role in the foundation, serving as board members or administrators. These foundations arise largely from the efforts of businessmen whose social or religious convictions stimulate their desire to engage in social work. They apply their private sector expertise to a social issue, and their approach tends to be characterized by a focus on strategic planning and sustainability.

### **The Egyptian Food Bank (*Bank Al-Ta’am*)**

The Egyptian Food Bank began as an initiative of a group of business partners, and rapidly grew in scope to become a broader community partnership. Because of the essential role of executives from the corporation Olympic Group such as Niazi Sallam and Wael Olama, the bank is often associated with that corporate entity. Until B-Tech donated a building, the bank was operating out of the Olympic Group’s headquarters in Nasr City.



The overall aim of the Egyptian Food Bank is to ensure a more equitable distribution of food among all Egyptians. The foundation started off as an initiative to pack food for the needy during the month of Ramadan, but the “bank” model is currently being expanded to include vocational training, housing, clothing and medical care.

The foundation has a staff of 15 professionals, who work under the directorship of Moaz Al-Shohdy and whose salaries are paid by sponsorship from businessmen. During the month of Ramadan, several hundred volunteers regularly participate in the packing of food bags, and ninety smaller organizations countrywide help to distribute the bags. Campaign and marketing expenses are covered by other sponsoring companies. Schools such as Cairo International College and American International School are integrating service learning into their curriculum, partly through training students to pack food for the Bank.<sup>13</sup>

Additional activities are being taken on by affiliated businesspeople who would like to work together to address broader social issues. They all share a centralized information technology (IT) unit, a central database for information on partner organizations, equipment, staff, and other infrastructure. Each will rent a space on the foundation’s new premises and work via organizations spread across more than 20 governorates.

This year, the Egyptian Food Bank partnered with United Bank on a coupon campaign for the *Eid al-Adha* lamb sacrifice. One thousand animals were slaughtered in the governorate of Ismailiya and numerous organizational partners were utilized to create a broad distribution network that benefited from economies of scale. Their target for Ramadan 2008 is to have 10,000 cartons of food (each carton feeds five people for a month at a cost of roughly EGP 150). New projects include plans to introduce school feeding and soliciting contributions for the cartons through supermarket shoppers.

On the organizational level, Food Band staff and volunteers are training CSOs in social marketing skills and fundraising. They are also building a social network and expanding their relationships with other businessmen. The board is focusing on institutionalizing their management processes and developing their infrastructure, including expanding their shared database.



### *Corporate Grant-Making*

Corporate grants are usually channeled through a unit within a company or a legally registered entity associated with the corporation. In this study, we chose to focus on corporate entities that have actually set up a separate legal entity for their giving, thereby demonstrating long-term commitment. These entities contribute to social or environmental causes through in-kind contributions, sponsorship of activities, or grants. The corporation sets aside funds of some kind for this purpose (e.g. a set percentage of profits, or shares from the company, or an annual budgetary allocation). Multinational corporations have been the key players in the CSR movement worldwide, although many Egyptian business owners have been involved in similar activities without referring to them as CSR or setting up a distinct business unit to manage their giving.

### **EFG Hermes Foundation**

The mission of EFG Hermes Foundation is to help people and institutions overcome the financial, educational and health-related challenges facing society. The foundation supports innovative and sustainable programs that increase the opportunities for those most in need to make a positive change in their local communities. Established at the end of 2006, the foundation is still in its early stages; however, the corporation has been involved in charity and social responsibility for some time now.

EFG Hermes Foundation has initiated several projects, including a full scholarship program for students pursuing studies that support the foundation's mission. The foundation has allocated EGP 3 million to the United for Children Project: Keeping Children Out of the Streets Initiative. Implemented in partnership with UNICEF, the project seeks to help prevent children from living on the street, while protecting those who are already there. The project also supports the building of a permanent facility in Mokattam for the Young Street Mothers' Shelter, the first of its kind in Egypt. An additional EGP 3 million has been set aside to support the Egyptian Paralympics (special needs Olympics) and EGP 450,000 are going towards a paper and graphics center in



which underprivileged youth will engage in the art of recycled paper making and graphic arts. The foundation has also allocated EGP 250,000 to a Youth Sustainability and Viability Fund aimed at building Egyptian youth civil society by supporting emerging NGOs. In the future, the fund will act as a liaison between youth NGOs and corporate sector specialists.

EFG Hermes Foundation is also supporting two projects in Minya Governorate. The first is being implemented at a cost of EGP 2 million over a three-year period through the Habitat Project and a partnership between the Nazlet Hussein Housing Project and the Better Life Association for Comprehensive Development (BLACD), and involves the provision of loans by BLACD to needy families to construct or rebuild their homes. The second, a water and latrine facilities initiative also implemented in association with BLACD, aims to install water taps and latrines in 3,000 homes. The foundation has allocated EGP 500,000 to the project.

Finally, the foundation is working with the Egyptian NGO Nahdet Al-Mahrousa on the Hepatitis C and blood-borne viruses awareness campaign and combat project at Al-Kasr Al-Aini Hospital. They will provide medical equipment, training for nurses and patients about prevention, as well as implement a national TV awareness campaign at a cost of EGP 2,092,000 over two years.

### *Venture Philanthropy*

Venture philanthropy has received a great deal of attention in the 21<sup>st</sup> century. A new wave of philanthropic ventures is emerging that borrows from the practice of venture capitalists, seeking to provide funding, technical expertise and strategic thinking to promising social enterprises with the expectation of results and accountability. Venture Philanthropy Partners (VPP), a philanthropic investment organization, defines venture philanthropy as “the process of adapting strategic investment management practices to the nonprofit sector to build organizations able to generate high social rates of return on their investments.”<sup>14</sup> AlFanoor Community Foundation is an example of this emerging trend.



## **AlFanar Community Foundation**

Previously known as the Arab Learning Initiative, AlFanar (lighthouse) was established by Tarek Ben Halim in the United Kingdom in 2004 and later in Egypt in 2005. AlFanar is a non-governmental, non-profit venture philanthropy fund that supports innovative civil society organizations in the Arab region with the aim of promoting social change. One of the foundation's long-term goals is to support grassroots organizations in the Arab region that demonstrate an ability to become partially or completely financially sustainable and, as a result, less dependent on donors and more capable of responding to the direct needs of their communities.

AlFanar has adopted a venture philanthropy approach in the sense that it acts as a channel between innovative and promising ideas and available resources from within the region. The organization is pooling financial resources from Arab philanthropists, multinational corporations and international organizations that have an interest in the region. AlFanar has received funds from the Westminster Foundation for Democracy and Shell. As yet, however, no endowment has been set up.

AlFanar provides grants to organizations seeking to address deep-rooted problems of inequality in a variety of sectors, including, but not limited to, education, health, capacity building, women's empowerment and human rights. A heavy focus is placed on the sustainability of the funded projects. Accordingly, AlFanar adopts a very 'hands-on' approach that involves building the capacity of grantee CSOs in the hope that the groups they work with will move beyond dependency on donor funding. Although it is heavily supported by members of the private sector, AlFanar is an independent organization that is not affiliated to any government or private enterprise.

AlFanar plans to expand throughout the region over the next few years, starting with Morocco in 2008. AlFanar has funded a total of 6 programs in Egypt, one of which is in partnership with the Minya-based Wadi El Nil Association, an offshoot of the Better Life Foundation. In 2005-2006, Wadi El Nil set up a revolving credit program to extend loans to quarry owners to enable them to upgrade their machinery, introduce on-site safety measures and provide workers with protective gear. A feasibility study showed that



the planned upgrade would not only create a safer and healthier working environment for the workers, but would also increase production and, hence, the profitability of the quarry. As the loans are repaid, credit will be extended for the upgrade of other quarries, ensuring the continuation of the cycle and sustainability of the project. Twelve loans have been disbursed to date, with an 85 percent success rate, and another 10 loans were scheduled for disbursement in 2007.

AlFonar has four trustees: Tarek Ben Halim, Laila Iskander, Julia Middleton and Lubna S. Olayan. The foundation has four staff members, three of whom are based in Cairo. The fourth is a trustee and founding member. AlFonar also has a UK-based consultant who works on specific projects. The foundation is hiring a senior level managing director who will be based in the United Kingdom and will oversee the expansion of AlFonar into other areas of the region. No project evaluations or impact assessments have yet been conducted, but a monitoring system will be developed for the projects being funded. Currently, regular progress reports are required, and weekly visits are conducted to project sites.



## Conclusion

Private philanthropic giving in Egypt is estimated at no less than EGP 5.5 billion annually<sup>15</sup>, and Egyptian philanthropy is experiencing a period of vigorous transformation. The revival of religious benevolence, adaptive government attitudes towards private sector social ventures, expanding national and region-wide interest in social responsibility, and a conviction that charity needs to be supplemented with sustainable institutions that support development initiatives, are just a few of the factors driving institutional philanthropy in Egypt. Many obstacles, however, remain. A lack of trust stemming from the historical legacy of government confiscation of family, community and other endowments has left many hesitant to participate in institutionalized giving. Egyptians continue to prefer informal channels of giving over institutional forms, largely a product of a cultural and religious conviction that philanthropy is best given discretely and without public knowledge. Wariness regarding the motivations of corporate social responsibility ventures stunts the growth of such initiatives. The sector still lacks trusted entities for certifying and developing capacity for philanthropic ventures and ensuring transparency. Self-regulation and a means of providing legitimacy to organizations would help create greater trust. Finally, public education and the highlighting of best practices would serve to inspire others to emulate these pioneering foundation leaders.

The institutionalization of philanthropy in Egypt will require a serious commitment by the Egyptian government, especially through training and capacity building for the units that oversee *moasassat* affairs. This is an emerging area in which a number of government leaders are currently taking interest. The sector will experience enhanced growth over time if government, CSOs, the private sector and, ultimately, individual donors work together to overcome the obstacles. Organizations such as those profiled above provide signs of healthy diversity and expansion. The Gerhart Center will continue to document and support the further development of Egypt's philanthropic sector.



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<sup>1</sup> Bayat, A. 2006.

<sup>2</sup> Zetter and Hamza 2004.

<sup>3</sup> Bayat, A. 2006. Page 135.

<sup>4</sup> Abdelrahman 2005, Clark 2004, Bayat 2003.

<sup>5</sup> Data taken from International Monetary Fund, World Economic Outlook Database, April 2007. Estimates start after 2005.

<sup>6</sup> Daly, M. 2007 page141.

<sup>7</sup> Takaful translates as social solidarity but today is used in Islamic banking and finance as Islamic insurance.

<sup>8</sup> Abdel halim Omar, waqf/west

<sup>9</sup> Douara 2007.

<sup>10</sup> Documented by Fariba Adelhah

<sup>11</sup> Documented by Murat Cizakca

<sup>12</sup> See for example the work of Amani Kandil, Sara Bin-Nafissa, Maha Abdelrahman, Asef Bayat, Denis Sullivan, and Diane Singerman for different categorizations of the third sector in Egypt.

<sup>13</sup> Service learning is a faculty-initiated process by which students are involved in community engagement with explicit learning objects that contribute to their academic understanding, civic development and personal growth.

<sup>14</sup> See Community Wealth Ventures, "Venture Philanthropy 2001: The Changing Landscape" prepared for Venture Philanthropy Partners. <http://www.vppartners.org/learning/reports/report2001/report2001.html>

<sup>15</sup> CDS 2007



THE HASHEMITE KINGDOM OF JORDAN

*By Dina Sherif*

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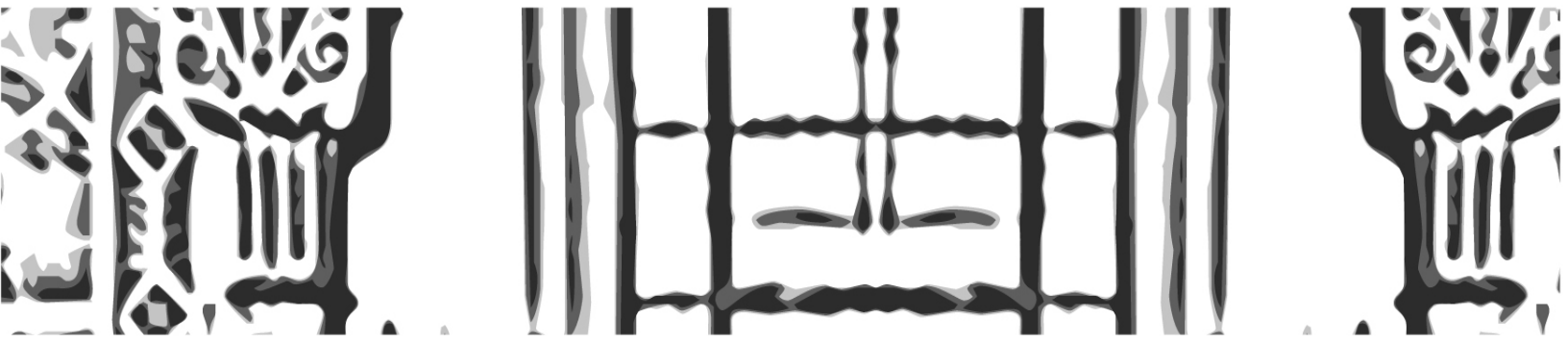
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## Overview

The Hashemite Kingdom of Jordan is situated in a regional hotspot, surrounded by Syria to the north, Iraq to the northeast, Saudi Arabia to the east and south, and the West Bank and Israel to the west. This geopolitical position makes the country vulnerable from a security perspective. Jordan has accommodated thousands of Palestinian and Iraqi refugees over the years, a factor that has impacted all aspects of the Kingdom's public life, from politics to the economy to the nature of philanthropic giving.

Unlike many of its neighbors, Jordan is lacking in natural resources. Nevertheless, the Kingdom continues to grow and develop. During the reign of His Majesty King Hussein, a conscious effort was made to invest in human resources as the basic wealth of the kingdom. This has continued under Their Majesties King Abdullah II Bin Al Hussein and Queen Rania Al Abdullah, with strong investments in education, social programs, and job creation. Recent economic growth has created an expanded sector of successful entrepreneurs, as well as a growing professional class. Simultaneously, consistent efforts have been made on behalf of the Royal Family - in particular HM Queen Rania - to encourage the private sector and wealthy individuals to give back to their surrounding communities.

Jordanian culture is founded on tribal and religious-based principles of generosity and giving. While giving was mostly charitable in the past, the modernization of the country coupled with attempts to become more competitive in the global arena have led to a transformation in the overall culture of giving. Businesses and wealthy individuals are directing increasing attention to the long-term impact that their contributions will make. As a result, giving has gradually become more institutionalized and strategic.



## Country Level Background

### *Jordan at a Glance'*

Country size	92,300 sq. km.
Population (2006)	5.63 million
<i>National</i>	93%
<i>Non-national</i>	7%
GDP (2006)	USD 14.3 billion
GDP PPP (2006)	USD 31.2 billion
<i>Services</i>	68%
<i>Manufacturing</i>	19%
<i>Construction</i>	5%
<i>Electricity, gas &amp; water</i>	3%
GDP per capita (2006)	USD 2,544
GDP per capita PPP (2006)	USD 5,209
HDI ranking	86/177
Religious groups	Muslim ( <i>Sunni</i> ) 92%, Christian 6%, Other 2%
I Jordanian dinar (JOD)	USD 1.41

### *Modern History*

Modern day Jordan, initially known as Transjordan, was created after the dissolution of the Ottoman Empire in the wake of WWI. It has undergone several border changes and demographic shifts, the greatest of which was a massive influx of Palestinian refugees following the creation of the Israeli state in 1948, and another wave of Palestinian refugees in the 1967 war. Today, an estimated 40 percent of the country's population is of Palestinian descent. Over the past four years, another massive influx of refugees, this time from Iraq, has driven up prices and intensified existing shortages of employment and housing.



## The Political Scene

The Hashemite ruling family traces its legitimacy to the descendants of the Prophet Mohamed. Although the 1952 Jordanian constitution effectively left legislation in the hands of an elected parliament, the political turmoil resulting from the 1967 war led to nearly two decades of imposed martial law. During the 1980s, an economic crisis emerged on the heels of high levels of debt and inflation, compromising the ability of the state to provide basic goods and services. Riots in 1989 fueled by the removal of subsidies led to liberalized political policies as a means to mitigate economic hardship. Martial law was lifted in 1991.

### Type of Government

The government is based on a constitutional monarchy. The constitution, which was issued in 1952, provides for a directly elected parliament. Executive authority is vested in the monarch, King Abdullah, and a Council of Ministers headed by a prime minister, currently Nader Thahabi.

### National Legislature

The legislature consists of a bicameral National Assembly. The Senate, known as *Majlis al-Umma* or *Majlis al-Ayan* (House of Notables) has 40 members appointed by the monarch. The Chamber of Deputies, known as *Majlis al-Nuwwab* (House of Representatives), is comprised of 110 members elected by popular vote.

### Legal System

The legal system is based on Islamic and French codes, with judicial review of legislative acts occurring in a special High Tribunal. The constitution provides for three categories of courts: civil courts, religious courts, and special courts.

National elections were last held at the end of 2007. Opposition groups such as the Islamic Action Front (IAF), the political arm of the Muslim Brotherhood in Jordan, have agreed to ease efforts to mobilize public opinion against Jordan's pro-U.S. alignment, in return for economic progress, limited freedom of expression, and the right to political participation.<sup>2</sup>



The issue of political participation has been contentious since a 2007 law was passed that weakened smaller parties and lent support to fewer but stronger ones. The law promises annual government funding, the establishment of individual media outlets without prior permission, and a reduction in the number of founding members required from 500 to 250. Parties fall under the jurisdiction of the Ministry of the Interior. They are not allowed to obtain funds from professional associations, charities or religious groups.<sup>3</sup>

## *The Economy*

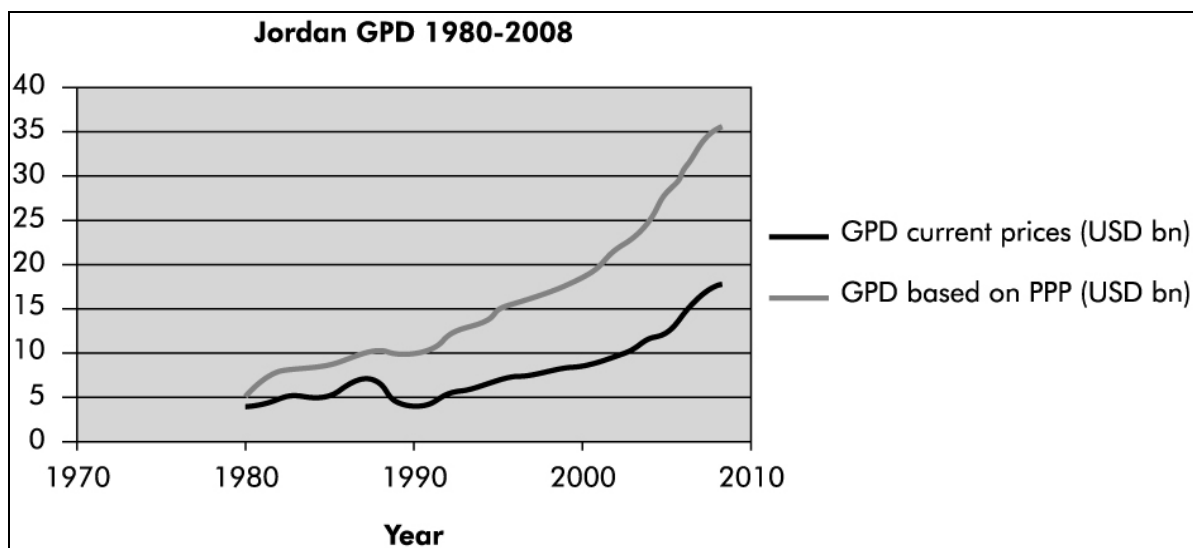
Classified as a low- to middle-income country by international standards, Jordan boasts one of the highest per-capita disposable incomes in comparison to other emerging nations in the sub-region. Despite its location in the crossfire of several regional political conflicts over the last fifty years, the Kingdom's ability to maintain social and political stability within its borders has translated into a relatively stable economy. This economic stability stems in part from the country's high levels of unilateral transfers in the form of workers' remittances and donor grants. But while the internal political atmosphere may encourage growth, external political turmoil – particularly the increasing number of refugees turning to Jordan – have complicated the country's efforts towards sustainable growth and have contributed to some of Jordan's major social, political, and economic challenges.

Jordan suffers from insufficient supplies of water, oil, and other natural resources. Due to the ongoing war in Iraq – traditionally the Kingdom's main oil supplier – the Jordanian government has had to remove subsidies on oil prices and increase the sales tax base, as well as turn to other Gulf nations for petroleum resources. Jordan's export market, similarly dependent on the Iraqi economy, has also been affected by the war but has recovered somewhat through contributions to the Iraq recovery effort. Lack of water continues to present a serious challenge to Jordan's future economic growth; increasing the water supply and better management and conservation are highest policy priorities.



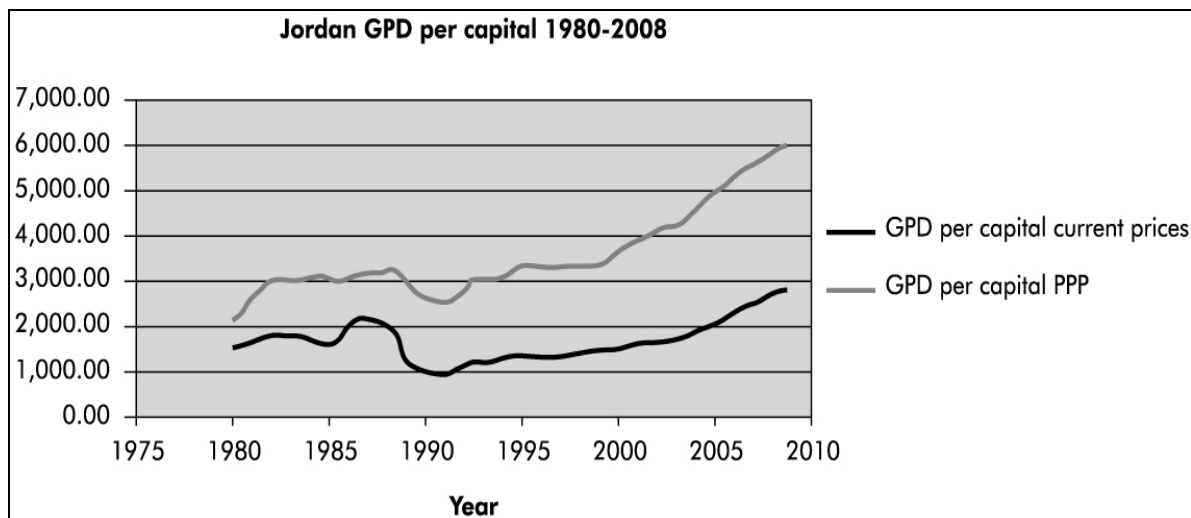
Despite a mild recession in 2003, the Jordanian economy continues to perform steadily. Net flows of foreign direct investment reached USD 801 million in 2000, but then decreased to USD 620.3 million in 2004 due to the Kingdom's close proximity to the Iraqi war zone.<sup>4</sup>

Recently, there has also been an increase in Arab investments, with companies like the UAE-based Emaar investing heavily in construction. In addition, the government has been actively trying to promote free trade by establishing 'free zones' like the Aqaba Special Economic Zone, which was established in 2007 using Dubai's free zones as a model. Considering all the outside forces impacting the economy, Jordan has still managed to achieve positive growth in its GDP per capita.



*Source:* International Monetary Fund, World Economic Outlook Database, April 2007<sup>5</sup>





Source: International Monetary Fund, World Economic Outlook Database, April 2007<sup>6</sup>

Since assuming the throne in 1999, HM King Abdullah has enacted sweeping economic reforms in an effort to improve living standards and alleviate poverty, unemployment, and inflation. In 2002, Jordan completed its most recent IMF program and continues to follow IMF guidelines on monetary policy and on making substantial headway with privatization. Liberalized trade measures have secured Jordan membership in the WTO (2000), a free-trade accord with the US (2001), and an association agreement with the EU (2001). Other efforts include improvements to commercial laws, reforming financial and capital markets, greater support for small and medium-sized businesses, and strengthening the information and communications technology sector. These measures have helped improve productivity and have created more opportunities for foreign investment. Yet Jordan still faces major economic challenges, such as reducing dependence on foreign grants, reducing the budget deficit, and attracting more investment to promote job creation.

The national vision involves galvanizing the young population of Jordan, transforming the Kingdom into a modern knowledge-based economy, enhancing human capital and eliminating poverty, and modernizing the country's economic, institutional and political infrastructure.

## Philanthropy in Focus

### *The Culture of Giving*

Philanthropy and social causes receive exceptional attention from the ruling family in Jordan. According to Her Royal Highness Princess Haya Bint Al Hussein, giving is a way of life strongly integrated into the upbringing of members of the Hashemite family, most of whom adopt their own cause in adulthood to which they systematically contribute time and energy. They often see their role as one of catalyzing action and mobilizing funds rather than serving primarily as a financial donor. This tradition evolved during the reign of HM King Hussein Bin Talal, when siblings established important social and cultural programs, and Their Majesties the late Queen Alia and Queen Noor Al Hussein each actively dedicating their time and energy to the development of Jordan, with Queen Noor spearheading the establishment of the Noor Al Hussein Foundation, for example.

HM Queen Rania has introduced a new approach that involves engaging the private sector as a strategic partner for social change. Her programs build upon the tradition of social work and charitable activities, while encouraging more systemic and sustainable development. According to HM Queen Rania, who views the investment of time as equally important to the investment of money, philanthropy should be “engrained” into the culture and taught as part of the basic socialization of all youth.<sup>7</sup>

An important aspect of Jordan’s culture of giving is the system of associations widely known as Royal non-governmental organizations (RNGOs). The royal family has traditionally seen one of its roles as providing models for institutionalized social welfare, where individual members of the Hashemite family have lent their name and involvement to associations in support of culture, healthcare, education and general social development. RNGOs in Jordan have recently made attempts to move beyond the model of operating NGOs surviving on grants from the international donor community. These organizations are gradually transforming into entrepreneurial, asset-bearing, grant-giving institutions. RNGOs encountered throughout the research for this study, such as the

Jordan River Foundation (JRF) and the Noor Al Hussein Foundation described below, have negotiated endowment funds from bilateral donors, and in the case of JRF, for example, the funds are further supplemented by contributions from the corporate sector or from individual philanthropists.

Increased liberalization of the economy has resulted in increased wealth for the business and entrepreneurial class, an overall rise in local small and medium-sized enterprises, and a process of graduation for some companies into large-scale businesses. While there is room to criticize the increasing gaps between rich and poor, it is also the case that the growth and affluence of the Jordanian private sector has been accompanied by higher levels of commitment to social responsibility. Just as the government has supported private sector growth, so have they pushed for private sector involvement in the resolution of basic social problems.

Until recently, private sector involvement in social issues took the form of giving that was, by and large, charitable in nature. Typically, the corporate sector became 'grant givers' in response to worthy requests from the surrounding community. Although unquestionably laudable, one could label such attempts more reactive than proactive. A company would receive a grant proposal from an NGO and issue a check in response. But while the private sector was responsive to the financial needs of members of civil society, corporate social responsibility (CSR) was not formally integrated as a corporate policy *per se*.

Recently, this approach has shifted, with members of the private sector beginning to see themselves not just as providers of financial resources, but as partners in the development process, offering skills and business acumen in addition to funds. Likewise, some wealthy individuals are less likely to give only for charitable causes, preferring to invest in development projects that are longer term and more sustainable.<sup>8</sup> Because of this, Jordan is experiencing an increase in private foundations, in the provision of expertise in addition to money, and in other innovations in giving.



On the whole, the culture of giving in Jordan, like its geopolitical status, is complex and in transition. While more traditional forms of charity continue to exist, there is clear evidence that giving in Jordan is becoming more strategic and geared towards societal change.

### *The Legal Environment for Philanthropy*

All forms of group work and collective action in Jordan must be registered with a ministry, which is charged with reporting and inspecting collective activities within its administrative purview.<sup>9</sup> According to Jordanian Law No.33/1966, charitable associations fall under the supervision of the Ministry of Social Affairs, while social and professional associations come under the supervision of the Minister of Interior. The procedures and by-laws of both secular and religious associations must be approved in advance by the relevant administrative authority, which may accept or reject the application for incorporation. A non-religiously affiliated association must obtain prior permission from the designated administrative authority to receive and distribute funds and/or grants. The designated authority has the right to dissolve any association.

Religious organizations and congregations must obtain prior permission from the corresponding minister to make any new amendment to their services. The Minister of Interior has the authority to dissolve these organizations, which has in fact happened in the past. Generally, religious organizations must follow the same guidelines as non-religious associations, but they enjoy more freedom in receiving and distributing funds, offering grants and giving aid to the poor and needy. Charitable associations, social, ordinary, and religious organizations and congregations are governed by the Donation Raising Act of 1957 and Social Aid Wills Act No. 14/1959. New regulations are currently being drafted.



According to Income Tax Law No. 57/1985 as amended, donations offered to ordinary and charitable associations and social organizations enjoy limited tax exemption. These provisions do not seem to be widely understood and currently do not act as a significant incentive for giving.

Foreign associations are allowed to operate, but abide by the same rules and regulations as native associations within the Jordanian Associations Act.<sup>10</sup>

## *Institutionalized Philanthropy*

The overall institutionalized culture of giving in Jordan can be broadly divided into four main categories: 1) family foundations built upon the independent wealth of a family or family business; 2) community foundations, built upon the pooling of wide-scale resources from the community; 3) royal NGOs with a philanthropic arm; and 4) corporate-led philanthropy. We are also seeing the emergence of a fifth type, namely shilla-based foundations, which are built on the pooling together of financial resources from a number of individuals.

### *Family Foundations*<sup>11</sup>

Many of Jordan's philanthropic institutions are endowed in the name of a family or a family member. These foundations offer grants as well as technical assistance to organizations in Jordan or in the region in support of a particular cause to which they are dedicated; or they initiate and manage their own programs, either singly or in partnership with other entities. The examples provided below are of grant-making foundations.



### **The Abdul Hameed Shoman Foundation**

The Abdul Hameed Shoman Foundation (AHSF) was founded in 1978 by Abdul Maguid Shoman, son of Abdul Hameed Shoman, the founder of the Arab Bank. It is one of the oldest modern institutionalized philanthropies in the Arab region and the oldest in Jordan. The foundation is financially supported by the Arab Bank, which allocates 3 percent of its annual profits to the running of the foundation and its activities. While the foundation was established to honor the legacy of an outstanding Arab entrepreneur, the structure that allows it sustained annual funding from corporate profits places it also in the category of a corporate foundation.

The mission of the foundation is to support and enhance scientific research and Arab humanistic creativity; build bridges of dialogue and cultural communication; and collect and disseminate general knowledge in conformity with the grand vision of the late Abdul Hameed Shoman, who believed that “money is useless without knowledge and information.”<sup>12</sup>

The foundation’s objectives include developing Arab scientific research with a focus on natural, basic, applied and technological science; and building the capacity of Arab scientists to become experts and scholars in their field, in addition to developing the capabilities of Arab intellectuals, educators, and creative thinkers at large.

Some of the foundation’s activities include:

- Supporting Jordanian universities and their scientific institutions in conducting research;
- Contributing to various conferences and scientific seminars in Jordan and the Arab world;



- Providing annual monetary contributions to scientific institutions, associations and assemblies in Jordan and the Arab region;
- Giving annual awards to Arab scientists who have demonstrated excellence in their field;
- Giving annual awards to inspirational science teachers in primary and secondary schools in Jordan;
- Establishing libraries throughout Jordan; and
- A weekly lecture series on key issues related to the preservation of Arab culture and the promotion of science and technology.

AHSF is a clear example of philanthropy that is focused, sustained and institutionalized. The foundation has had clear impact in areas such as promoting and supporting research (specifically amongst Arab youth) and in promoting dialogue on important issues facing the region. Having been in operation for three decades, however, an assessment of impact on the fields of science and culture is now warranted in order to encapsulate and highlight the fruits of the foundation's labor. In addition, one hopes that foundations such as AHSF would network with others in the same field in order to exchange best practices and think more strategically about collaboratively addressing core problems.

### **Elijah Nuqul Foundation**

Elijah Nuqul, the founder of the Jordan-based Nuqul Group, established his company from the bottom up in 1952. The company is currently being run by his first generation descendants, who recently established the Elijah Nuqul foundation with the aim of giving back to society in a manner that would lead to long-term and effective social change. As with the Abdul Hameed Shoman Foundation, Ghassan Nuqul named the foundation after his father to preserve and honor the family name, and the Nuqul Group, like the Arab Bank, will allocate 1 percent of their annual profits to the foundation.

The foundation, which is in the process of being legally registered, will focus on the education and health sectors. The Nuqul family has decided to begin its activities in Jordan and slowly expand to the Arab region at large. Unlike many other initiatives in the region, the Eliah Nuqul foundation will not be an operating foundation but, rather, will adopt a ‘venture philanthropy’ approach. Their goal is to add value to new and already existing initiatives as involved partners, by providing financing coupled with intensive management and other technical support, as needed.<sup>13</sup>

### *Community Foundations*<sup>14</sup>

The King Hussein Foundation and Tkiyet Um Ali are two interesting examples of community foundations in Jordan.

#### **The King Hussein Cancer Foundation**

The King Hussein Cancer Foundation (KHCF) was launched in 1997 by royal decree, with the mission of combating cancer in Jordan and the Middle East. The foundation acts as a financial umbrella for the King Hussein Cancer Center, the foundation’s medical arm and the only specialized cancer center in the Middle East that treats both adult and pediatric cases.

The foundation is run by a board of trustees comprised of prominent members of the community and chaired by HRH Princess Ghida Talal. The director of the foundation is HRH Princess Dina Mired. The Cancer Center is guided by an international advisory board comprised of 19 healthcare practitioners or specialists from Europe and North America. The center has also forged partnerships and agreements with the National Cancer Institute of the United States (NCI) and St. Jude Children’s Research Hospital (located in Nashville, Tennessee) to help guide their work and provide required expertise.





The Cancer Center's main activities include:

- Comprehensive Cancer Care Services: In addition to medical treatment, the center provides services that cater to the physical, emotional, social, and environmental needs of patients, including therapy programs, survivor groups, physical rehabilitation, and the services of a specialized nutritionist.
- Education, training, and public awareness: The center offers fellowships and training programs in all fields of cancer specialization, and has its own medical library. A hospital-based registry collects information about patients treated in the center with the eventual aim of setting up a database of patient demographics. The center also conducts awareness raising campaigns throughout Jordan on prevention/control of cancer as well as its early detection. It also operates a hotline free of charge, for those with questions on cancer prevention, detection, or treatment.
- Clinical research: Through its partnerships with international institutions, the center aims to carry out research on the more effective treatment of cancer patients. Resources have not yet been heavily invested into this initiative, but it is a priority for the foundation.

KHCF's main source of funding is derived from contributions from the general public and the private sector. The foundation encourages donations from the public through its *zakat* fund and other fundraising mechanisms, such as coin collection boxes placed throughout the country and cell phone (SMS) campaigns.

According to HRH Princess Dina Mired, the foundation has been successful in its fundraising campaigns not just because it is the only organization in Jordan that raises funds solely for cancer, but because the Jordanian community has come to realize that "everyone is poor in the face of cancer"<sup>15</sup> and that KHCF can and has made a difference to those faced with the disease. The foundation hopes to extend its activities beyond Jordan to the Arab region at large, but this can only be possible if it is financially sustainable.<sup>16</sup> Senior managers realize that they cannot rely solely on community-based fundraising to achieve long-term sustainability, and that the foundation will need an endowment fund to support it and, by default, the Cancer Center.

While KHCF is widely classified as a royal NGO in Jordan, it actually functions as a large-scale community foundation where multiple donors and individuals from the local community pool their resources together in support of a delimited purpose – in this case, cancer treatment. For the purposes of this study, KHCF serves as a model of how royal patronage can leverage broader community involvement, and how such foundations can strategically contribute to a cause in a way that leads to long-term social impact and change.

### **Tkiyet Um Ali**

The first initiative of its kind in Jordan and comparable, on many levels, to the Egyptian Food Bank (Bank Al-Ta'am) initiative, Tkiyet Um Ali was established by HRH Princess Haya bint Al Hussein with a mission "to feed and sustain underprivileged citizens who would otherwise go without, through the collection of food and funds from local and regional contributions". Additionally, Tkiyet Um Ali guides needy individuals and families towards supportive social relief programs that offer more sustainable assistance, with the ultimate aim of allowing them to become "happier and more productive members of a society that proves it cares."<sup>17</sup> HRH Princess Haya established the tkiyet to fulfill a lifelong ambition of her mother, HM the late Queen Alia Al Hussein, to eradicate hunger problems in Jordan.<sup>18</sup> According to HRH Princess Haya, one of the biggest victories achieved by Tkiyet Um Ali thus far is for "Jordanian people to acknowledge that there is indeed a hunger problem in Jordan that needs to be systematically addressed."<sup>19</sup> This was an issue HM the late Queen Alia, after whom the tkiyet is named, had tried to draw attention to long before her death.

The concept of the tkiyet is inspired by an Islamic concept of providing for the poor. Dating back to the 11th century, it began as an adjunct to the mosque, where the Sufi mystics devoted themselves to the contemplation of God, forsaking all worldly possessions. Over the centuries, some of the most prominent families in the Arab and Ottoman world maintained tkiyets, underlining the inherent closeness between the adoration of God and the extension of charity to the needy.<sup>20</sup>



The physical infrastructure of the tkiyet is much like that of the soup kitchens found across the United States. It contains meeting places, eating quarters, kitchen facilities, shower areas, in addition to warehouse and storage areas. To take the initiative of the tkiyet beyond charity and towards social change and development, the initiative does not just stop at feeding the hungry; it houses counseling offices on its premises that document and follow-up on the hunger cases they encounter and help each citizen to find long-term solutions to poverty and hunger. To ensure that this does, in fact, take place, Tkiyet Um Ali has established several long-term partnerships with other local NGOs dedicated to enhancing the long-term livelihood of Jordanian citizens.

As with the KHCF, many would categorize Tkiyet Um Ali as a royal NGO. For the purposes of this study, the tkiyet exemplifies the institutionalization of individual private philanthropy. HRH Princess Haya donated USD 3 million to the organization (USD 1 million in the form of an endowment fund to cover operating costs and USD 2 million as seed money for the organization's activities). The fund has grown over time and now also qualifies as a community foundation. The tkiyet continues to grow and expand based on widespread contributions from the Jordanian community and private sector.

### *Royal NGOs with a Philanthropic Arm*

A number of royal NGOs have made the transition from grant-seeking institutions to providing financial support to other organizations. Awareness regarding the importance of achieving financial sustainability by establishing endowment funds and increasing private sector involvement has pushed a number of organizations to slowly become asset bearing and grant giving, thus enabling them to have a higher level of impact on their surrounding communities.

## The Jordan River Foundation (JRF)

The Jordan River Foundation was established in 1995 and is registered as a non-profit, non-governmental organization. Chaired by HM Queen Rania Al Abdullah, JRF was launched with a vision to promote, in partnership with stakeholders, the development of a dynamic Jordanian society, by initiating and supporting sustainable social, economic and cultural programs that empower communities and individuals based on their needs and priorities. JRF's two main areas of concentration are: 1) protecting the rights and needs of children; and 2) empowering individuals and communities. According to HM Queen Rania Al Abdullah, today JRF "is providing thousands of people with the tools to make the most of their own potential – from women reviving traditional weaving skills, to young men learning management and administration skills at bee-keeping projects in the south of Jordan."<sup>21</sup>

Some of JRF's key activities and programs include:

- Prevention and training activities for local and rural communities through the Queen Rania Family and Child Center (QRFCC).
- Development of training manuals and programs related to child protection, serving as a model for the Arab region
- Community Empowerment Program (CEP), which provides local community members with economic opportunities to improve the livelihoods of their family members and communities
- Income-generating initiatives such as handicrafts, eco-tourism, agriculture, animal husbandry, water management and dairy production.
- Jordan River Children Program (JRCP), which involves strengthening the family unit through enhancing positive child-parent relationships and promoting positive family dynamics.
- Child Safety Program (CSP), which creates awareness, prevention, and intervention services for tackling child abuse.



As with the King Hussein Cancer Foundation, JRF currently has an endowment fund of USD 3 million. Made up essentially of USAID allocated funds that were transferred by the government to the foundation, the endowment fund is currently being expanded through donations from the corporate sector and individual philanthropists. JRF is currently giving out small grants to other NGOs in Jordan and has been working with organizations regionally to transfer the expertise it has acquired. Recently, JRF became a member of the newly established Arab Foundations Forum (AFF), a regional network of asset-bearing and grant-giving philanthropic institutions.

### **The King Hussein and Noor Al Hussein Foundations**

The King Hussein Foundation (KHF) is a nonprofit, nongovernmental organization that serves as an enduring commitment to King Hussein's humanitarian vision and legacy. The KHF mission seeks to foster peace, sustainable development, and cross-cultural understanding through programs that promote education and leadership, sustainable community development, peace and democracy.

The Noor Al Hussein Foundation (NHF), which falls under the umbrella of the King Hussein Foundation, was established in 1985 to help improve the overall quality of life of Jordanians by responding to their diverse socio-economic needs; introducing innovative, dynamic, and sustainable development models; and setting national and regional standards of excellence. The principle areas of NHF are community development, women empowerment, microfinance, family health, and culture and arts.

Affiliated programs for both organizations include:

- Education and leadership programs
- Community development programs
- Microfinance and income-generating programs
- Family health programs; and
- Culture and arts programs



Like JRF, KHF/NHF has also established an endowment fund, of JOD 5 million. According to Hana Shahin, the Director of NHF, the organization is putting effort into becoming financially sustainable and is slowly moving in the direction of giving grants to other local organizations. In order to become completely financially sustainable, they will, of course, need to expand their endowment.

### *Corporate Philanthropy*

Corporate philanthropy and CSR are gaining in popularity in Jordan, and we can expect rapid growth in these areas in the coming months and years. As with other countries in the Arab region, CSR is still in its early stages of implementation in Jordan. Corporate philanthropy, on the other hand, where companies donate their assets or volunteer time for worthy projects, is more prevalent. Examples include the Nuqul Group, Fastlink (now known as Zain) and ARAMEX.

### **Nuqul Group**

Nuqul Group's corporate philanthropy strategy is to maintain the Group's support of local communities in the areas of education, health, and socio-economic development in general by assisting associations that target those in need in a sustainable and systematic way. The Nuqul Group supported the 2004 Ministry of Social Development national campaign to provide food to impoverished families in the month of Ramadan in the southern, northern and central areas of the Kingdom. The Group has also provided in-kind assistance as well as financial support to a school and village in Zarqa (northern Amman). During the period 2006-2007, the Group supported a campaign implemented by Tkiyet Um Ali under the supervision and guidance of the Ministry of Education to feed school children in impoverished areas in the Kingdom.

Nuqul Group is a classic example of how the private sector in Jordan is moving from charity to philanthropy. The Group has gradually begun to give greater attention to social investments that lead to long-term social change. This shift in thinking is clearly reflected in their 2007 Corporate Social Responsibility strategy, which dedicates corporate giving to the integrated sustainable upgrading of Al-Koura village in northern Jordan, an initiative being implemented in partnership with the Jordan Hashemite Fund for Human Development (JOHUD) chaired by HRH Princess Basma Bin Talal.

### **Fastlink (Zain)**

Fastlink, now known as Zain, is a mobile telecom company that is a leading 'social investor' in Jordan. The company's social investment/CSR strategies are based on perceived community needs and implemented in collaboration with the public and in partnership with well established NGOs. As a company, they have strategically invested their funds, staff time and expertise into sectors such as education, healthcare and income generation. Fastlink has supported initiatives such as the Jordan Education Initiative and the recently launched Jordan Children's Museum. According to Director of Communications Suzanne Afaneh, Zain's giving is 'proactive' rather than 'reactive', which enables them to give attention to the impact of their giving. Zain has one of the highest levels of employee volunteerism in Jordan, as well as employee financial contribution to company-supported initiatives. According to Afaneh, one of the things their employees are most proud of is the impact they have on Jordan's social development.

### **ARAMEX**

Aramex is one of the world's leading total transportation and logistics solution providers. The company offers an excellent example of corporate philanthropy transitioning into broader CSR. ARAMEX has committed to allocating one percent of its pretax profits to its global corporate philanthropy initiatives, including those in Jordan. In 2006, ARAMEX released its first Corporate Sustainability Report, the first of its kind in the Arab world, in a forum entitled 'Changing Today, Protecting Tomorrow.'



Community empowerment and sustainable community development are at the heart of ARAMEX's corporate philanthropy strategy, as is reflected in the vital role the company has played in the establishment and support of Ruwwad (described below). While ARAMEX's efforts are planned with the entire community in mind, they have concentrated on underprivileged areas where unmet needs exist. ARAMEX is concerned with the division between economically developed and developing nations, and the marginalization of the underprivileged across all countries and cities where the company operates, which, ultimately, directly impacts its business. It is with this in mind that ARAMEX focuses on the following key areas:

- Youth development, with a focus on youth empowerment
- Sustainable community development, with a focus on marginalized communities
- Emergency and disaster relief, responding rapidly to devastating natural and human disasters

In addition to the above activities, ARAMEX has been a long-time supporter of sports in Jordan, sponsoring a professional basketball team and major sports tournaments. As part of an initiative to turn Amman into a child-friendly city, ARAMEX has supported a project to create new sports playgrounds or develop existing ones in underprivileged urban communities.

### *Shilla-based Philanthropy*

Shilla-based philanthropy, where a group of individuals committed to a particular cause or vision pool their resources in support of that cause, is new in Jordan. Ruwwad is the first example of its kind to be institutionalized in the Kingdom. It is funded solely by local individuals and companies from the private sector and is strategic in its approach.





One attractive aspect of this model of philanthropy is that it provides a forum whereby like-minded individuals and companies who may not have the inclination or the resources to spearhead an initiative on their own can pool their resources to contribute to the public good. Ruwwad is also a good example of how the private and public sectors can partner to resolve social problems in an efficient and effective manner.

### **Ruwwad**

Spearheaded by Aramex in 2006, Ruwwad is registered as a non-profit company with an operational office based in Jabal Natheef, the organization's first target area.<sup>22</sup> Aramex has agreed to commit a minimum of USD 200,000 for five years beginning 2006, giving the company a 20-percent stake in Ruwwad.

The idea behind the creation of Ruwwad is to adopt a poor and marginalized area that is densely populated and work closely with the local community to define and solve the community's problems. Ruwwad provides the resources, support and training required to holistically develop the targeted community, while at the same time involving local community members through every step of the process. As an organization, Ruwwad operates on values of empowerment, responsibility, and inclusiveness. Participation in Ruwwad is open to members of various ethnic and religious backgrounds. Ruwwad believes in establishing a partnership with the community in order to provide a platform for change and development. The company works with community members to identify their needs and the solutions and tools required to solve the challenges they face. The implementation process is the result of this partnership.

Through its projects, Ruwwad is introducing innovative teaching methods in education and providing support to local schools through renovations, teacher training, and extra-curricular activities for students. Ruwwad also offers 250 scholarships to students from Jabal Al-Natheef and neighboring communities, and organizes training programs,



employment opportunities, internships, opportunities for volunteerism, and support for social and business entrepreneurship. In addition to its focus on education, Ruwwad helps community members renovate their houses and living spaces; raises awareness of community needs and legal rights; assists the elderly in overcoming bureaucratic obstacles related to healthcare; and supports community members in developing income-generating projects.

Ruwwad's website provides a channel for cash or in-kind contributions from businesses and individuals from the Jordanian private sector. Ruwwad's policy is to accept private local money only. According to Fadi Ghandour, CEO of ARAMEX and Chairman of Ruwwad's Board, he and his colleagues "just want to give back to their surrounding communities."<sup>23</sup> They also believe that it is their duty as citizens and as part of this community to strategically invest in the most important resource Jordan has, its people.

Since its inception, the efforts of this initiative have led to measurable improvements in the community of Jabal Natheef, not only because of the sustained involvement of its private sector founders, but also because Ruwwad has actively partnered with government, lobbying them to provide the community with necessary public services such as a post office, a police station and a health center

While Ruwwad does not have an endowment, all board members are committed to allocating annual funds to the organization to ensure its financial sustainability. At the time of this study, an endowment fund was being explored. Spurring that discussion is the desire to find ways of duplicating the Ruwwad model elsewhere in the Arab region.

## Conclusion

Despite the lack of natural resources in Jordan, the philanthropic sector in the Kingdom is thriving and the private sector is fully engaged. Private philanthropic giving in Jordan has grown into a multimillion-dollar industry, one that is undergoing vigorous transformation. The institutionalization of philanthropy in Jordan is rapidly increasing, with many philanthropists thinking in terms of long-term social change as opposed to charitable giving. Even with the positive change in Jordan's philanthropic landscape, says HM Queen Rania "there is still much to be done if we want to increase the return on social investments. We need to scale up existing initiatives...work in new communities...encourage other private sector companies and individual philanthropists to come on board...and we must strengthen the management of NGOs, and insist that they report openly on their performance and impact, showcasing their setbacks and successes."<sup>24</sup>

The further institutionalization of philanthropy in Jordan will require dedicated commitment not only by the private sector and wealthy individuals, but by government and civil society. The philanthropic scene described above reveals room for expansion, but the sector will only continue to grow if all stakeholders work together collaboratively and transparently.

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## 2 *The Hashemite Kingdom of Jordan*

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<sup>1</sup> GDP & population figures taken from IMF data [www.imf.org](http://www.imf.org) and EIU country profile Jordan. GDP estimates begin after 2005 based on existing IMF data. The human development index (HDI) is derived from UN development reports and is the measure of life expectancy, literacy education, and standard of living <http://hdr.undp.org>. GDP purchasing power parity is denoted by (PPP) to reflect the weight of GDP in relation to purchasing power of other countries. Population and religion breakdown from <http://www.nationmaster.com> and [http://www.dos.gov.jo/census2004/page1\\_e.htm](http://www.dos.gov.jo/census2004/page1_e.htm)

<sup>2</sup> Freedom House [www.freedomhouse.org](http://www.freedomhouse.org) "Freedom of the World – Jordan 2007"

<sup>3</sup> Economist Intelligence Unit Country Report, Jordan, June 2007 pg. 13

<sup>4</sup> The World Bank

<sup>5</sup> Estimates start after 2005.

<sup>6</sup> Estimates start after 2005.

<sup>7</sup> Interview with HM Queen Rania Al Abdullah, December 2007.

<sup>8</sup> As was mentioned earlier, this shift in approach has come as a result of increased support from the Royal Family for the private sector to be "partners" in development, as well as a need on the part of the private sector to see clear results emanating from their giving. The Nuqul Group, which was traditionally very reactive in their giving, is a clear example. Recently, they have chosen to partner with the Jordan Hashemite Fund for Human Development (JOHUD) to further develop a poor settlement in Jordan.

<sup>9</sup> Wiktorowicz, Quintan "Civil Society as Social Control: State Power in Jordan" *Comparative Politics*. Vol. 33, No. 1 (Oct. 2000) pg. 49 (43-61)

<sup>10</sup> All information in the legal environment section is derived from: *A Comparative Guide on Laws: Relating to Establishing an Arab Fund*. Pg. 15-16.

<sup>11</sup> It is important to note that the family foundations described here can also be categorized as corporate foundations as they are financially supported by funds coming out of the family business. For the purposes of the study, these foundations have been listed as family foundations because they were established by a family in the name of a family member with family legacy in mind.

<sup>12</sup> Interview with Mr. Thabet Al Taher, the Managing Director of the Abdul Hameed Shoman Foundation.

<sup>13</sup> All of the above information was derived from an interview with Ghassan E. Nuqul, Vice Chairman of the Nuqul Group.

<sup>14</sup> It is important to note that the family foundations described here can also be categorized as corporate foundations as they are financially supported by funds coming out of the family business. For the purposes of the study, these foundations have been listed as family foundations because they were established by a family in the name of a family member with family legacy in mind.

<sup>15</sup> Interview with HRH Princess Dina Mired, Director of the King Hussein Cancer Foundation, November 2007, Amman, Jordan.

<sup>16</sup> It should be noted that like a number of Royal NGOs, KHCF has a temporary endowment fund in the form of a cash transfer from USAID. This amount of money is allocated to the foundation for 5 years, where the foundation is able to make use of the interest coming out of the fund to support the foundation's activities and operating costs.

<sup>17</sup> Mission statement taken from the official website of HRH Princess Haya Bint Al Hussein, [www.princesshaya.net](http://www.princesshaya.net)

<sup>18</sup> Interview with HRH Princess Haya Bint Al Hussein, October 2007, Dubai, UAE.

<sup>19</sup> Interview with HRH Princess Haya Bint Al Hussein, October 2007, Dubai, UAE.

<sup>20</sup> For more details refer to: [www.princesshaya.net](http://www.princesshaya.net)

<sup>21</sup> Interview with Queen Rania Al Abdullah, December 2007.

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<sup>22</sup> Ruwwad is registered as a non-profit company as opposed to a foundation or NGO so that it isn't constrained by the rules and regulations of the Ministry of Social Affairs. The legal framework governing organizations that are not affiliated to the royal family does not allow flexibility with regards to the allocation and dissemination of private sector wealth. A number of philanthropists in Jordan who are thinking about establishing foundations or who have already established a foundation, such as the Nuqul Family, are also following the same path of registering as a non-profit organization.

<sup>23</sup> Interview with Mr. Fadi Ghandour, CEO of ARAMEX, Amman, Jordan.



THE KINGDOM OF SAUDI ARABIA

*By Karim Shalaby*

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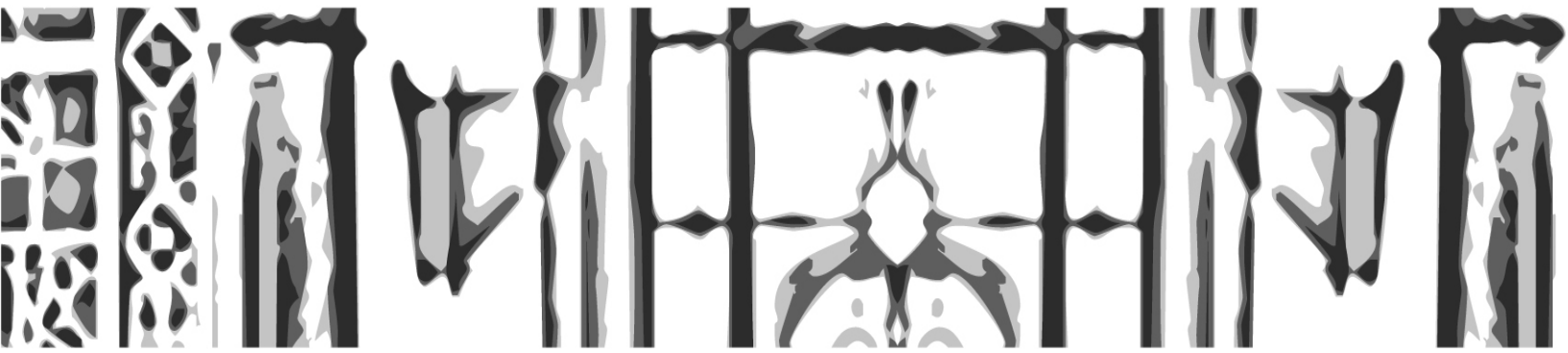
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## Overview

Assuming responsibility for services to the public has been a contested honor among the tribes of Mecca as far back as history can record. Providing for the pilgrims to Mecca was one of the most coveted of honors, even before the advent of Islam. Philanthropic giving has always been part of the culture of the Arab Peninsula, and Islam organized and structured aspects of that giving. In the process, giving was placed in the context of a larger individual responsibility towards society. The region and culture that is now the Kingdom of Saudi Arabia saw the initiation of many of the institutional forms of 'giving management' known to the area.

The merge of tribal populations into the greater population of Saudi Arabia in 1932 and the wealth that resulted from the discovery of huge oil reserves in 1938 have translated into an increased capacity for giving, both within the kingdom and internationally. While the better part of individual philanthropic giving has remained anonymous, it has become manifest through local and international philanthropic institutions. The bonds that tie individuals and institutions go deep; one might even go so far as to say that they are stronger than those between individuals and state. Much of individual and institutional giving is directed toward charity and to supporting the provision of basic needs to the poor.

The revival of institutionalized philanthropy in the kingdom has been taking place quietly, with new forms emerging and defining the future to come. In the process, philanthropic institutions have begun to integrate strategic approaches and modern financial and cultural applications, while holding fast to traditions and religious foundations. Philanthropic wealth is being channeled to an array of fields, and the sector's engagement with the established government and private businesses in these initiatives is breaking new grounds for philanthropy in the region.





## Country Level Background

### *Saudi Arabia at a Glance'*

Country size	2,149,690 sq. km.
Population (2006)	23.7 million
<i>National</i>	80%
<i>Non-national</i>	20%
GDP (2006)	USD 348.6 billion
GDP PPP (2006)	USD 396.7 billion
<i>Oil &amp; gas</i>	48%
<i>Services &amp; other</i>	34%
<i>Manufacturing</i>	10%
<i>Construction</i>	5%
<i>Agriculture, forestry, &amp; fishing</i>	3%
GDP per capita (2006)	USD 14,719
GDP per capita PPP (2006)	USD 16,744
HDI ranking	76/177
Religious groups	Muslim 100% ( <i>Sunni 95%, Shia 5%</i> )
1 Saudi Arabia Riyal (SAR)	USD 0.26

### *Modern History*

Saudi Arabia was unified in 1932 under King Abdul Aziz Al Saud. The kingdom functions as a monarchy governed by Islamic law, ruling in accordance with a conservative school of Sunni Islam known as Wahabism. Decision-making power is centralized, but the monarchy does have a tradition of consulting with elite members of Saudi society. The current ruler is King Abdullah Bin Abdul Aziz Al Saud, who officially assumed the throne after the death of his father, the late King Fahd.



## The Political Scene

The Kingdom of Saudi Arabia has been ruled by the royal family since unification. Pressure from within the country to incorporate greater elements of democracy led to the codification of what is known as the Basic Law and the Law of the Provinces, which essentially solidified into law what had already been common practice in the political system.<sup>1</sup> The Basic Law stipulates that the government derives its authority from the *Quran* and the *Sunna* of the Prophet, the ultimate sources of reference for this law and the other laws of the State. The Law of the Provinces consolidated the existing duties of provincial governors and introduced procedures for the establishment of provincial councils.

### **Type of Government**

Monarchy led by King Abdullah Bin Abdul Aziz Al Saud, who officially assumed the throne after the death of his father, the late King Fahd. The King appoints a Crown Prince to help him with his duties. The King governs with the help of the Council of Ministers, made up of 22 government ministries.

### **National Legislature**

The legislative branch consists of a Consultative Council known as the *Majlis al-Shura*. It was established in the early 1990s due to increased pressure towards a limited program of political reform. The council has evolved into a membership of 150, with the king holding the post of prime minister. Nevertheless, the council continues to maintain limited power. The acting chairman is appointed by the king every four years.

### **Legal System**

*Sharia* law governs the legal system, although some secular codes have been introduced. The judiciary lacks independence from the monarchy, which functions as the highest court of appeal and appoints all judges, albeit subject to the recommendation of the Supreme Judicial Council.

In August 2005, former finance minister Prince Talal Bin Abdul Aziz called for additional powers for the *majlis al-shura*, indicative of a growing trend within the royal family and, more broadly, in Saudi society, to support political reform.



Due to a highly centralized political apparatus, no political parties or political pressure groups are knowingly active within the kingdom. Some groups and individual activists advocating greater political opening exist, many of whom operate outside the country.

Despite the slow pace of political reform, the increasing flow of income from oil revenue has managed to keep the Saudi “social contract” intact. In a policy dating back to the 1960s, the royal family has sustained tacit acceptance from Saudi citizens in exchange for a relatively even distribution of oil wealth. The distribution of wealth among royals and non-royals has led to a “binary” economy whereby activities relating to oil, finance, industry, and commerce are handled by non-royals. Merchants in the commercial sector benefit from a liberal economic policy that encourages trade and commerce over manufacturing, thus creating a climate for political accommodation. Activities relating to the military, the interior, and agriculture remain within the purview of the royal family. Income is redistributed through contracts and investments.

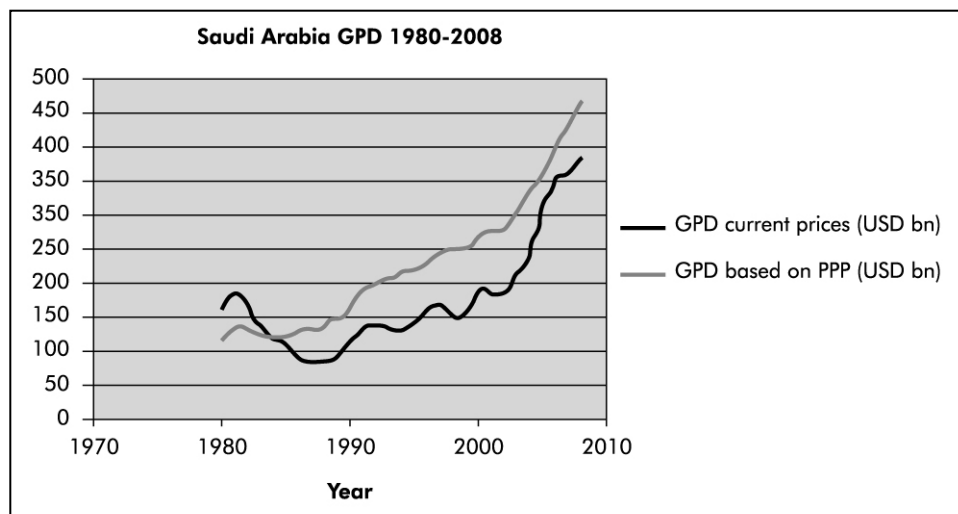
## *The Economy*

The country experienced a period of high economic growth in the 1970s, with an average annual growth of 15 percent in the first half of the decade and 8 percent in the second half. The economy suffered a recession from the early to mid-80s due to oil prices bottoming out. In the late 1980s to early 1990s, there was another period of high growth at 7 percent, only to be followed by successive years of low growth hovering around 1-2 percent.<sup>2</sup> The country is still highly dependent on oil revenue, despite attempts to diversify to other sectors.

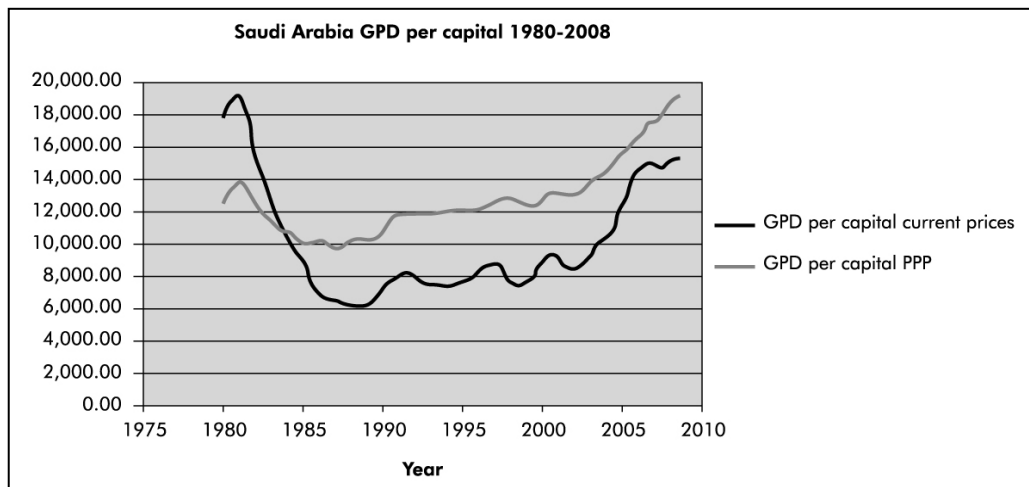
Higher oil prices since 2000 have allowed the country to stave off structural reform. Substantial holdings of foreign assets are required to provide a long-term investment income when oil production inevitably declines. Since the oil sector is not labor intensive, a good deal of public revenue is directed at public sector salaries.



Diversification of the economy is recognized as a necessary step to neutralize the effects of volatile oil prices and to stabilize the economy. GDP has not maintained steady growth and there has been an overall decline in per capita income since the high growth periods of the 1970s. From a high of USD 28,600 in 1981, per capita income sank to USD 9000 by 2004.<sup>3</sup> Private sources of wealth tend to be invested outside the country. Associated figures are in excess of USD 650 billion (some figures are as high as USD 1 trillion)<sup>4</sup>, which has weakened domestic investment.



Source: International Monetary Fund, World Economic Outlook Database, April 2007<sup>5</sup>



Source: International Monetary Fund, World Economic Outlook Database, April 2007<sup>6</sup>

Central to one of the government's reform policies is the liberalization of laws on FDI to attract more investment and shore up the private sector. The country plans to establish six "economic cities" in different regions of the country in which the government is seeking private-sector investment. The Saudi Arabian General Investment Authority (SAGIA), the body in charge of attracting, approving, and facilitating foreign investment, has an investment target of USD 80 billion in foreign and joint investment projects, but the actual number of projects implemented remains unclear.<sup>7</sup> Tax reform has resulted in more attractive corporate tax structures.

Saudi Arabia has experienced a population explosion coupled with an excess of foreign labor that the economy is unable to efficiently absorb. Figures for unemployment range from 13 percent to 25 percent for Saudi citizens.<sup>8</sup> A long-term plan known as "Saudiization" (*sa'wada*) aims to replace up to 75 percent of foreigners with nationals, but Saudis command higher salaries and often are not interested in lower-skilled jobs.<sup>9</sup> The government is torn between fighting the tide that encourages cheaper and efficient foreign labor to make companies and industries competitive on world markets and creating employment opportunities for its own citizens.

A series of development plans have emphasized improvements in human capital formation and diversification. In the early 1990s, the emphasis was on education and replacement of foreign labor. In the mid-to-late '90s, the focus shifted to privatization and the role of the private sector in the transition to "Saudiization". The theme of the current development plan is integration into the global economy.

Development indicators show strong advances. Literacy rates for Saudis 10 years and older rose from around 64 percent in 1974 to approximately 80 percent in 2000.<sup>10</sup> The literacy profile of youth for both males and females is almost 100 percent. In the same period, life expectancy has gone from around 54 to 71 years. Enrollment in education of youth ages six to twenty-two went from approximately 40 percent in 1975 to around 86 percent in 2000.



## Philanthropy in Focus

### The Culture of Giving

The culture of giving in Saudi Arabia is public and pervasive. It is not reserved for private spaces. A newcomer is struck by the notices and posters put up by charity organizations on the exit doors of airports and other public places. Before recent regulation changes, it would not be uncommon to find 7 to 10 donation boxes for different charitable organizations in local mosques.

The lay person's knowledge of *sharia* technicalities related to individual obligations to give is noteworthy. Multiple terms are used to denote different types of giving. One visitor noted: "Giving in the Kingdom of Saudi Arabia has more names than an Eskimo has for ice". *Khums*, *waqf*, *sadaqat*, *bir* and many forms of *zakat* for the different types of activity ranging from *zakat* on knowledge to *zakat* on different forms of wealth and commercial activity. These and other terms identifying some of the types of giving are used in day-to-day language.

Giving is a welcome duty and a competitively solicited practice. How else would one explain the distribution of meat on the street, offers to give away free scent bottles, and other seemingly haphazard forms of in-kind giving? Generosity extends to hospitality to people as well as to ideas. Speakers from abroad are hosted in private homes to enrich discussions that are virtually open to anyone wanting to attend.

Some have explained this ingrained culture of generosity by the presence of the holy cities of Mecca and Medina. Proximity to Mecca and Medina implies continuous hospitality to foreign guests. This may well set a standard and an example in other areas of life. Others have said it stems from the fact that the culture has benefited from continuity, as the Kingdom of Saudi Arabia has never been occupied. Some complain of the foreign beggar gangs that have set up operations in the Kingdom of Saudi Arabia.

And more and more say that it is no different from any neighboring country; it is simply religious responsibility. The fact that generosity is a quality that is highly valued by the Bedouin culture may also be a part explanation.

There is nothing empirical about evaluating and characterizing giving in the Kingdom of Saudi Arabia. It does exist, it is noticeably active, but that does not define the culture of giving in the kingdom as much as how the giving is employed and directed and what impact it has.

Giving in Saudi Arabia may be motivated by religion, but it is driven and guided by mission. Each channel of collection is associated with a specific mission and most are backed by endowments that sustain that mission. For the most part, these missions are associated with traditional charity or basic needs. These include helping the poor, the sick, orphans and widows, and other categories as enjoined by the Quran. An emerging trend is for missions to be strategically oriented and to contribute to the sustainable development of society.

The National Dialogue sessions are a recognized force of change that are accredited with the mobilization and revival of a sense of national responsibility. Publicly aired, these sessions bring together scholars and intellectuals to discuss themes covering a wide range of subjects addressing national concerns. Each meeting focuses on a particular subject, and the ensuing discussions are 'guided by tolerance and diversity'. Not all discussions held so far have led to institutional change, but even so, they have oriented the public to important issues and to ways of addressing the challenges at a strategic level.<sup>11</sup> Individual, corporate and institutional philanthropic initiatives of a strategic nature have been observed to be guided by these national dialogue sessions.

Saudi Arabia is experiencing a revival of institutionalized giving. It is a revival because there exists a first generation of strong and well established institutions of giving, some of which are experiencing renewed verve as well. More foundations and associations are



being established, and at a much faster rate than before. There is greater diversity in the aspects of social change being tackled, and this is being undertaken in more strategic ways than the culture of philanthropy in the Kingdom of Saudi Arabia has known in the past.

### *The Legal Environment for Philanthropy*

The National Authority for Associations and Civil Organizations is responsible for organizing and developing the civil society sector, facilitating the tasks of associations and civil society organizations, and easing any potential hardships. The authority supervises and evaluates the activities of associations. A national fund exists within the authority to provide financial support to the organizations.

The law requires that an association have at least 20 founding members of Saudi origin who have not been convicted of a crime against honor and decency. Associations can be dissolved by the authority if they do not meet certain requirements stipulated in the draft regulations.

According to the law, associations can derive their income from the designated national fund; monies from *zakat*, donations, grants, and *waqf*; membership fees; returns on their activities; and investments derived from internal activities. Associations are not allowed to accept foreign funds.

An association must have a board of directors, and the authority must be notified of the nominees for membership to the board. The authority may assign any person to attend the election process in order to ensure that rules of procedure are being respected.<sup>12</sup>





## Institutionalized Philanthropy

Philanthropy in Saudi Arabia can be channeled through five forms of philanthropic institutions. These include:

1. Corporate philanthropic organizations
2. Royally decreed associations
3. Associations and foundations of the Ministry of Labor and Social Affairs
4. Associations and foundations under other ministries
5. International philanthropic institutions.

### *Corporate Giving*

Companies and corporations in Saudi Arabia act in similar ways to individuals when it comes to giving. The strong connection between companies and communities has led to an active culture of corporate giving. While giving is partly dictated by *zakat* in proportion to the profits generated from commercial activity, it is not limited to that.

Corporate giving, as a recent study reveals, occurs mostly in response to requests, and is directed towards charity.<sup>13</sup> There is, however, evidence of a growing trend among larger corporations to direct corporate giving towards strategic philanthropy and the institutionalization of financial and operational mechanisms of giving.

Corporate Social Responsibility is evident in the pride companies and corporations are taking in employing nationals. This comes in response to the government's policy of *sa'wada* or Saudiization, which has been in place for over a decade and has gradually been gaining momentum. It also coincides with the graduation of a generation of nationals that have benefited from Saudi Arabia's investments in education and are prepared to respond to the needs of the labor market. Employment is only one aspect of CSR. Companies and corporations are combining this with capacity building programs that are not limited to national hires.



Corporations may be involved simultaneously in charitable activities, CSR initiatives and the running of strategically oriented philanthropic programs. All three forms of giving are complementary in Saudi Arabia. The distribution and allocation of funds among the three change in accordance with the perceived needs of society. Currently, the trend is leaning significantly towards corporate contribution to sustainable development, as opposed to meeting basic needs.

Philanthropic activities that have been ongoing for years are now taking on institutionalized forms, whether as corporate foundations or simply as departments within the corporations. The motivations behind the choice of institutional set up are multiple. One motivation is to maintain financial independence and management, without compromising transparency. Corporations are becoming increasingly transparent in their operations, both as part of their commitment to CSR and because of the need to live up to international standards and to communicate with their client base. In the process, companies are increasingly applying some of the same principles of strategic management to their social investments as those applied to corporate investments.

The institutionalization of corporate philanthropy in the kingdom is also a result of the growth of funds allocated to corporate giving, and it coincides with the succession of second-generation corporate owners (the sons and daughters of the founding members). These two factors, combined with the growth of the CSO sector (both in number of organizations and in volume of funds), are driving corporations to structure their efforts around areas of specialization where they can effectively contribute. This trend is being accompanied by the gradual separation of the individual owners' philanthropic efforts from those of their corporations.

### **Dallah Albarakah**

Dallah Albarakah (DB), one of the large corporations / regional conglomerates in Saudi Arabia, recently established a Department of Social Responsibility to serve the corporation's commitment to sustainable development and effective social change. The department is funded through designated DB proceeds that are separate from the company's *zakat* and *sadaqa* giving.



The department will be providing grants to civil society organizations whose ventures are consistent with Dallah's mission and values as well as its social program. The department will also develop an incubator capacity to support individuals with ideas and initiatives in the field of sustainable social development, through strategic planning, institutionalization and financing. At the same time, the department will guide existing DB initiatives and programs towards making a more strategic and sustained contribution to society. As part of the company's CSR activities, a small loans project for male and female entrepreneurs has been initiated in partnership with a local NGO, with the aim of alleviating poverty.

### **Abdul Lateef Jameel Community Services Programs**

Established in 2003, the Abdul Lateef Jameel Community Services Programs started by offering vocational training and capacity building to youth and fresh graduates to prepare them for the job market. The program has since expanded to include four main components, which combined, created 12, 292 jobs in 2006.

The first, a vocational training component, is made up of six separate non-profit vocational training schools targeting Saudi men and women. The majority of graduates find employment at Abdul Lateef Jameel (ALJ) Corporation; those who do not are usually employed by other national companies. One of the programs – the Toyota Program for Technical Education – a joint ALJ and Toyota Motor Corporation initiative implemented in collaboration with the Public Organization for Technical and Vocational Training, was launched two years ago and is now being applied in 47 countries.

The second component promotes job creation through the direct financing of small projects implemented by Saudi men or women. It also offers facilities to help Saudis buy cars to start up or expand transport-service businesses.



The third component, the ALJ Fund for Administrative and Leadership Development, offers scholarships to outstanding students for the pursuit of further education in management sciences. It will also be promoting the development of improved teaching skills among Saudi teachers, both men and women.

The fourth component, namely Health and Social Services, focuses on orphanages and homes for the elderly, and supports Red Crescent emergency services by providing equipment and training for emergency personnel and contributing to their salaries. A specialized center for rehabilitation provides health and care services - both in the center and at patients' homes - and manufactures upper limb prostheses. Under the umbrella of its social services component, ALJ programs support other organizations in the field, whether through direct financing or through the donation of buildings and centers.

#### *Civil Society Organizations Established by Royal Decree*

CSOs whose philanthropic initiatives are not well suited to the existing institutional setting, and novel ideas that are inconsistent with existing programs, can be established by royal decree. Their case is adopted by champions and presented in one of the many forums with access to the king. Forums and other similar intermediary groups under the auspices of a 'champion' offer havens for philanthropic initiatives directed at strategic and social change. These initiatives are discussed in a tolerant environment that allows them to see the light of day without being stifled or becoming outdated by bureaucracy, red tape, and resistance to change. Eventually, they are conceived under the king's sponsorship.

After the case is considered, a document of internal rules and regulations is drawn up and approved by the king's office. Once decreed, the document becomes, in effect, the bylaws of conduct and operation of the established entity.



The newly formed entity is directly accountable to the royal office. The king usually provides financial support to the initiative, but does not necessarily cover all the organization's financial needs. The credibility bestowed by the king, however, encourages the community to contribute.

### **The National Society for Human Rights (NSHR)**

The National Society for Human Rights was established by royal decree in 2004, at the request of 41 community members. NSHR aims to protect human rights, cooperate with international organizations working in this field, and oppose injustice, dogmatism, violence, torture and intolerance. The society was granted a generous endowment by HM King Fahd, which covers the society's salaries and running costs (mainly publication costs). The financing of the representative office and five NSHR centers now open in different parts of the kingdom came from donations and grants.

One of the primary aims of NSHR is to raise the awareness of the public - local and foreign, male and female - of their rights, and to correct related misconceptions and misconstructions. For, in the words of Jawahar Bin Mohamed Alanjary, NSHR's executive director, "without being aware of their rights, how can individuals ask to be redeemed"?<sup>14</sup>

The society achieves its aims through publications, workshops, conferences and discussion forums. NSHR spearheads discussions for social change in local and national forums such as the National Dialogue sessions. These venues offer opportunities not only for awareness raising but sometimes for change in laws and procedures as well.

Through its centers, the society also acts as a facilitator for people who need advice and legal representation. The centers provide them with guidance and information on the competent authority to approach. The center also puts them in touch with lawyers, encouraging the latter to charge nominal fees or provide free services to those who cannot afford representation. There has been no shortage, to date, of lawyers willing to take on such cases.



NSHR is very careful not to bypass the governance system or abuse its connection to the king. The society's long-term strategy for bringing about desired change is to work with the establishment and provide guidance in strengthening its role.

The many letters of gratitude NSHR has received from wives, maids, foreign workers and others attest to the savior role the society plays in people's lives. NSHR has chosen to focus on the daily concerns of the population, and is addressing a real need. A major challenge will be to reach out to geographically isolated populations dispersed in different parts of the kingdom.

#### *Associations and Foundations of the Ministry of Labor and Social Affairs*

Of the hundreds, perhaps thousands,<sup>15</sup> of CSOs in the Kingdom of Saudi Arabia, 420 benevolent associations and 42 individual benevolent foundations are registered under the Ministry of Social Affairs, more than double those registered five years ago. The CSOs are governed by the law of benevolent associations and foundations issued in 1989.

Foundations may be established by as few as one individual, while associations require an initial establishing board of at least 20 members. Foundations can accept donations and bequeathed assets and funds, but are not to engage in fundraising activities. They are not eligible for financial support offered by the ministry to its registered associations.

Depending on their activities and geographic coverage, registered associations can receive financial support from the ministry ranging from SAR 50,000 to SAR 5 million. Other benefits include land for their offices, technical support paid for by the ministry, reduced utility rates and, occasionally, in-kind donations (such as dates for distribution).

Associations have received an estimated SAR 2 billion in direct financial support / donations in the past years. Bank transfers are the accepted channel for giving money to non-profit organizations, and donation boxes in mosques are now banned, as part of the new controls to monitor the flow and use of funds.



Associations maintain an acceptable and appreciated level of transparency with donors and beneficiaries and do not hesitate to communicate and publicize their activities. They recognize that trust is a valuable asset for fundraising and for the establishment of lasting relations.

Subject to the ministry's consent, associations and foundations are entitled to invest funds in excess of their needs in profit-making activities, provided these reserves are double the amount of their last expenditure budget. The emerging trend among regional associations is for them to invest in real estate in major cities such as Jeddah and Riyadh. These investments are designated endowments to support their operations. This comes partly in response to the ministry's attempts to wean established CSOs off its support.

Another rising trend has been for associations and foundations to expand their activities beyond charitable giving, to include the establishment of technical schools, provision of support to productive families, and the financing of social projects. The ministry has taken a relaxed view of the fact that many of these activities fall outside the organizations' original goals and objectives, looking upon the trend as a positive one. Indeed, the ministry is going as far as to initiate a program to revise these organizations' defined objectives and goals and to support them in setting a strategic plan for their future involvement in sustainable social development.

Restrictions placed by the Ministry of Labor and Social Affairs on the flow of information from organizations registered with it to any local or foreign organization make it difficult to obtain official information on this sector of institutional philanthropy. Hence, no examples are provided here. However, unofficial interviews and information gathering revealed a general trend among associations registered with the ministry to be involved in predominantly charitable activities focusing on children, the sick, and poverty reduction, mainly through the provision of grants and in-kind support. Some associations are moving towards small-loan programs supported by marketing services, to help families living in impoverished conditions to earn a livelihood.

### *Associations and Foundations under Other Ministries*

In addition to the Ministry of Social Affairs, all other ministries can register non-profit organizations working in their respective areas of specialization. Operating under other ministries is reported to be less restrictive than under the Ministry of Labor and Social Affairs. Organizations are given more latitude in defining their goals and in decision making, and benefit from greater leniency in the management of funds.

There is no known census of the total number of organizations registered under other ministries. These associations and foundations render services that are usually complementary to their respective ministry's activities. At times, they lead the way into new and uncharted domains that later may become integrated into their respective ministry's plan and work. One recently established CSO focuses on raising awareness of autism and providing support to individuals and families coping with this disorder. Another CSO has recently been set up to work in the field of AIDS.

### **The Help Center**

The Help Center is a non-profit organization registered under the Ministry of Health. Conceived in 1985 through an endowment by the Ahmed Juffali Foundation, the Help Center stands unparalleled in the quality of service offered to children who are mentally and physically challenged.

The Help Center works with children from birth, as well as with their parents and, in some cases, their employees, to help them to overcome learning constraints and enable them to eventually lead an independent life and integrate into society.

Located in one of the prime real-estate areas of Jeddah, the Help Center does not take in boarders but is more of a day school. The center's 350 children - and to a certain extent, their parents - benefit from the services of almost 90 trained and qualified staff and from state-of-the-art equipment and space. The facilities are equaled by none in the Arab region, perhaps even in the world.





The endowment is managed separately from the Health Center's operations, and the annual budget covers the activities set out in its annual plan. But the center does not rely exclusively on the endowment funds, encouraging the community to contribute and get involved, in line with its philosophy of helping society to invest in itself. Parents are required to pay fees ranging from SAR 150 to SAR 16,000, depending on their means. Only two percent of the parents pay full fees. These fees represent only a fraction of the cost per child and do not go towards tuition. Instead, all fees and other contributions are placed in a Children's Account to cover the additional expenses of the needier children, such as surgery, medication, special equipment, and even transportation.

The Health Center has contributed to changing societal perceptions of children with mental disabilities in Saudi Arabia. Prior to its establishment, the mentally challenged were kept out of sight by their parents, and the government did not see the value of an initiative of the kind. This is less so today. Through workshops, exposure, and partnership building, government attitudes have changed and officials have come to recognize the importance of the program and to lend it their support. Parents are actively participating in the training and reinforcing it, helping their children become independent participants in society.

The Health Center has much to be proud of. Its students brought home 9 medals in the last Special Olympics, mostly in swimming, and of its 62 graduates, 25 currently hold regular jobs. The knowledge base, experience and training expertise the center has accumulated over the past 23 years is now being sought by and exported to other countries in the region.

### *International Philanthropic Institutions*

Saudi Arabia is one of the countries in the Arab region that are strongly oriented towards philanthropic investments abroad. While the kingdom provides humanitarian and relief aid in response to disasters, its international philanthropic efforts are also strategic in nature, focusing on sustainable development.



A whole range of institutional set ups can be identified, from government-funded programs under bilateral cooperation agreements, to individual or family foundations operating at the international level, to individual and corporate donations to international organizations such as the United Nations and through universities.

Some of the foundations operate at the international level; others run local programs with a presence in other countries, sometimes spanning the globe. Organizationally and legally, these institutions are not necessarily structured as one entity. They are registered abroad, but are known to have their roots in the kingdom.

Although the funds for their programs are sometimes raised through individual contributions, for the most part the foundations rely on joint funding by other multinational or local organizations. Alternatively, funding is secured through sizable endowments.

Foundations of the kind have come under scrutiny in the post 9/11 clampdown on the international flow of funds. Some of them have battled their cases in court and have managed to clear their names, receiving sizable compensations.

### **Coexist Foundation**

Coexist Foundation was established by Mohamed Abdul Lateef Jameel in London in 2006 to promote better understanding between Jews, Christians and Muslims through education, dialogue and research. The foundation began its first project 'A billion Muslims...Can you hear us?' as a ten-year non-profit partnership with the Gallup organization to help disseminate the findings of the independent World Poll on Muslim opinions around the world. The foundation was also one of the lead sponsors of an international exhibit of the 'Sacred Scriptures' organized by the British Library to show the shared heritage of the Jewish, Christian and Islamic faiths.



### **Al-Mansouria Foundation**

Established in Paris by Princess Jawaher Bint Majed Bin Abdul Aziz Al Saud, Al-Mansouria Foundation supports creativity in Saudi Arabia and builds bridges between Saudi artists and the general public. The foundation organizes exhibitions and produces publications, and its studio in the center of a global artistic spotlight in Paris offers Saudi and Arab artists opportunities for self expression in a unique environment.

### **The King Faisal Foundation**

The late King Faisal is credited with establishing the current educational system in Saudi Arabia in the early fifties, and the King Faisal Foundation was established by his heirs in his honor in 1976. Based in Riyadh, Saudi Arabia, the foundation offers globally sought after research and scholarship prizes, as well as grants to finance community development projects that bring long-term benefits to the community.

One of the foundation's major achievements is the King Faisal Center for Research and Islamic Studies, a beacon for researchers and knowledge seekers in the field of Islamic studies from around the globe. The center promotes research and knowledge building through a seminal library in Islamic studies, lectures and seminars, as well as periodicals. Scholarships are offered to outstanding Muslim students of all nationalities.

The foundation has also set up several non-profit educational entities to offer quality education. These include:

- King Faisal School, a leader in quality education that is continuously setting standards for an education system that marries traditional values with modern knowledge acquisition. The school initiated a civics course that was later institutionalized in the national education system.
- Al-Faisal University, which will receive students starting 2008
- Prince Sultan College, the first college in Saudi Arabia to establish and build capacity for tourism services.



- Effat National College, Saudi Arabia's first women's college, which is fast expanding in number of students as well as in areas of specialization and courses. The college receives students from all over the world. It evolved from the first girl's private school in Saudi Arabia, initiated by HH Princess Effat Bin Mohamed Al-Thunnayyan, wife of the late King Faisal, and was later donated to the foundation.

All of these entities are non-profit operations. The King Faisal Foundation is endowed with real estate investments that are landmarks in Riyadh, as well as financial and commercial investments that are managed to facilitate the foundation's growth and development.



## Conclusion

Providing a full picture of philanthropy in the Kingdom of Saudi Arabia will require a more complete study of the multifaceted nature of the sector. This brief overview touches on only some of the institutionalized forms of philanthropic investment in Jeddah and Riyadh. Other aspects of philanthropy in the kingdom may always remain undocumented, given the preference of philanthropists for anonymity.

A recent page in Okaz newspaper dedicated to the issue of civic engagement addresses some of the sector's needs and achievements. But, for the most part, discourse on philanthropy is noticeably absent in the Saudi media. Coverage tends to be limited to sporadic articles and recognition of exceptional donations. Secondary sources are also rare, given the widespread nature of activity in the field.

Philanthropy is publicly manifested in the vibrant fundraising that takes place on all levels of the population, and in the positive response it receives. A relationship of intrinsic trust exists between philanthropic institutions and the public, as evidenced by the flow of SAR 2 billion in donations to only one institutional modality – the associations linked to the Ministry of Labor and Social Affairs.

Despite the privacy of philanthropic institutions, their undertakings, endowments and offices reveal a deeply imbedded sense of responsibility to lead by example and the pride they take in their activities. One is struck by their insistence on perfection at all levels. Their pursuit of excellence and obsession with detail is visible in the quality of the real estate developments that house their offices or constitute their endowments. The endowments are themselves an expression of their dedication to the cause of philanthropy and their emphasis on issues of sustainability. The practice of endowing philanthropic organizations, be they charitable or strategic in focus, is well established in Saudi Arabia, providing a sustainable financing mechanism that is suited to modern financial and commercial practices.



Philanthropy in its many guises has been a leading force for innovation in social change in the Kingdom of Saudi Arabia. Philanthropic institutions have acted as an implementing arm for civic contribution to social development, complementing the services offered by the government, or filling the gaps, or venturing into and investing in innovative approaches. The legal and administrative systems in place, combined with social and political constructs, offer enough leeway for that role to be played.

Giving, therefore, has always been and will continue to be part of the matrix of change in Saudi Arabia, all the more so in the future. Today's generation of highly equipped and enthused graduates who benefited from the previous decade's investment in education - locally and internationally - is assuming leadership and executive roles. They are poised to support and further the implementation of new initiatives. The growing sense of national pride epitomized in the momentum of Saudiization; the introversion of philanthropic funds imposed by the post 9/11 whiplash and the attention this has brought to internal problems; and the heightened sense of social responsibility and ensuing cultural awareness brought about by the National Dialogue series - especially among the business community - are all the makings of change in Saudi Arabia.



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### 3 *The Kingdom of Saudi Arabia*

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<sup>1</sup> Population and GDP figures taken from IMF data [www.imf.org](http://www.imf.org). GDP estimates start after 2004 based on existing data. The human development index (HDI) is derived from UN development reports and is the measure of life expectancy, literacy education, and standard of living <http://hdr.undp.org>. GDP purchasing power parity is denoted by PPP to reflect the weight of GDP in relation to purchasing power of other countries. Breakdown of religious and population groups taken from [www.nationmaster.com](http://www.nationmaster.com)

<sup>2</sup> Ministry of Economy and Planning <http://www.planning.gov.sa/i-mop/home/>

<sup>3</sup> US-E 2004: 3 (122).

<sup>4</sup> Niblock, Tim. *Saudi Arabia: power, legitimacy and survival*. 2006: 128

<sup>5</sup> Estimates start after 2004.

<sup>6</sup> Estimates start after 2004.

<sup>7</sup> Economic Intelligence Unit. Country report: Saudi Arabia

<sup>8</sup> CIA world fact book

<sup>9</sup> UNDP 12:146

<sup>10</sup> UNDP 9:146

<sup>11</sup> Al anjari

<sup>12</sup> Information on legal environment taken from “Draft regulations of associations and civil organizations” from the International Center for Not-for-Profit Law (ICNL)

<sup>13</sup> Tamkeen 2007

<sup>14</sup> Personal interview

<sup>15</sup> There is no single survey of all nonprofit organizations



PALESTINE: WEST BANK AND GAZA STRIP

By *Hadeel Qazzaz*

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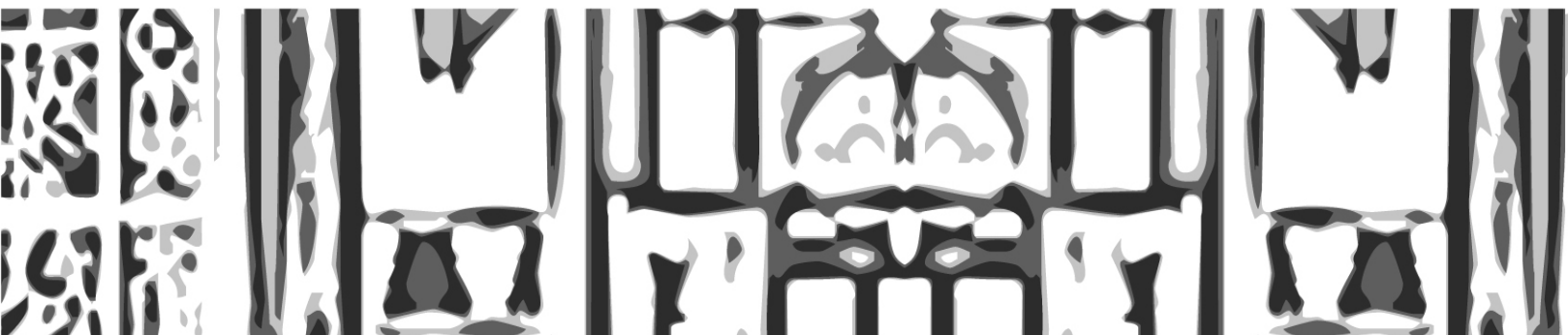
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## Overview

Palestine has a rich history of institutionalized philanthropy. Like other Arab societies, it shares the Islamic values of personal giving as well as a rich Christian culture of giving. In addition to compassion for those in need, philanthropy in Palestine has developed to provide social services in the absence of a functioning state, preserve Palestinian culture, and protect the holy places of both faiths. As a country under occupation and suffering from uprooting and violence, philanthropy has also evolved as a means of ‘steadfastness’ to support Palestinians remaining in their homeland.

Philanthropic giving stems from deeply held beliefs that it is blessed to offer material beneficence to fellow human beings<sup>1</sup>. The impulse to institutionalize giving may spring from a mix of motives that are religious, nationalistic, or humanitarian but have an added dimension of desire for sustainability.

## Country Level Background

### *Socioeconomic and Political Environment*

The Occupied Palestinian Territories (OPT) are geographically divided into two distinct areas: the West Bank and Gaza Strip. The population of the West Bank, including Jerusalem, is 2,385,000 and the population of the Gaza Strip is 1,376,000<sup>2</sup>. East Jerusalem fell under the jurisdiction of Israeli domestic law and was annexed by Israel in 1980.

The Palestine Liberation Organization (PLO) represents the Palestinian people. Between 1992 and 1993, the PLO negotiated and signed the Oslo Accords with Israel. The accords granted the Palestinians right to self-government in some areas of the West Bank through the creation of the Palestinian National Authority (PNA). The PNA is now the executive body of the PLO, with authority over Palestinians living in the territories. The Oslo agreements limit the power of the PNA to pass primary legislation.



As a result of elections in Gaza in 2005 that were not recognized by the international community, political instability intensified there, and in 2007, Hamas forcibly took control from the PNA. This led to international boycotts, Israeli border closures, collapse of public services, and further deterioration of already dire economic conditions. The poverty rate in the Gaza Strip is estimated at approximately 70 percent (PCHR, May 2006)<sup>3</sup>. Average income figures for 2004 show 65 percent of the overall population of the Gaza Strip lived in poverty and 54 percent lived in extreme poverty<sup>4</sup>.

### *Freedom of Expression and Association*

Palestinian society has benefited in the past from a relatively liberal atmosphere and freedom to express political and social opinions. Prolonged occupation and internal divisions, however, have created a degree of self censorship. Following Hamas' control of the Gaza strip in June 2007, President Mahmoud Abbas declared a state of emergency. Both Hamas in the Gaza strip and Fateh in the West Bank are currently violating some basic rights related to freedom of expression and freedom of association. Nonetheless, it is striking to note the extensive development of civil society organizations and the activism of significant portions of the population at all age levels. This may be attributed to the stark conditions of life under occupation and the long periods during which private associations had to make up for the lack of Palestinian public services.<sup>5</sup>

### *Civil Society and Public Authorities*

As with other Arab countries, there is no functioning 'social contract' or rights and responsibilities between citizens and the state. Throughout the short history of the PNA, allegations of corruption and mismanagement have increased. This situation, however, was little better when the territories were administered by Jordan or Egypt, or after 1967, by Israel. Under occupation, basic services were underdeveloped. Education, health and social services were outdated and had not been expanded to meet increased demand. Palestinians substituted for this vacuum by establishing a network of CSOs



(which were registered as not-for-profit companies during the occupation) and a number of private professional practices such as private schools, clinics, and law offices. Following the establishment of the PNA, private investors were encouraged to engage in service delivery. More private schools and hospitals were established, but this had the effect of widening the gap between the rich and poor.

### *Public-Private Partnerships*

Until the establishment of the PNA, public-private partnership did not exist. On the one hand, the Palestinian economy had not developed a vigorous private sector due to the various restrictions on marketing and investment during occupation. On the other hand, private entrepreneurs tended to avoid sectors of work or open connections with the PLO as long as it was a banned organization. After 1994, many Palestinian private businesses opened or were reestablished in Palestinian controlled areas, including new companies in the fields of telecommunications, electricity and construction. These firms have contributed to a range of community development projects. These efforts, however, tend to be somewhat isolated and lack cumulative impact on the society.

### *Socioeconomic Indicators*

In March 2007, the value of GDP was USD 982 million. GDP per capita was USD 269, down almost 9 percent from the corresponding period in 2006.<sup>6</sup> Palestine ranked 100<sup>th</sup> out of 177 countries on the human development index. Economically, Palestine has been considered to be in the middle-development category, although at this time Gaza is sinking into severe poverty. The Palestinian economy is service driven rather than production driven. Table I below summarizes some of the main economic indicators in recent years.



Table 1: Economic Indicators (1999 – 2006)

Indicator	1999	2002	2004	2006
GDP (million USD ) <sup>5</sup>	5095.0	4169.3	4131.3	4150.6
GDP/per capita (USD )	1617.2	1203.4	1217.8	1141.4
Unemployment (%)	11.9	31.3	26.8	23.6
Debt (million USD )	286.6	950.0	1009.9	1824
Foreign Aid (million USD )	523.9	966.1	925.0	750.3
Percentage of poor	21.0	60.0	61.0	(no official data)

*Source: MAS, March 2007 and July 2007*

### *Income Distribution*

The Palestinian National Poverty Report for 2005 estimates that approximately three out of five Palestinians live under the income poverty line, while a third of the Palestinian population lives under the consumption poverty line<sup>7</sup>. The report also indicates continued gaps in poverty rates between the West Bank and Gaza Strip, with poverty in Gaza twice as high in the West Bank. Poverty rates in refugee camps are the highest, with real expenditure poverty rates close to 32 percent, compared with almost 25 percent in rural areas and around 25 percent in urban areas, and income poverty rates reaching approximately 59 percent, compared with 54 percent and around 52 percent in rural and urban areas respectively.

### *Foreign Funding and Multinationals*

Significant donor funding to the Palestinians started long before the Oslo agreements. Funding in the West Bank and Gaza Strip aimed at improving living conditions and



paving the way for a peace agreement. Prior to Oslo, donors disbursed funding directly through Palestinian CSOs and local committees, not through an official body. While Western funding was significant, it was much less than that provided by regional and Islamic sources. Nakhleh (2004) estimates that from 1977 to 1992, Palestinian, Arab and Islamic sources contributed approximately USD 564 million to Palestine. From 1975 to 1987, the US government contributed nearly USD 77 million in aid to the Palestinians. Donor funding through the PNA started immediately after the signing of the Oslo Accords. This was to have provided capacity-building support to the new authority. According to the 2004 Palestine Human Development Report, the overall commitment of donors to the Palestinian people from 1994 until 2003 was USD 6,708 million, of which USD 6,553 million was actually disbursed.

Given the underdeveloped nature of institutions in Palestine, donor funding focuses across many sectors. According to reports by the Ministry of Planning covering the period 1994-2005, 41 percent of donor funding went to social sectors, followed by institution building (21 percent), infrastructure (20 percent), and finally production sectors (10 percent).

### *Economic Policy and Activity*

Economic surveys for 2006 show that the Gross Fixed Capital Formation amounted to USD 88.6 million. This value was distributed as follows: industrial activities 25 percent, internal trade activities 14 percent, services 25 percent, and transport, storage and communication activities 35 percent. While the PNA has declared its support for a free market economy, Israeli control over borders, tax revenues, and resources renders the territories dependent on external donor funding, and markets cannot operate normally. Since 1993, the PNA has submitted a development plan to the annual international donor's meeting consisting in earlier years of a shopping list for basic needs. Since 2005, the planning process has become more structured, with a clearer vision and set of priorities presented in the Palestinian National Development Plan for 2005-2007. Nonetheless, conditions placed on some donor contributions have impeded locally conceived development projects.



## Literacy

Illiteracy rates have declined in recent years, to a low of 7 percent among those aged 15 years and older, compared to 16 percent in the year 1995. Illiteracy in urban areas is 5 percent, in rural areas 9 percent, and in refugee camps 7 percent. Illiteracy is considerably higher among women - 10 percent compared to 3 percent among men.

## Population Distribution and Migration

According to the Palestine Human Development Report (2004), 56 percent of Palestinians live in urban areas, 29 percent live in rural areas and fully 15 percent live in refugee camps. Palestinians were subject to two waves of large-scale migration in the 1948 and 1967 wars. As a result, more Palestinians live in Diaspora around the world than currently live in the occupied territories. A significant number have succeeded as professionals and private business owners. This creates a large pool of potential Diaspora philanthropists. It is estimated that there were more than 7 million Palestinian refugees and displaced persons at the beginning of 2003.<sup>8</sup>

## Philanthropy in Focus

### The Culture of Giving

#### *Historical Background*

The strong tradition of philanthropy in Palestine stems primarily from four main factors that have created a culture of giving and social solidarity:

I. The strong religious motive for philanthropy, both in Islam and Christianity: Containing holy sites for three major faiths and as a meeting point for world religions, Palestine has historically been a place where good deeds and charitable offerings are well established. Church and *waqf* establishments in the old city of Jerusalem date from before





the time of the Crusades, as do Jewish schools and seminaries. The first modern era schools in Palestine were missionary Christian schools based on volunteerism and philanthropic contributions from abroad. Islamic schools in major cities followed, in addition to many religious organizations set up to provide support to poor families, award scholarships for Palestinian students to study abroad, and provide housing for the poor.

2. The historical strength of *waqf* institutions: As an Ottoman province, Palestine was a site of active *waqf* establishment, mainly to protect the religious sites and assist the poor. In the first quarter of the last century, 5-7 percent of Palestinian land was considered *waqf*, including tens of villages. Some sources estimate that 15 percent of the village land and 7 percent of town land was held in *waqf* status. While there is less activity in the formation of new *waqf* endowments today, existing institutions remain strong in Palestine, controlling assets that serve poor families and operate schools and orphanages.<sup>9</sup>

3. Displacement and war: The uprooting of Palestinians from their original homes led to two major waves of population movement to the West Bank and Gaza Strip. Most of those who became long-term refugees were poor and had lost livelihoods in addition to property. Many local charitable organizations and work committees were established to provide support for these refugees, with women often in founding and leadership positions. An example is the well-known social welfare organization, Inaash Al-Usra, which was established by Samiha Khalil in 1965.

4. Extended occupation and lack of self-rule: Since 1967, occupation has restricted economic opportunity and contributed to large-scale migration out of the territories. Increasingly, youth have become discouraged about their personal and collective futures. This led to popular uprisings in 1987 and 2000, with resultant loss of property and life, and further economic setbacks. In response, new forms of philanthropy have arisen that have enabled Diaspora Palestinians, who had always sent individual contributions back to the territories, to channel their giving through foundations and solidarity associations.



Other Arab and Muslim philanthropists have supported these efforts, as well as universities, CSOs and enterprises well beyond the territories. Support is distributed over social welfare, cultural preservation, scholarships and vocational training, as well as an array of other developmental activities.

A confluence of these four factors has created a unique array of institutional forms of philanthropy and a modern sector that is more highly developed than in some other parts of the Arab region. Wealthy Palestinian businessmen with bases in Jordan, the Gulf and Europe created some of the earliest grant-making foundations. Many other organizations draw their support from individual donors living around the world. Recently, one of the first Arab community foundations was established in the West Bank.

### *Sources of Philanthropic Giving*

There are three main sources of philanthropic giving in Palestine of an indigenous nature: the first is local philanthropy of individual Palestinians living in the occupied Palestinian territories. These people channel funds through established charitable organizations and CSOs spread across the West Bank and the Gaza Strip. Poor people - and more recently the “new poor” - employees of the PNA who did not receive their salaries - queue in front of these organizations to get some financial help, food parcels, clothing, or students fees.

The second source of funds comes from Palestinians living in Diaspora who either support the existing network of Palestinian NGOs or establish their own agency (typically registered as a charity abroad with an office or operation in the West Bank and Gaza Strip). These institutions are important because of the scale of funds involved, and because they often apply a developmental rather than charitable orientation to their programs. Sari Hanafi (2000) identified the blurred relation between donations and investments of Palestinian Diaspora, since some philanthropic giving also contributes to the creation of economic assets and income-generating activities.



Another source of Palestinian philanthropic giving comes from Arab citizens of Israel who have established foundations and organizations to support Palestinians in the territories. One example of this, from a religious perspective, is the Islamic foundations established to support poor families and needy communities, or to lead campaigns for the protection of Al-Aqsa mosque.<sup>10</sup>

The third source of funds is Arab or Muslim philanthropy, which may be channeled through local or international CSOs working in Palestine.

One characteristic of the philanthropic sector in Palestine is the extent to which old institutional structures of giving co-exist with modern philanthropic institutions. There are differences in the scope and objectives of giving and the structures of the organizations. For example, religious *zakat* committees are very active and well institutionalized. Some of them have evolved a mode of work that is less charitable than developmental in nature, such as the Nablus Zakat Committee described below. Waqf institutions still exist in Palestine, but are now operated under the supervision of the Ministry of Religious Affairs.

Charitable organizations also exist, often running with lower budgets and more in-kind contributions from the community.

At the same time, new and modern philanthropic organizations are becoming active. New models of wealthy families/ persons establishing their own foundations are becoming more common. Examples are the Abdel-Mohsen Qattan Foundation, Faisal Hussein Foundation, and the older, more extensive Welfare Association.

The co-existence of different modalities of philanthropy is partly explained by the severity of needs in the society, partly by political developments. For example, the founding of the Welfare Association was precipitated after the PLO was forced to leave Lebanon in 1982. Wealthy Palestinian businesspeople felt the need to support the Palestinian refugees, especially in Lebanon camps and in the Occupied Territories. Following the first *Intifada* in 1987 and the second *Intifada* in 2000, philanthropy also experienced growth as a result of heightened community needs.



### *Motives for Giving Among Individuals*

There are two major motives for giving: the first is the religious giving out of Islamic values and duties (*sadaqa* and *zakat*). This motive is increasing as a stated reason for giving, and reflects the growing influence of Islam and Islamic popular movements. This kind of giving is mainly in the form of cash donations. Giving in kind also occurs, but less often. The second motive is nationalistic, out of solidarity with those affected by the occupation or a sense of belonging to the Palestinian cause. This giving largely takes the form of in-kind donations and volunteering time and effort.

A study from a decade ago<sup>11</sup> showed that 24 percent of the representative sample was regularly giving money as a sustainable act all through the year. An additional 16 percent gave money occasionally on religious occasions or feasts.

### *Channels of Giving for Citizens*

In general, due to the political situation and ongoing crisis, Palestinians are actively engaged in social affairs and community services. Gestures of solidarity and support through NGOs or to affected family members are very frequent. The strong network of charitable organizations facilitates Arab and Palestinian philanthropy. Many individuals pay regularly and since a long time to certain organizations and NGOs. The aim is not always charity. In some cases, money is paid for infrastructure projects (roads, schools or clinics); in other cases it is used to re-build destroyed houses.

Some individuals contribute to relief assistance by channeling their donations through Islamic charity organizations in the Gulf, Europe and the United States, and through charity coalitions like the Islamic Charity Association, the Islamic Compound and Al-Salah Islamic Society.

Other individuals channel their contributions through non-Islamic NGOs active in the west bank and Gaza strip. In 2005, these organizations offered monetary assistance ranging between JOD 20 to JOD 50 to 17,000 families, as well as relief aid, in the form of food parcels, house renovations, and craft training for poor women<sup>12</sup>.

In recent years, public opinion polls showed less trust in “modern” NGOs because of allegations of corruption and following a Western agenda. The respondents, however, distinguish between NGOs that depend on foreign funding, and philanthropic institutions such as *zakat* committees and the Red Crescent.

An opinion poll conducted by the Development Studies Program at Birzeit University<sup>13</sup> indicated that respondents tend to have trust in *zakat* committees (58 percent), and NGOs and charity organizations (47 percent). The census of NGOs conducted in 2007 found that 62 percent of NGOs receive some local funding (donations and grants), an indication that the culture of giving is thriving. However, that figure is lower than in the year 2000, when 72 percent of the NGOs received local funding<sup>14</sup>.

A MAS study in 1997 identified 13 percent of family giving channeled to *zakat* committees, 29 percent to charities, 23 percent to families and individuals suffering from a crisis, 22 percent to families from the same town or village, 18 percent to neighbors, and 9 percent to friends. As with Egyptians, Palestinians prefer to give directly, especially to relatives and family members. However, there are many who prefer to give (especially *zakat* money) to religious organizations such as *zakat* committees or the As-Salah or Al-Falah organizations in the Gaza Strip. There is also an increasing trend to give money for needy students by paying their fees directly to universities, or to support the families who are affected by occupation, such as the families of prisoners or those killed, families whose homes were demolished, or where the breadwinner has a disabling injury.

## The Legal Environment for Philanthropy

According to Law No. 1 of 2002, the Palestinian Ministry of Interior is responsible for overseeing NGOs, foundations and charitable endowments. The ministry has the authority to register organizations as well as dissolve those that do not comply with the law. Each NGO or charitable organization has to apply for a license. The Ministry of Social Affairs reviews the programs and activities of charitable organizations but does not have the power to close them or prevent any of their activities.



Despite the existence of an NGOs monitoring department within the Ministry of Interior, the ministry lacks the professional capacity to fulfill this role completely or to implement decisions. Since the last parliamentary elections and the formation of the Hamas government, NGOs and charitable organizations have, unfortunately, become a political tool. Hamas Prime Minister Mr. Ismail Hanieh froze any registration of new NGOs, claiming that they were used by the Fateh movement for the re-channeling of funds. Following Hamas' takeover of the Gaza Strip in June 2007, the Fateh-controlled government in the West Bank closed down 103 NGOs and organizations, most of them charitable organizations close to Hamas.

Law No. 1 of 2000, which governs non-governmental and charitable organizations in the West Bank, requires an organization to have a board (administrative committee) of at least 7 members, a general assembly, bylaws that state the aim and objectives of the NGOs, and a specific bank account with names of signatories. The organization is required to hold regular general assembly and board meetings, maintain a proper narrative and financial documentation of its activities, and submit annual reports. Board elections should be held at least once every two years.

To apply for registration, an organization should have at least 7 founding members as well as bylaws. The process of registration is lengthy and requires multiple security clearances and checks on individual members, objectives and suggested activities. Up to the present, the process is linked to factional and political requirements. Some NGOs find it easier to register than others, because of the political connections of its founders. The registration process is reportedly not consistent for all applicants.

There is a unified registration law for all NGOs with clearly defined bylaws. The recent experience of the PNA makes it difficult sometimes to apply the law consistently to all NGOs. However, some attempts to have consistent application of the law are being made.

According to Income Tax Law No. 17 of 2004, donations to *zakat* funds, charities, or not-for-profit organizations are deductible from the taxable profit. The amount should

not exceed 20 percent of pretax profit. The income tax law, the charity and non-governmental organizations law and the penal code are the main laws that govern the different types of philanthropic organizations in Palestine. Official institutions lack the ability to guarantee full implementation of the law.

## Institutionalized Philanthropy

### *Philanthropic Organizations*

NGOS and charity organizations offer basic assistance to the poor, such as educational, nutritional and health services. According to the NGOs census conducted in 2007, there are 1495 NGOs working in the West Bank and Gaza Strip, including 69 percent in the West Bank and 32 percent in the Gaza Strip. The same study showed that there are 16,882 paid employees working in 573 NGOs (an average of 20 employees per NGO), 19 percent of which work in relief and charity organizations.<sup>15</sup> According to the study, more than half of the NGOs are engaged in charity and philanthropy, including 17 percent whose main field of work is charity and philanthropy, and 39 percent that have a charity and philanthropy component in their work. Most of the NGOs in Palestine are either national or community based, but a few individual or family based foundations exist. Even the individually based foundations have a proper board of directors and are governed by a system that can be monitored by the Ministry of Interior.

It is difficult to estimate the overall amount of money invested by philanthropic organizations in Palestine because of the different types of organizations and registrations. In addition, there is no centralized record for such amounts of money. For a variety of reasons, different institutions tend to underestimate or, in some cases, overestimate their budgets. The Ministry of Interior does not keep records of audited financial statements and narrative reports of the institutions, although they have begun collecting data. The MAS census of NGOs (2007) estimated the NGOs received USD 223,607,358 in the year 2006, 19 percent of which went to charity and philanthropic activities.<sup>16</sup>



### *Networks*

Networks of Palestinian NGOs serve as forums for information exchange and coordination of positions amongst NGOs and charitable societies. There are at least five well established networks of Palestinian NGOs. The most prominent is the Palestinian NGOs Network PNGO<sup>17</sup>, which has 91 member NGOs. Charitable organizations and philanthropic institutions are members in the General Union of Charitable Societies<sup>18</sup>, which has 450 members. There is also a special union for Jerusalem charitable organizations and one for the Gaza charities, in addition to the Council for Non-Governmental Organizations in the West Bank and Gaza Strip. A specialized network for grant-making foundations in Palestine has yet to be established.

### *Corporate Philanthropy*

Corporate philanthropy is still new to Palestine. Few local companies have regular philanthropic activities in Palestine. Likewise, little is done by international companies. However, in the last two years activities have been initiated by Intel, which is establishing computer clubs for youth and centers of excellence in universities. Most corporate giving concentrates on educational activities especially for youth and children. Some also fund culture and art which offers high visibility.

### *Mapping Institutionalized Philanthropy in Palestine*

As in other countries covered in this report, Palestine has at least five or six distinct forms of giving. These include community and family foundations, corporate philanthropy, direct organized individual giving or group giving, and individual giving through the existing network of local and international philanthropic organizations.





### *Community Foundations*

There are two types of community foundations in Palestine. The first focuses on a specific geographical area or local community in the West Bank or Gaza Strip. Examples include The Society of Ina'ash El-Usra, Friends of Birzeit Foundation, and Dalia Association. The second type draws on the affiliation and loyalty that a family holds for its original village in historical Palestine. A typical example is Al-Lod Charitable Society.

#### **The Society of Ina'ash El-Usra<sup>19</sup>**

The Society of Ina'ash El-Usra was founded in 1965 by a group of committed volunteers headed by the late Mrs. Sameeha Khalil with the aim of empowering Palestinian women and serving various sectors of the community. In the aftermath of the 1967 war and throughout the Israeli occupation, the society played a vital role in dealing with the severe economic, social, and political hardships emanating from the occupation. Inaash El Usra is a prominent address for individual philanthropists and non-religious donations. At the same time it is an address for thousands of orphans and widows who seek help. The charity managed to establish and run an orphanage, and a vocational training center that teaches women sewing, hairdressing and food economy.

#### **Al-Bireh Association-Palestine<sup>20</sup>**

The association, which was founded in 2003 by a group of Al-Bireh children and original residents, supports the work of Al-Bireh local community in the fields of health and education. It also donates money for individuals in need and connects Al-Bireh with people all over the world. The association has accumulated a wealth of knowledge on effective strategies for addressing the needs of children and youth - from innovative means of applying technology to enhance young people's learning to holistic approaches of equipping young people with valuable life skills.

The association's activity centers around four issues:

- Education, to improve the quality of education and increase learning opportunities for young people - both in and out of school - through expanded access to information technology, innovative school reform, and instructional support for teachers.
- Employability, to improve young people's employment, entrepreneurial, and personal skills as a way of building their capacity for and engaging them in productive work.
- Leadership and Engagement, to inspire, support, and promote youth engagement and the role of young people as leaders of positive social change, as a way to foster a lifelong commitment to active citizenship.
- Health Education and Awareness, to prepare children and youth to lead healthy lives by providing them with the knowledge and personal skills needed to make informed and healthy choices.

### **Friends of Birzeit Foundation**

Friends of Birzeit Foundation was established in 1993 to support Birzeit University morally and financially. Members are businessmen, professionals and wealthy Palestinians who live in the West Bank. The foundation is run solely by volunteers and students, and, accordingly, does not have any administrative costs. Its main activities center on the provision of scholarships, food vouchers, books and clothes to support needy students. Other activities include planting trees in the university, building computer labs and establishing a system for the donation of expensive university books. Some businesspeople channel their funds through the organization. The carrier mail organization Aramex, for example, supports five scholarships through the foundation.

The organization's membership has dropped from 120 active general assembly members prior to the year 2000, to 50 active members, largely due to the economic situation.



**Dalia Association<sup>21</sup>**

A new Palestinian community foundation was recently founded by members of the Palestinian community from the West Bank, East Jerusalem, Gaza Strip, Israel, and the Diaspora. The founding board, which is diverse in terms of religion, gender, age, and politics, is committed to mobilizing, investing, and distributing resources according to local Palestinian priorities using community-based decision-making. The aim is to:

- Link people who have resources, expertise, ideas, contacts, equipment, and other assets with community activists who need those resources to serve their communities.
- Fund hopeful, inspirational, and sustainable civil society initiatives, including community efforts that just need a small grant to supplement their local resources. A permanent endowment is being built over time to ensure sustainable income for current and future generations.
- Involve people of all kinds in expanding traditions of philanthropy, volunteerism, and working together to strengthen the Palestinian social fabric.
- Advocate for an international aid system that respects and responds to local priorities.

**Al-Lod Charitable Society<sup>22</sup>**

Founded Nablus in 1995, Al-Lod Charitable Society was originally established as a charity to serve people from the occupied city of Al-Lod, but has expanded to serve the Palestinian community in general. The society has managed to raise funds to expand its activities to include democratization processes, women's empowerment, refugee rights and other issues. It is now an active NGO serving local communities in the North of the West Bank

### *Family Foundations*

These are private foundations where donations are derived from personal assets and management stays at least partially among family members. Some of the prominent examples in Palestine are:

#### **Abdel-Mohsen Qattan Foundation<sup>23</sup>**

The Abdel-Mohsen Qattan Foundation was established in 1993 and registered in the United Kingdom. In 1998, the foundation set up a branch in Ramallah. The foundation has a board of family members and executive staff, and a well qualified staff of 69 employees. Its main goal is to improve the quality of education and culture in Palestine and the Arab world.

One of the foundation's main achievements has been the establishment of a center for children in the Gaza Strip. The center offers courses for children and organizes cultural and art shows. It boasts a library with more than 95,000 items, and also has a mobile library.

The foundation offers annual prizes in the field of culture and art (especially for young artists and journalists), funds creative art projects, and awards special scholarships for studies in education and art. The foundation also has a well developed program that focuses on teacher training in quality education and improving the level of educational research in Palestine.

Almost 90 percent of the foundation's annual budget of USD 2.5 million comes from the Qattan Trust Fund. The foundation's publication is an additional source of self-financing. In 2004, the foundation received a grant from the European Union to implement an audio-visual project in Palestine to promote Palestinian film and television production. Currently, around 10 percent of the budget comes from funding sources such as the Swedish Anna Lindh Fund that do not place conditions on their support.



The foundation is a member of the Art and Culture Network, the Association of International Development Agencies in Palestine (AIDA) and the Arab Foundations Forum.

#### **The Scientific Foundation of Hisham Adeeb Hijawi<sup>24</sup>**

The Scientific Foundation of Hisham Adeeb Hijawi (SFOHAH) is an independent, nonprofit, nongovernmental organization established by the late Hisham Hijawi in 1981, with registration in Vaduz, Liechtenstein. Its objective is to support technical and applied science education in order to enhance technology transfer and absorption and, in turn, develop a suitable industrial base for better human welfare. The foundation provides grants and support derived from its investment portfolio, endowed by Hisham Hijawi.

A board of directors set the policy for the foundation's grant making and operations. An advisory board made up of public figures advises on SFOHAH's general strategies. The foundation has a liaison office in Amman that follows up on its projects and programs in Jordan and Palestine.

SFOHAH's core programs include an annual award for three research projects in the applied sciences. The foundation also supports existing colleges and universities, making annual contributions for the supply of computers and labs, both in Jordan and Palestine, and for the support of scientific workshops, conferences, etc.

The foundation's main initiative is the establishment of a Technical College in Palestine. SFOHAH donated USD 1.5 million to the project and is raising the additional financial requirement of around USD 10 million. The college will be owned and administered by An-Najah National University.

#### **Hani Qadoumi Scholarship Foundation<sup>25</sup>**

The Hani Qaddumi Scholarship Foundation (HQSF) aims to assist young Palestinians, who have the intellectual capacity but lack the financial means, to acquire superior professional and managerial skills through quality education, and ultimately, enable them to participate in the development of their country and society.



The heirs of the late Hani Qaddumi created the foundation in his memory in 2001. They were driven by their father's strong belief, and their own, that distinguished education offers a unique opportunity to enrich one's personal life and greatly impact one's career through interaction with different cultures, the formation of lasting friendships and the acquisition of new educational horizons.

HQSF offers young Palestinians, men and women alike, to compete annually for a number of endowment grants in a range of specializations, with emphasis on engineering, information technology and business administration. The grants are awarded to selected individuals on the basis of academic excellence, professional qualifications and financial need.

#### **Faisal Hussein Foundation<sup>26</sup>**

The Faisal Hussein Foundation aims to preserve the cultural character of the city of Jerusalem, maintain the Palestinian identity of its residents and develop the services of its institutions. Through its various projects and commitment, the foundation supports Palestinian institutions in East Jerusalem that provide services in health care, education and youth development.

#### *Corporate Philanthropy*

Palestinians did not have self rule until 1993. Before that the private sector was weak and corporate giving was, therefore, neither systematic nor institutionalized. Palestinian private businesses in the Occupied Territories, however, have always provided support discreetly to needy families and Palestinian schools and universities. This trend expanded following the establishment of the PNA. Telecommunication companies, which had monopoly contracts, felt compelled to adopt policies of social corporate responsibility. Their philanthropy took the form of grants and contributions for community development projects, especially in the field of education and youth.



In 2006, the telecommunication group (including Jawal, Paltel, Palmedia and Wasel) launched its first social responsibility report<sup>27</sup>, announcing the formation of the first social responsibility fund in Palestine. The report also claims to be the first Arab report focused on private sector social responsibility (defined as social grant-making). The declared objective of the fund is to support the community with social services that bring no financial gains to the companies involved. Palestinians and NGOs can apply to the fund in writing for projects in the fields of education, health and social affairs. In 2005, the fund donated 1.2 millions Jordanian dinars to projects in the various fields, 32 percent of which went to culture and art and 31 percent to education. A larger share of the funds (60 percent) went to projects in the West Bank, while 40 percent were spent on projects in the Gaza Strip. Most of the funds (41 percent) were channeled through NGOs, while 31 percent were channeled through governmental organizations, and 14.3 percent through universities.

Other companies such as Safad, Al-Quds Pharmaceutical Company, and Birzeit Pharmaceutical Company also donate to the community, although their contributions tend to be smaller. Intel is establishing computer clubs for youth, and centers of excellence in universities. The national beverage company Marawi is focusing on services for youth and children, including a children's library in Beit Jala hospital as part of a program to set up children's libraries all over the West Bank and Gaza Strip.<sup>28</sup> In September 2007, the company announced a three-year project called Layna Al-Ghad (tomorrow is ours) which will support 15 Palestinian schools with computer labs and more than 150 computers<sup>29</sup>.

### **Al-Quds Pharmaceutical Company<sup>30</sup>**

Al-Quds Pharmaceutical Company is an example of both individual and institutional philanthropy. The company awards 10 full university scholarships a year. In addition, the company gives small contributions to more than 30 charities all over the West Bank and Gaza Strip, most of which run orphanages or clinics. In addition to financial contributions, the company makes in-kind contributions in the form of medicine for remote clinics, among others.



The foundation's chairman, Mr. Mohammad Masrouji, and a number of others, established the "Al-Mustaqbal" schools and a hospital in Bethlehem almost a decade ago. These projects focus on providing affordable quality health and education services. While they are designed to operate for profit, the donors were aware from the start that they would be costly and unlikely to generate profit. The donors continue to provide the schools with partial financial support as part of their corporate social responsibility.

### *Transforming Philanthropy - Organized Individual Giving*

Palestine has many forms of philanthropic giving initiated by a group of individuals who do not create a formal foundation but have sustained their giving over time. Some are moving away from charitable activities like food aid to give their money for developmental causes. A good example of this type of giving is Children of Ramallah, based in the US. Members meet regularly and collect money for projects in the Ramallah-Al-Beirah area in the West Bank. They send a delegation once a year to visit sites and decide on priorities for developing the two small cities. Such donations have contributed to large projects, such as the building of a major community center and the development of a botanical garden in Al-Beirah. The center is rented out to the local community, which provides revenue for the Al-Beirah municipality to perform its tasks. The Ramallah children have donated to charities in Ramallah, to the only sports center in town (First Ramallah Group), and directly to the Ramallah municipality, which used the money to improve the road and other services.

A notable example was during the international boycott of the Hamas government from March 2006 to January 2007. Following the teacher strike, which was called because the teachers had not received their salaries, a group of Beir-Nabala children in the United States donated two-month salaries to more than 50 teachers working in three schools to enable them to go back to work. The amount collected exceeded NIS 120,000 – approximately USD 28,000 - which was more than the three schools needed. The remaining fund was distributed to another three schools in a nearby village. Similar donations were noted in Mekhmas and Beit Exa villages, usually from the children of the village in Diaspora.<sup>31</sup>





Under the same category fall donations of individuals who do not have a well established or institutionalized organization but have regular funding patterns associated with a commitment to a particular idea. The prominent Palestinian businessman Hasib Sabagh, for example, funds an annual summer camp for Palestinian children from all over the world to introduce them to historical Palestine and to establish a strong bond amongst Palestinians from all over the world. The summer camp was held in the last two years near destroyed Palestinian villages.

#### *A Network that Facilitates Philanthropy*

The strong network of charitable organizations facilitates Arab and Palestinian philanthropy. Many individuals contribute regularly to certain organizations and NGOs. Some of them have been doing so for a long time. These donations do not always go towards charity. In some cases, the funds go towards infrastructure projects (roads, schools or clinics); in others, they are used to re-build destroyed houses. Islamic organizations such as Al-Salah Islamic Society, non-Islamic organizations, zakat committees, grant-making organizations such as the Welfare Association, and intermediary organizations such as the Palestine International Institution, are some of the entities through which Arab and Palestinian individuals channel their philanthropic giving.

#### **Al-Salah Islamic Society<sup>32</sup>**

Established in 1978, Al-Salah Islamic Society is a charity institution whose mission is to participate in building the Palestinian community by improving the conditions of children and relieving their suffering in all aspects of life. In 2003, the society assisted 1000 families and gave away 76750 food baskets. Currently, the society is extending assistance to 5113 orphans in Gaza. The society has also supervised the building and renovation of houses in the aftermath of Israeli attacks.

### *Zakat Committees*

*Zakat* may not be considered a form of philanthropy, since it is a requirement in Islam. These individual contributions are intended to help the poor and needy and are rarely directed towards building capacity and sustainability in society. In the case of Palestine, however, *zakat* has been institutionalized through *zakat* committees that direct long-term financing and expertise towards self-sustainable community development projects that provide long-term social benefit. The Nablus Zakat committee, for example, established the first dairy factory in the West Bank (As-Safa dairy products), and Tulkarem Zakat committee established the only hospital in town.

*Zakat* committees offer humanitarian aid in the West Bank and Gaza. The Zakat Fund at the Ministry of Waqfs and Religious Affairs in Palestine lists 81 committees operating in the Palestinian territories, 67 of which operate in the West Bank. These committees offer assistance to a large number of orphans and needy families. Their activities are diverse, ranging from monthly donations to orphans and needy families, to assistance to students in schools and universities, and medical services to thousands of patients in health units and hospitals. *Zakat* committees affiliated to the Ministry of Waqfs assist more than 18000 orphans through the disbursement of symbolic amounts of money ranging between JOD 20 to JOD 25.<sup>33</sup>

Examples of these committees include, Al-Quds Zakat Committee; Nablus Zakat committee; Gaza Zakat Committee; Burqa Zakat Committee.

### **Welfare Association**

The Welfare Association can be considered, without hesitation, the most important association in the field of philanthropy. Gathering prominent Palestinian businesspeople and intellectuals, the association is a philanthropic and independent voluntary foundation established in 1983. It has earned a solid reputation as a serious organization that is helping to lead Palestinian development. From the start, the association adopted the



principle of self-sustainability, setting up an endowment that is supervised by an investment committee and looked after by professional portfolio managers. The revenue is utilized to cover the association's recurring costs. This ensures that annual dues and donations are directed wholly towards funding grants related to Welfare Association programs and projects.<sup>34</sup>

Since 1984, the Welfare Association has also been acting as an intermediary NGO, managing the grants of private donors in and outside Palestine. Between 1983 and 1996, the association disbursed 1,200 grants to over 300 NGOs in Palestine and abroad. The strong international reputation that the Welfare Association has established has encouraged donor institutions to partner with the association. Funds under management from donors such as the European Union and the Arab Fund for Social and Economic Development (AFSED) are directed towards projects in the Palestinian Territories, Israel and Lebanon.

The Association is open about its funding and projects, something that is still rare in the field of Arab philanthropy. Between 1983 and 1996, the association funded 1,307 projects, totaling USD 90 million (USD 43 million from its own sources and USD 47 million from external sources). This averages out to approximately USD 6.42 million per year, of which around USD 3 million were from the association's funds.

Recently, the Welfare Association, heading a consortium that includes the British Council and Charities Aid Foundation (CAF), submitted a successful proposal to the World Bank for the establishment of a Project Management Organization (PMO) to manage World Bank assistance to Palestinian NGOs. This project is a major breakthrough when it comes to NGO activity in Palestine.

The association constitutes an important pillar of Palestinian philanthropy, with the ability to help beyond small-aid initiatives. Additionally, because of their financial and intellectual capacities, the members of the Welfare Association have the potential to influence decision-making processes at the national level.



**Palestine International Institution**

A newly founded organization based on setting up a two-way channel of interaction to connect communities of Palestinian and Arab origin with friends of the Palestinian people. The organization facilitates the transfer of donations and funds from Arabs and Palestinians abroad to address Palestinian national and developmental priorities. The organization also facilitates the transfer of Palestinian and Arab knowledge, human resources and expertise in support of the Palestinian cause, and works to facilitate experience sharing and investment opportunities in Palestine.

A list of these foundations can be found at:

[http://www.welfareassociation.org/AFF\\_website/Companies\\_Eng.htm](http://www.welfareassociation.org/AFF_website/Companies_Eng.htm)



## Conclusion

Palestinians have a rich culture of philanthropy which has helped to sustain social and economic well-being through conflict and prolonged occupation. Throughout Palestine's long history of philanthropic giving, several different trends of organized giving for social good have developed. Today, most philanthropic institutions in Palestine are registered under Palestinian law, and organizations that are registered abroad usually try to re-register as a branch of a foreign organization working in Palestine. In theory, all these organizations are accountable to the Ministry of Interior, though oversight in the ministry is as yet not very well developed. In general, citizens enjoy a liberal environment when it comes to establishing organizations in Palestine and a rather free and tolerant atmosphere regarding media and freedom of expression. However, recent political developments following the Hamas election victory and takeover in Gaza are threatening to undermine these fragile achievements.

Motivations behind philanthropy in Palestine have religious roots, but go well beyond religious obligations today. They extend to a sense of belonging to a national cause and a desire to provide material and moral support to a people under occupation. Philanthropy facilitates development, as in other Arab countries, but in addition, it has contributed to maintaining the steadfastness of Palestinians and their connectivity to their homeland.

Increased poverty and unemployment, allegations of terrorism connections, international financial boycott, and restrictions on money transfers and bank transactions, are all factors that discourage the growth of the sector. However, these major challenges have not kept the field from evolving in important ways. Corporate involvement, application of successful business practices to giving, and forging international links are some of the ways that philanthropy is becoming more strategic and effective.



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## 4 Palestine: West Bank and Gaza Strip

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<sup>1</sup> Ibrahim, 2005

<sup>2</sup> Palestinian Central Bureau of Statistics (PCBS): <http://www.pcbs.gov.ps> (at the moment, a Palestinian census is being implemented which may lead to a slight change in population projection)

<sup>3</sup> The Palestinian Centre for Human Rights in a report entitled "Poverty in the Gaza Strip".

<sup>4</sup> Preliminary draft of the Palestine: Poverty Report 2004, issued by the Palestinian Ministry of Planning National Authority for Combating Poverty in conjunction with the PCBS (Palestinian Central Bureau of Statistics), dated March 2006. This report was prepared by the Pro-poor Participatory Planning Project implemented by the Ministry of Planning in cooperation with the United Nations Development Programme (UNDP) with funding from the Department of Foreign International Development (DFID), UK. Data is unofficial.

<sup>5</sup> The index runs from 1 (most press freedom) to 167 (least press freedom). Reporters Without Borders website: [http://www.rsf.org/article.php?id\\_article=11713](http://www.rsf.org/article.php?id_article=11713)

<sup>6</sup> Mas, March 2007

<sup>7</sup> The average poverty line for the reference family (composed of six members: two adults and four children) in Palestinian territories, reached 1934 Israeli Shekel during 2004 (433 US Dollars<sup>7</sup>, while the severe poverty line for the same reference family was 1,622 Israeli Shekel (363 US Dollars)

<sup>8</sup> Remittances from family members abroad were always important for supporting the Palestinian society in the OPT. Although not within the definition of institutionalized philanthropy which is the scope of this paper, it would be very interesting to study, especially given the fact that some of these remittances are directed to support for non-family members, scholarship in universities, orphans,..etc. More recently, these remittances have been closely monitored, which scares people and influences the severe poverty in Palestine.

<sup>9</sup> Well known examples of *waqf* are Waqf Tamim Ad-Dari and Waqf Khalil Ar-Rahman in Hebron, Waqf Sinan Basha in Yaffa, Waqf Lala Mustafa Basha in the North of Palestine, and Waqf Ahmad Basha Al-Jazzar in Akka.

<sup>10</sup> Al-Aqsa Foundation. <http://www.islamic-aqsa.com>

<sup>11</sup> MAS, 1997

<sup>12</sup> MAS, The Social Watch, 2005

<sup>13</sup> No. 17 for 2004

<sup>14</sup> Al-Malki, et al, 2007

<sup>15</sup> Al-Malki, et al, 2007

<sup>16</sup> Al-Malki, et al, 2007

<sup>17</sup> [www.pngo.net](http://www.pngo.net)

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<sup>22</sup> <http://www.allodpal.org/>

<sup>23</sup> <http://www.qattanfoundation.org>

<sup>24</sup> <http://www.sfohah.org/about.html>

<sup>25</sup> <http://www.hq-sf.org/about.html>

<sup>26</sup> [http://www.fhf-pal.org/foundation/fhf\\_e.htm](http://www.fhf-pal.org/foundation/fhf_e.htm)

<sup>27</sup> [http://www.jawwal.ps/press/social%20responsibility%20fund%20report%202005\\_ar.pdf](http://www.jawwal.ps/press/social%20responsibility%20fund%20report%202005_ar.pdf)

<sup>28</sup> <http://www.alquds.com/inside.php?opt=7&id=46028>

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<sup>30</sup> <http://www.jepharm.ps>

<sup>31</sup> [http://www.alriyadh-np.com/2006/06/05/article160559\\_s.html](http://www.alriyadh-np.com/2006/06/05/article160559_s.html) last visited 24.8.2007

<sup>32</sup> <http://www.alsalah.org>

<sup>33</sup> Palestine National Poverty Report, 2005

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THE REPUBLIC OF LEBANON

By *Fadi Sharaiba*

Overview

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## Overview

A relatively open society made Lebanon one of the earliest sites of modern civil society formation. Large volumes of out migration and returning migrants meant that ideas and expertise for CSO development were readily available. The native entrepreneurship celebrated by Lebanese was applied to this sector as well. Having a number of highly regarded universities and publishing houses contributed to a climate of innovation in the civil society sector. It was, therefore, not surprising that as expatriate Lebanese became successful and wealthy, many returned home to work for the betterment of their country. Philanthropic initiatives in Lebanon, however, have been closely associated with sectarian politics. The 15 years of civil war both stimulated private initiatives to rebuild the country, and led in some cases to a retreat into sectarian clientalism. Most Lebanese now recognize the need to rise above purely sectarian initiatives and identities. A few courageous organizations are leading the way toward non-sectarian and professionally managed foundations.

## Country Level Background<sup>1</sup>

### *Lebanon at a Glance*

Country size	10,400 sq. km.
Population (2006)	3.7 million
GDP (2006)	USD 22.6 billion
GDP PPP (2006)	USD 20.3 billion
<i>Services</i>	75 %
<i>Industry</i>	20 %
<i>Manufacturing</i>	12 %
<i>Agriculture</i>	6 %
GDP per capita (2006)	USD 6,110 (USD)
GDP per capita PPP (2006)	USD 5,457 (USD)
HDI ranking	78/177
Religious groups	Muslim 60% (Shia, Sunni, Druze, Isma'elite, Alawite or Nusayri), Christian 39% (Maronite Catholic, Greek Orthodox, Melite Catholic, Armenian Orthodox, Syrian Orthodox, Roman Catholic, Chaldean, Assyrian, Copt, Protestant), other 1%
Lebanese pound (LBP)	USD 0.00066

## History

Lebanon is known as a vibrant liberal country in the Middle East with a fractious recent past. Those consequences continue to reverberate as the country charts a course towards reconstruction. In order to understand the current political climate it is imperative examine Lebanon's modern history.

Once under the jurisdiction of the Ottoman Empire, Lebanon was pieced together to include the area of Mount Lebanon as well as the coastal cities of Tripoli, Beirut, Sidon and Tyre, and the Beqaa Valley in the aftermath of World War I. The country established its independence in 1943 when the acting Maronite Christian president Sunni Muslim prime minister agreed on a "National Pact" which would divide all government positions among the religious communities with a 6:5 ratio of Christians to Muslims based on a census taken in 1932. Shifts in the demographic balance would later become the impetus for a bloody civil war and long-term political problems.

In the years following, an increase in the Muslim population in relation to Christians began to threaten the power sharing accord. In 1970, Palestinians displaced from their lands in wars with Israel in 1948 and 1967 took refuge in Lebanon after being expelled from Jordan. This incident served both to complicate existing religious tensions and served as justification for Israeli retaliation and a 29 year occupation of southern Lebanon. Deepening tensions falling along sectarian lines led to a civil war in 1975 that lasted almost 15 years. Foreign elements became involved as well: France and the West protecting the Christians, Syria and Iran supporting the Shia, and the Sunni Muslim world, particularly Saudi Arabia, backing the Sunnis.

The 1980s was a lawless decade in which the civil war lost much of its sectarian character; the worst outbreaks of violence began to occur within sectarian communities or between local and foreign forces, oftentimes with shifting alliances. Eventually the sectarian groups were convinced under the influence of Saudi Arabia to sign the Taif Accords which altered the constitution, shifting powers from a Christian president to a Sunni Muslim prime minister and granting Muslims more power.



The Taif Accords signed in 1990 brought about increased Syrian influence in Lebanese affairs. Certain political and civil liberties were allowed to citizens that exceeded those in most other Arab countries in return for tacit Western acceptance of Syrian control.<sup>2</sup> Internally, Lebanese politicians began to side in either pro- or anti-Syrian camps. Corruption mounted as the government financed massive deficit spending on reconstruction during the 1990s. By the end of the decade, Lebanon's government debt far exceeded its GDP and the economy was in deep recession.<sup>3</sup>

## Demographics Today

According to a 2005 IMF report, population estimates for Lebanon were 3.58 million with over 200,000<sup>4</sup> Palestinians living in semi-permanent refugee camps and some 300,000 migrant workers. The Palestinians, many of whom have lived there since 1970, are not granted citizenship rights and face many other restrictions reflecting the precarious sectarian balance. Because of historically high out migration streams and a steady flow of repatriation, Lebanon is one of the most transnational of Arab populations. Since 1932, no census has been undertaken for fear of revealing demographic figures that would threaten the current 1:1 ratio power-sharing accord.

## The Political Scene

### Type of Government

The political system is based on power sharing among religious sectarian groups, 17 of which are officially recognized. The three principle groups, Maronite Christians, Sunni Muslims, and Shia Muslims, hold executive posts. By law, the president must be a Maronite Christian. Traditionally, this position was the most powerful. The president is formally selected every six years by the National Assembly. The president and parliament nominate the prime minister, who is responsible for selecting a cabinet that is subject to parliamentary approval. The speaker of parliament is by law a Shia Muslim. The increasing Shia demographic is demanding proportional shifts in power.

### National Legislature

The National Assembly consisting of 128 seats with four-year terms is the only elected structure at the national level. Seats are divided equally between Muslims and Christians.

### Legal System

The judiciary consists of civilian courts, military courts, the Judicial Council and Constitutional Council.



In February 2005 after over a decade in politics, Rafik Hariri, a businessman, philanthropist and former prime minister, was assassinated. This watershed event led to the end of overt Syrian presence in Lebanon, though Syrian influence remains. After 29 years on Lebanese soil, Syrian troops pulled back to their own borders. Parliamentary elections in May of 2005 marked the first post-civil war period free of outside occupation.

The death of Hariri resulted in political reverberations and an ongoing investigation which seeks to implicate pro-Syrian supporters within the Lebanese government. In the months following, his son Saad Hariri stepped in to lead what is known as the “March 14<sup>th</sup>” alliance<sup>5</sup>, a coalition of anti-Syrian political parties, democrats, and independents. The opposition consists of Hizbullah and Amal, the two key Shiite parties, along with Michel Aoun representing the Christian Free Patriotic Movement.

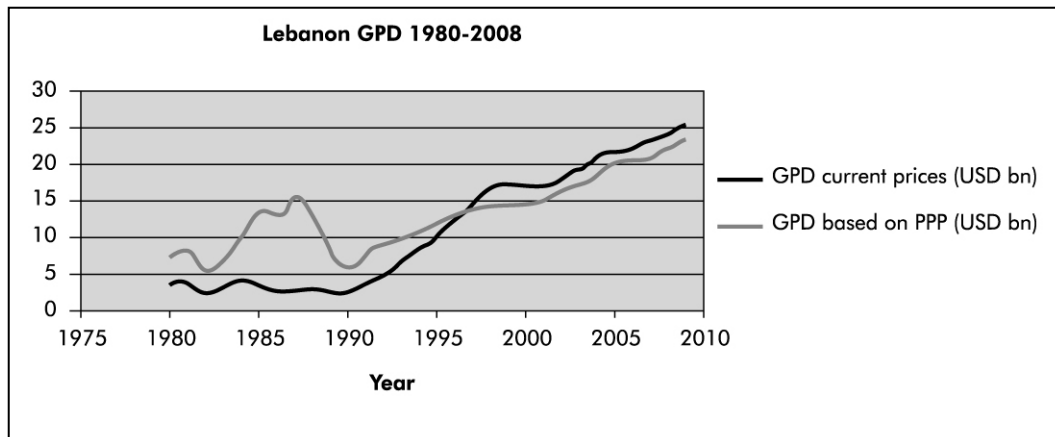
In June of 2006, politics on the border of Lebanon blew up once again. A war with Israel broke out lasting over 50 days and causing billions of dollars in destruction to homes, businesses and infrastructure. This has reversed the momentum of economic gains, caused a second major exodus of high level manpower, and overall created a major setback to reconstruction efforts. A political stalemate by the end of 2007 had completely stalled political and economic reform efforts.

The media in Lebanon has a reputation for liberalism and promoting free speech. Although press freedom has enjoyed a long tradition within the country, at the present time nearly all media outlets are owned by prominent political and commercial elites.<sup>6</sup> Few outlets could be said to operate free of sectarian or political influence.

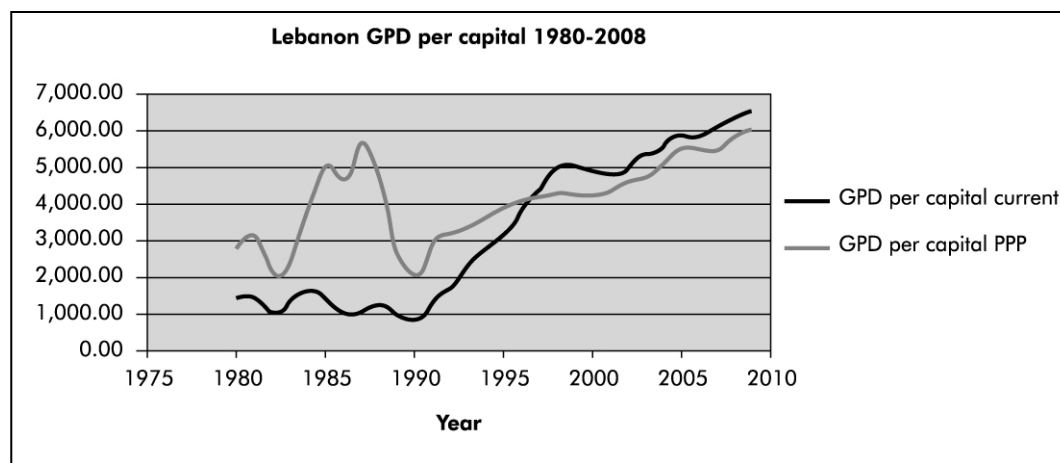
## *The Economy*

Official economic data has become more reliable since the end of the civil war, but still remains relatively poor. The first part of the decade produced promising increases in economic growth, but progress was all but reversed due to the hostilities with Israel in July of August 2006, causing an estimated USD 3.6 billion in infrastructure damage.<sup>7</sup> GDP growth reversed from an estimated six percent forecasted growth for that year to a six percent contraction.





Source: International Monetary Fund, World Economic Outlook Database, April 2007. Estimates start after 2004



Source: International Monetary Fund, World Economic Outlook Database, April 2007. Estimates start after 2004

The economy has struggled since the end of the civil war, hampered by political gridlock and ongoing conflicts. Lebanon is mostly a services based economy, deriving 67 percent of its GDP from that industry.<sup>8</sup> Once serving as a regional banking hub, it has since suffered as a result of the civil war. Although services have been rebuilt to a certain

extent, the country now faces tough competition from dynamic and progressive cities in the Gulf. Lebanon had developed a high-end tourism sector catering to Arab visitors, particularly in the post-09-11 aftermath when Europe and the US became less attractive destinations. The 2006 war sent those revenues plummeting, with an uncertain future.

The post war reconstruction effort has depended heavily on the commercial banking sector as well as private sector funds. Philanthropic gifts have also played a major role. State spending remains at a high and inefficient level, funding 13 percent of the labor force. Inefficient spending and a massive need to borrow for reconstruction has led to one of the highest debt ratios in the world—hovering around 195 percent of GDP. Debt servicing has consistently eaten away at 40 percent of total spending and almost 70 percent of revenue on average from 2001 to 2005.

A series of donor conferences have been held in Paris attracting support from existing creditors and foreign allies as a way to mitigate the burgeoning debt crises. The result of these conferences was a series of concessional loans for development projects, long-term restructuring schemes, and reduction in average servicing charges of the debt. Little of the money from the Paris donor conferences is in the form of direct grants but rather has strings attached to repayment and usage.

Many reform policies have been enacted to jumpstart the economy, despite internal and external setbacks. Through a reform instituted by Rafik Hariri, the government legislated a program of deregulation and economic liberalization by slashing custom duties and taxes in an attempt to create a favorable climate for investment. Parliament has also passed legislation easing restriction on foreign real-estate ownership and approved a new investment promotion law. Increased revenue was also a result of a government-mandated increase in the VAT tax.



## Philanthropy in Focus

### *The Culture of Giving*

Like other countries in the Middle East, religiously-motivated giving has a long tradition in Lebanon, with institutions such as waqf proliferating in the Ottoman era. But while religious origins pervade philanthropy around the region, the years of sectarian civil war and its aftermath have deepened these identities in Lebanon. Like other aspects of civil society, philanthropy often takes on a sectarian character in Lebanon. Both religious and political parties have played a dominant role in the evolution of religious giving. The terminology of sectarian parties and that of political parties co-mingle because most parties have a religious affiliation. Many groups have their own philanthropic arms for their own constituency, although most would claim that their services are for all Lebanese.

Each religious sect forms its own 'safety net' around organized religious giving. The collection of donations and provision of social services may become a way of creating group loyalty, or, as is often alleged, a way of winning over converts to a political cause. Hezbollah is recognized for its effective provision of social, medical, and other kinds of support to disadvantaged populations of the rural south and the slums of Beirut. It is not surprising that such groups engender a kind of loyalty and gratitude, if not outright political support. The mixing of social services and efforts at voter turnout, for example, is a problem faced not only in Lebanon, but elsewhere in the Arab world such as Jordan and Egypt.

In the current atmosphere of political stalemate and economic duress, the Lebanese government lacks the ability to pursue vigorous development. A small but growing group of organizations that identify themselves as specifically non-sectarian believe that unified citizen action is the only way forward for Lebanon. New and existing philanthropic initiatives are bridging the gap between the needs of the population and government services.



## The Legal Environment for Philanthropy

The culture of giving in Lebanon is complicated by the tenuous political situation. The Ministry of Interior plays a strong role in the activities of civil associations, in contravention to rights secured by the Law of Associations. The Ministry requires, registration procedure beyond those stipulated in the law, including a template version of bylaws. Nonetheless, the Lebanese environment for CSOs is among the least constrained in the region.

Private associations and public-interest organizations are governed by the Ottoman Law of 1909 as amended, which differentiates between the two. Procedures of incorporation of a private association do not need to be approved by the corresponding administrative authority, here the Ministry of the Interior, but notification is required. Associations are free to offer grants, receive and distribute funds from abroad into the country. But if funds are transferred from Lebanon to an entity outside, then it is considered a foreign association and must be framed accordingly in its by-laws.

The existence of public-interest organizations is subject to the Council of Ministers under a watchdog body known as the “Control Authority”. They have the right to inspect the public-interest organization and require it to submit a detailed report on annual activities, accomplishments, the year-end balance sheet, and how it will use its resources to achieve the designated programs in the following year. Organizations in violation of these procedures may be disqualified and face legal consequences before a criminal court. Public-interest organizations are not allowed to give cash donations and their general position is relegated to a supporting role.

According to Edict No. 1785/1979, donations offered to private associations or organizations receive a limited tax exemption of a maximum of 10 percent of the taxpayer’s net profits.



The Ottoman Law stipulates that if an association fails to state its purposes accurately or to provide the government with sufficient information about its activities, it may be banned, its properties can be confiscated and activities suspended, and ultimately, it can be closed down by the proper authorities. Approval of new amendments must be licensed in advance. Associations may extend grants if this is included in the by-laws, or otherwise must obtain prior approval from the proper authorities.<sup>9</sup>

Foreign associations are allowed in Lebanon but must obtain prior licenses. They are licensed by a decree from the Cabinet and monitored through the Ministry of the Interior.

### *Institutionalized Philanthropy<sup>10</sup>*

Institutionalized philanthropy in Lebanon can take the form of grant-making foundations or operating foundations. Many of the operating foundations are charity associations, some secular, others associated with a religious sect. Most often, the institutions are in the form of family foundations created by wealthy figures establishing their foundations in their family's name.

Private individual/family-based philanthropy generally comes from elites who have been able to amass a degree of wealth through economic endeavors. Many are highly involved in politics. A sad reality is that the level of political assassinations means that a number of these foundations are set up posthumously. Only Lebanon's wealthy and influential elites have the clout to encourage a more unitary and conciliatory view of national life.

One of the largest role models for individual philanthropic giving was the late prime minister, Rafik Hariri. Opinions differ on the impact of that work, but a public objective of his family philanthropies is to downplay divisive politics by serving all Lebanese. In this study, the Rafik Hariri Foundation is offered as an example of a grant-making foundation.



## *Grant-Making Foundations*

### **The Hariri Foundation**

Hariri Foundation was founded in Lebanon by the late Rafik Hariri. Its mission is to make education a means for the development of Lebanon's youth. It is a grant and loan-making institution which has responded to dire national needs stemming from the civil war.

Hariri Foundation started its mission in Sidon in 1979. It was then called "The Islamic Institute for Culture and Higher Education" but has carried its present name since 1984 when it also moved its central offices to Beirut. It opened offices in Tripoli and Bekaa, in addition to those in Sidon, in an attempt to facilitate the granting of grants and loans to individuals seeking education at the tertiary level, regardless of their religious affiliation. Likewise, it opened offices in Paris, London, and Washington, D.C., to keep in close contact with student protégés who had joined around a hundred universities in Western Europe, North Africa, Canada and the United States.

Throughout its lifetime, The Hariri Foundation has supported 130,000 students from Lebanon with a cumulative budget of more than USD 1 billion dollars. This is the largest private organization in Lebanon and has played a major role in building the educational sector. The Hariri family is the sole sponsor for the foundation with no additional outside funding.

The foundation is undertaking the following programs:

- The University Loan Program - allows students to secure loans that cover all or most of their tuition fees, housing accommodation, transportation and books, according to need and on the basis of certain criteria. It was reported that up until June of 1996 around 32,000 students were granted loans.



- Special English Training - as a result of the civil war in Lebanon the level of foreign language acquisition suffered considerably with a huge deficiency in the English language skills of students. The Hariri Foundation devised intensive language programs to make it possible for students to overcome the language barrier as a prerequisite for university admission.
- The Preparatory Year Program - helps students continue their education in French either in Lebanon or in France.
- University Student Training - Hariri Foundation sent 144 university graduates, mainly engineers, to be retrained and to keep abreast of new developments in their respective fields after they had been given intensive English training.
- The Medical Training Program - program for Lebanese doctors who have completed their university education abroad and wish to continue their specialization in Lebanon.
- Career Planning and Guidance - provides information for job-seekers on job availability and the needs of the labor market in various fields of specialization. In addition, a career guidance program exists that offers career counseling.
- Funding and Renovating Secondary Education Facilities
  - Lycee Abdul Kadir-Beirut
  - Hariri High School II (HHS II)
  - Rafik Hariri High School – Sidon
  - Husam Eddin Hariri High School
  - Baha'eddin Hariri School
  - Makassed Islamic Association Schools

- The University Institute of Technology - The Hariri Foundation in collaboration with Lebanese University and the Ministry of Higher Education in France contributed the construction of this institute. Lebanese University is in charge of administrative and academic operations. The French Ministry of Higher Education assumes the responsibility of training the teaching cadre.
- Kafar Falous Complex - founded in 1979 and contains a high school, a university, a school for the training of nurses and a hospital. The university college is known as Sidon Institute for University Studies and is run under the administration of Saint Joseph University. The Sidon Institute focused on creating higher technical skills in a university setting such as a college of food technology and nutrition engineering.

### *Secular Charities*

#### **Lebanese Welfare Association for the Handicapped (LWAH)**

The Lebanese Welfare Association for the Handicapped is a non-governmental, not for profit organization, registered in the Ministry of Interior under the notification and information No. 92/A.D. and was established on November 16, 1984 founded by Mrs. Randa Assi Berri.

After the civil war the number of disabled persons in Lebanon increased tremendously and the lack of minimal services for this demographic was apparent. Beyond that, for all levels of society, whether young or old, it was clear that services ranging from medical and psychological aid to financial and social aid were needed. Thus, with a mission to improve the quality of life for people with special needs and enhance their dignity, independence and productivity the LWAH developed services for reintegration into society.



The main objectives of the association include providing full rehabilitation services to the disabled including diagnosis and treatment, physical rehabilitation, psycho-social, educational and vocational rehabilitation; ensuring the process of social integration of the disabled; and promoting and supporting the rights of the disabled. LWAH also works with some projects related to community development, agriculture, advocacy, sports activities and awareness campaigns, but its primary capacity is for rehabilitation services.

Services that are offered include: diagnosis and treatment, physical rehabilitation, psycho-social rehabilitation, and educational rehabilitation. After the war with Israel in July 2006 LWAH delivered prosthetics and orthotics to 97 landmine, cluster munitions and war victims, as well as 80 hearing aids to those suffering from hearing disabilities.

### *Religious Charities*

#### **Foundation Pere Afif Osseiran (FPAO)**

Established in 1964 by Reverend Father Afif Osseiran, the Foyer de la Providence, gathered young wandering boys, known as “Chicklet boys”<sup>xi</sup> The Foyer de la Providence, officially recognized by the Lebanese government in 1967, became a free boarding and technical school. Its main mission is to provide education and technical skills to deprived and problematic young boys, regardless of religious or political affiliation. The Home offers the young boys a real family atmosphere and helps them maintain relations with their parents. They receive free accommodation, food, extra-curricular activities, psychological and medical follow-up. In addition, the school offers them education and instruction with specialized proficiency in carpentry, car mechanics, general mechanics, building electricity, and welding. The certificate of professional aptitude (CAP) and the Professional Certificate Brevet (BP) can be obtained through the school along with official diplomas from the National Office for Employment for technical training. As soon as the children get their diplomas, the foundation helps them to get a job. In special cases, the foundation directs particularly gifted students to institutes offering them the possibility to pursue their education further. About 150 children are served each year.

### **Minors in Conflict with the Law - MCL**

In January 2004, FPAO, in partnership with *Terre des Hommes* took charge a program established by *Terre des Hommes*. The program, in operation since 1993, consisted of the follow-up of the socio-professional reintegration of released young prisoners. Starting from 2005, FPAO took sole charge of the program. Places of intervention include the prison of Roumieh (juveniles wing); UPEL (Fonar); and the regions of Burj el Barajneh, Saïda and Tripoli.

The objective of the program is the rehabilitation and reintegration of juveniles in conflict with the law through a multidimensional approach. In the prison at Roumieh, rehabilitative services were offered by way of psychological support, education support (including literacy and offering grade levels), improving the conditions of detention (e.g. hygiene, medical care, food, etc.), and sports and leisure activities. The program works with an expected results approach. This includes: improving the circumstances of detention, educational and psychological rehabilitation, social and professional reintegration, and rightful implementation of law 422. The number of beneficiaries through the expected results approach was approximately 275 minors prisoners each year and 150 ex-prisoners living in the regions of Greater Beirut, Saïda and Tripoli.

### *Individual/Family-Based Foundations*

#### **Safadi Foundation**

Although the Safadi Foundation was officially established in 2001, it has unofficially been operating in northern Lebanon for more than 15 years and has a focus on youth development. Recently, the foundation has been separated from another political wing. The foundation's activities trace their roots to the war from 1975 to 1990. During this period, state services collapsed, leaving a vacuum in the provision of social, health and welfare services to Lebanese citizens. In order to reduce the burden faced by the public during this time, the foundation's founder and honorary president Mohammed Safadi began to provide the necessary support for institutions, both governmental and NGOs, to enable them to continue meeting people's needs.

While its roots can therefore be traced to humanitarian or charitable work, the foundation's success during the early years developed over time into a commitment to the welfare of society and developmental issues. The last four years have been critical in the development of the foundation. During this period, its orientation and work methods have changed from those of a charitable institution to those of a broad-based development agency. This period witnessed the launching of a regional development workshop entitled "Toward a Comprehensive Development Plan for North Lebanon." The workshops helped cement the shift of the foundation toward broad-based development. As such, the foundation is concerned with the needs and aspirations of all individuals and communities.

The foundation's focus and methodology is based on a series of values and core principles. All people are equal in dignity and rights, regardless of gender, race, religion or beliefs. Individual development is the starting-point for developing societies. The individual is the means and the end of improving the quality of life. Participation is the pre-requisite for empowering all social sectors, including women and young people, and particularly children. Finally, consolidating cooperation among various stakeholders in society (official, private and civil) as a fundamental pre-condition for successful development programs.

The foundation is undertaking the following programs:

- "Afkar 2" for interfaith dialogue
- The Agricultural Extension Project in Fneideq
- Microclimate weather stations with the United Cooperative in Al-Joumeh-Akkar
- Project for empowering the Women of Deir Dalloum
- "Our Neighborhood" (Haretna) Project
- El-Mina's market for fish
- El Mina Tourism Training and Interaction Center
- "Our Youth" Center (Shababouna)
- Women Empowerment Project
- English training program
- Alternative School



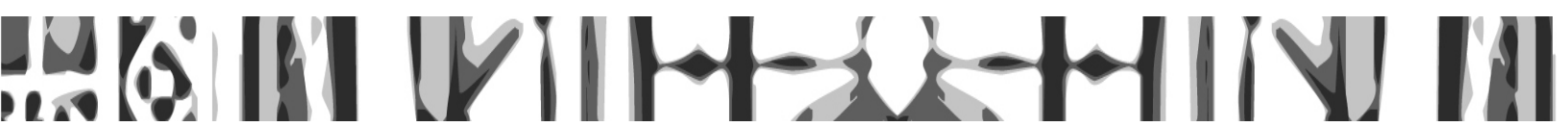
## **Rene' Moawad Foundation**

The René Moawad Foundation was created on November 22, 1991, exactly two years after the assassination of President René Moawad, a Christian Maronite, who was elected President of the Lebanese Republic on November 5, 1989 and killed 17 days later. As a regular Member of Parliament and minister in various cabinets, both before and during the civil war, he believed in the unity of the Lebanese people and actively strove towards civil peace, dialogue, national unity and the equality of all citizens.

Since its creation by his spouse, the MP Nayla Moawad, and other prominent Lebanese public figures, the RMF has implemented development projects to support the disadvantaged in society. In this spirit, the RMF provides medical care to the poor; develops agriculture and rural enterprises; conducts literacy campaigns and vocational training; encourages public political participation; promotes democratic values; and protects the environment.

The foundation supports projects through several broad headings:

- **Education**  
RMF's educational activities are delivered through individual projects or/and the foundation's established centers. The segments targeted are youth in general and working children in particular. The main objectives of these activities are establishing equal access to basic education for the disadvantaged and developing the capacities of youth in order to respond to the changing needs of society.
- **Human Rights**  
The RMF's activities in human rights and democracy began in 1994 and are focused on women and youth. Objectives of RMF's actions in this field include:  
Development of a responsible democratic citizenry.  
Promotion and defense of the principles and values of human rights, with a focus on women's rights and children's rights.



Contribute to building a responsible civil society that will strengthen national unity and promote democratic values and social justice.

Organization of conferences and seminars to familiarize participants with the principles and mechanisms of human rights and their application.

Publications.

Creation of youth clubs.

Since 2004, the RMF has expanded its project of creating human rights clubs in schools with the REACT project for raising awareness on human rights and democracy among youth while continuing to offer numerous workshops for youth on democracy and human rights.

- **Economy**

RMF's economic and development activities target mainly rural women and the war affected population. A Business Development Center is also under construction in Tripoli to serve entrepreneurs and employees in small and medium size enterprises. The main objectives of the projects include: development and promotion of social services and capacity building of community based organizations (mainly women's associations), increasing employment through vocational training in sectors of high growth, and supporting civilians in war torn areas.

- **Agriculture**

RMF pursues a dual action plan in combating the severe problems confronting the agricultural sector in Lebanon. First, it supports the sector by improving the socio-economic conditions of farmers and increasing their competitiveness. Second, RMF promotes environmental protection by encouraging public awareness of existing problems and the adoption of ecologically sound agricultural practices.

- **Health**

RMF's objectives and activities in the medical field focus on the provision of health services to the most disadvantaged and to those living in the poorest and most remote villages in northern Lebanon. The services are mainly



centered in the community clinic in Zgharta, which offers specialized and general medical consultation services and a dental clinic at reduced costs. They also maintain a laboratory and a pharmacy. In addition to the services at the clinic, the RMF runs a mobile dispensary service and public health prevention programs and awareness campaigns. Other medical services include: distribution of medicine to hospitals and dispensaries, financial aid to the most needy to cover hospitalization costs, and donations of corneas and medicines from the USA, administered through the RMF-USA.

### **Makhzoumi Foundation**

The Makhzoumi Foundation was established in 1997 by Mr Fouad Makhzoumi, a politician and businessman from a Sunni background. The foundation functions as a private non-profit organization contributing to civil society development, particularly promoting education and development and capacity building.

The foundation is undertaking the following in-house programs:

- Civic Centers program - provides trainees with educational, technical and vocational skills tailoring training to the needs of the labor market and encouraging self-reliance.
- Micro-Credit programs
- Awareness program - disseminates information and knowledge, raising awareness on issues of public concern and at mobilizing individuals and building capacities.
- Health Care program - launched in August 2001 to create a healthcare network providing Lebanese citizens with medical care at least possible cost in doctors' private clinics.
- Lebanon Award for Innovation
- Agriculture and Environment Program



## Conclusion

Due to constraints of undertaking a full study within the country, it is evident from this initial foray into the character of philanthropy in Lebanon that a more comprehensive study is needed. Yet initial research shows that philanthropy in Lebanon is heavily intertwined with sectarian politics. Philanthropy is dominated by family and religious ties. The weak presence of the government has contributed to strengthening the role of philanthropic institutions, especially those that are politically and religiously based.

Although these institutions are primarily dominated by welfare and charitable goals, and are involved in service provision and social assistance and welfare, in some cases, philanthropic initiatives have contributed to the creation of a strong clientalism relationship between the service provider and the end user. This is particularly evident in cases where constituents subscribing to particular religious or political groups are the principle beneficiaries. It leads inevitably to more government oversight to the work of the sector. The trend, however, despite how foundations and philanthropic initiatives may have begun, is toward more all-inclusive programs and impacts. Elites can show leadership in this regard, in order to socialize younger generations who grew up in an atmosphere of sectarian strife.

Lebanese are proud of their ability to stand up and rebuild their society repeatedly. They believe in the merits of an open, entrepreneurial society where there is still care for a neighbor's welfare. However, they also realize the enduring problems caused by underdeveloped notions of citizenship and weak sense of belonging to a nation. These are challenges that a rising generation of philanthropists must face.

## 5 *The Republic of Lebanon*

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<sup>1</sup> GDP & population figures taken from IMF data [www.imf.org](http://www.imf.org) . Estimates start after 2004. Population and religion breakdown from <http://www.nationmaster.com>.

<sup>2</sup> Freedom House [www.freedomhouse.org](http://www.freedomhouse.org)

<sup>3</sup> *ibid*

<sup>4</sup> Some estimates are as high as 3 50,000 [www.freedomhouse.org](http://www.freedomhouse.org)

<sup>5</sup> March 14<sup>th</sup> alliance named after a key date in the Cedar Revolution which was a series of mass demonstrations and civic movements for greater independence and democracy after the assassination of Rafik Hariri.

<sup>6</sup> [www.freedomhouse.org](http://www.freedomhouse.org)

<sup>7</sup> World Bank

<sup>8</sup> [www.eiu.com](http://www.eiu.com) country profile: Lebanon pg. 19

<sup>9</sup> All information in legal environment section taken from *A Comparative Guide on Laws: Relating to Establishing an Arab Fund*. Pgs. 17-20 and 28-30.

<sup>10</sup> Due to the unstable situation in Lebanon, extensive research there had to be curtailed. Lebanon field data collection will be expanded during the next phase of research.

## THE STATE OF KUWAIT

*By Mahi Khallaf*

### Overview

### Country Level Background

*Kuwait at a Glance*

*Modern History*

*The Political Scene*

*The Economy*

### Philanthropy in Focus

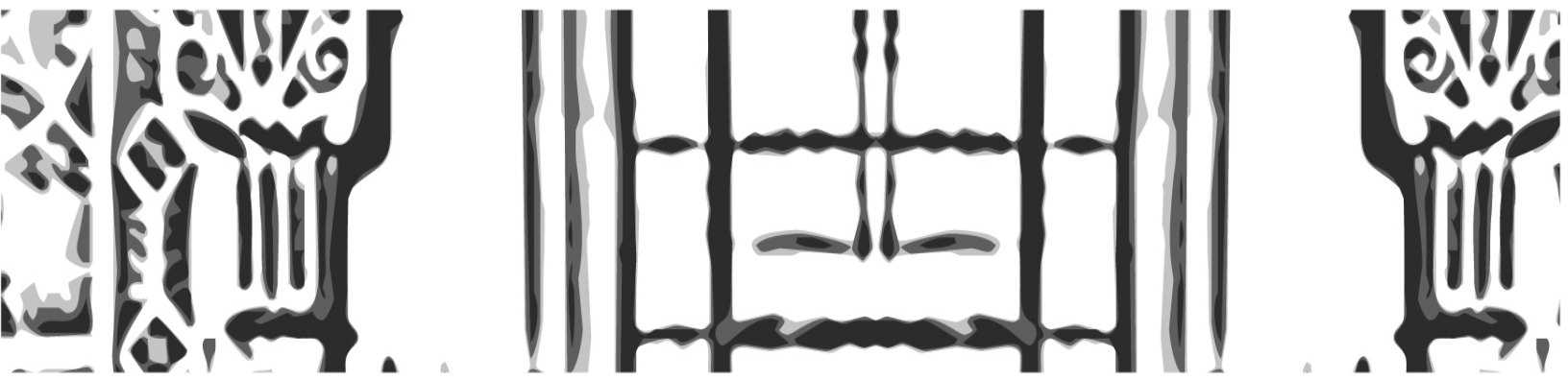
*The Culture of Giving*

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*Institutionalized Philanthropy*

### Conclusion

### Resources



## Overview

Kuwait is a country with a long history of philanthropy that goes back to the 17<sup>th</sup> century, before the formal establishment of the state of Kuwait. Since the discovery and mass production of oil, philanthropy in Kuwait has seen a consistent increase in volume of giving and a noticeable expansion in forms of philanthropy. Despite its small population size, a myriad of philanthropic initiatives exist, ranging from organizations engaged in traditional Islamic philanthropy such as Beit Al-Zakat, to innovative state-of-the-art philanthropic institutions such as the Kuwait Foundation for the Advancement of Science.

## Country Level Background

### *Kuwait at a Glance<sup>1</sup>*

Country size	17,820 sq. km.
Population (2006)	3.1 million
<i>National</i>	33%
<i>Non-national</i>	69%
GDP (2006)	USD 96.1 billion
GDP PPP (2006)	USD 61.6 billion
<i>Industry</i>	56%
<i>Oil &amp; gas</i>	42%
<i>Services &amp; other</i>	44%
GDP per capita (2006)	USD 31,051
GDP per capita PPP (2006)	USD 19,909
HDI ranking	33/177
Religious groups	Muslim 85% ( <i>Sunni</i> 70%, <i>Shia</i> 30%), Other 15%
1 Kuwaiti dinar (KWD)	USD 3.66



## Modern History

Prior to the 20<sup>th</sup> century, Kuwait was a semi-autonomous province that fell loosely under the jurisdiction of the Ottoman Empire. Settled by several Bedouin tribes, livelihoods in Kuwait consisted mainly of pastoralism and sea trading. European mercantilism in the 18<sup>th</sup> century allowed the establishment of a more sedentary lifestyle, as people began setting up trading centers and developed shipbuilding, pearling, and fishing industries.

In 1899, as European influence strengthened in the region, the ruler of Kuwait signed a treaty with the United Kingdom accepting British protection over Turkish control. Kuwait fell under British jurisdiction until 1961, when the UK and Kuwait mutually agreed to terminate the treaty, and Kuwait became an independent nation.

Boundary conflicts over disputed oil fields led to a devastating occupation of Kuwait by Iraq in 1990. An international outcry followed, which Iraqi leaders did not heed, and in January 1991, a US-led and UN-backed aerial bombing campaign was launched in Kuwait and Iraq. The First Gulf War ended in March 1991 with the successful expulsion of the Iraqi army from Kuwait and the return of the Kuwaiti royal family from their self-exile in Saudi Arabia. A period of reconstruction followed to rebuild the war-ravaged country.

## The Political Scene

Kuwait has been ruled by members of the Al Sabah family from the Bani Utub tribe since 1752. Leadership alternates between two branches of the family - the Bani Salem and Bani Jabr. Succession is not strictly hereditary but is passed along the Al Sabah line.





### Type of Government

Constitutional emirate headed by Emir Sheikh Sabah Al Ahmed Al Jabr Al Sabah, who acceded to the throne in February 2006. The Council of Ministers makes up part of the executive branch and is headed by a prime minister chosen by the emir. The current prime minister, Sheikh Nasser Mohammed Al Ahmed Al Sabah, is the emir's nephew.

### National Legislature

The National Assembly, or *Majlis al-Umma*, first established in 1963, sits for four-year terms and is the oldest directly elected parliament among the Persian Gulf Arab countries. It has the power to ratify laws enacted by a decree from the emir, yet is somewhat vulnerable to the executive, having been dissolved by the emir four times since its establishment, and suspended twice for an extended period of time.

### Legal System

The emir appoints all judges and oversees judicial promotions and renewals of judicial appointments. *Sharia* law is the basis for a significant source of legislation.

Members of parliament are, for the most part, independent or linked to tribal or family interests. In May 2005, the Kuwaiti parliament passed a law that gave women full suffrage rights – right to vote and run for office, and a month later the first female cabinet minister, Massouma Al-Mubarak, was appointed.

Several key issues continue to polarize the positions of the executive and the National Assembly without major headway, including public-sector salary levels linked to oil revenue; electricity and water shortages; disagreement over privatization and foreign investment in the oil sector; and the need for economic restructuring pertaining to social welfare and the distribution of national income. Enacting reforms is challenging because the majority of the active population is employed in the public sector, giving them little reason to seek change. Although political 'groupings' exist, formal political parties are prohibited in Kuwait and calls for their legalization have become more pronounced since 2004.



The media operates with relative freedom by regional standards. This is attributed in part to a relatively pluralistic political tradition. International pressure over censorship arose after the Gulf War in 1991, and in March 2006, the government enacted a revised press law that protects newspapers from closure without court order.<sup>2</sup>

### *The Economy*

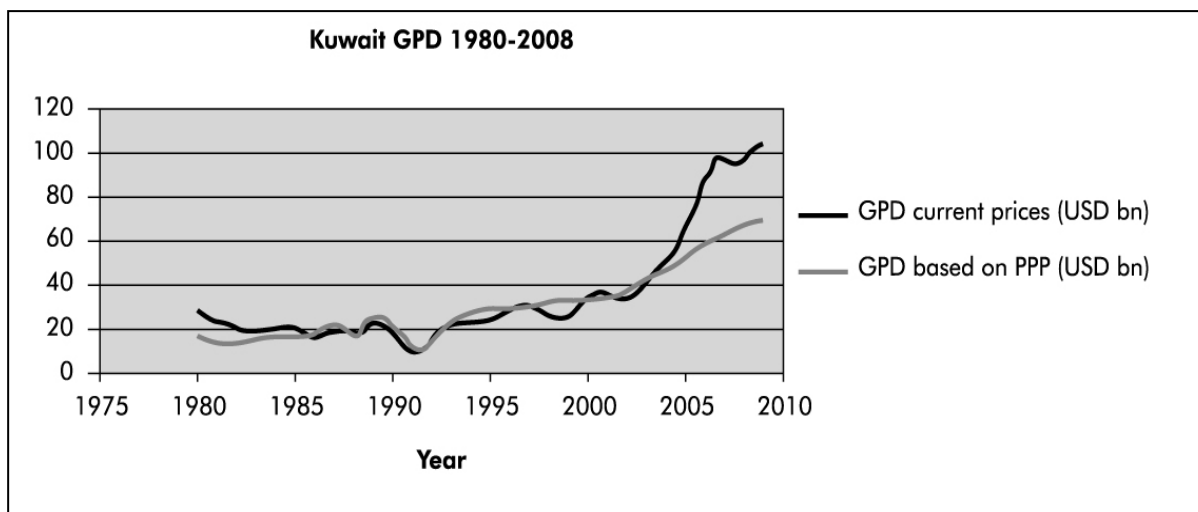
Oil, the country's principle resource, was discovered in 1938, but was developed aggressively after World War II. In 1950, Sheikh Abdullah Al-Salim Al Sabah set modern-day Kuwait on a fast-paced development track by instituting a program of public works and educational development fueled by petroleum revenues. These measures transformed Kuwait's infrastructure, while simultaneously introducing a comprehensive system of welfare services for the native population. The expansion of the petroleum sector throughout the 1960s allowed for an extensive redistribution of income through public expenditure and a land compensation scheme.

Early budget surpluses allowed the country to develop an investment strategy, buying into Japan and many of the 500 leading US companies.<sup>3</sup> Fiscal and balance of payment surpluses from the 1980s allowed Kuwait to create the Reserve Fund for Future Generations (RFFG), whereby 10 percent of Kuwait's annual revenue is saved and invested for future generations. Likewise, the General Reserve Fund was set up to mitigate the volatility of the international oil market.

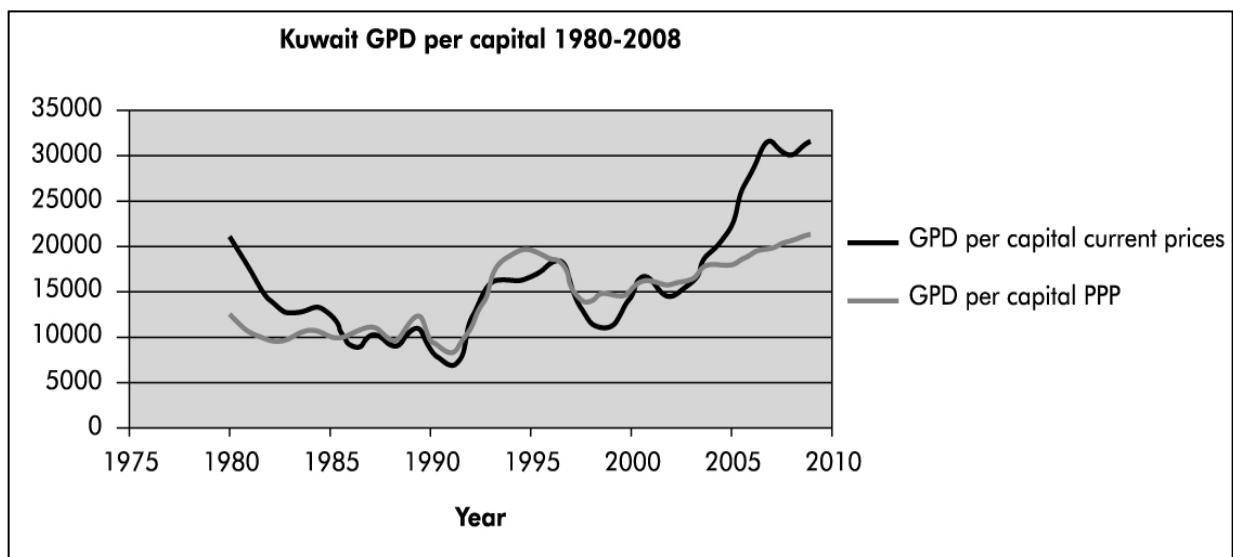
Despite the constant stream of oil revenue, Kuwait has experienced relatively slow growth. This is attributed to high government consumption combined with relatively low domestic investment compared with other countries in the region. Domestic investment has been declining since the mid-1990s.



The Kuwaiti economy today is highly dependent on the petroleum sector, which accounts for around 95 percent of merchandise export earnings, up to 85 percent of budget revenue and over 50 percent of nominal GDP.<sup>4</sup> Budget revenue is subject to the volatility of the oil market. Wages and salaries in public-sector employment accounted for 28 percent of actual fiscal spending in 2005-2006.<sup>5</sup> State spending has been an integral part of the domestic economy since the onset of oil production.



Source: International Monetary Fund, World Economic Outlook Database, April 2007.<sup>6</sup>



Source: International Monetary Fund, World Economic Outlook Database, April 2007.<sup>7</sup>

Similar to other small Gulf countries in the region, native Kuwaitis have been a minority since the 1960s due to the demand for foreign labor. Kuwaiti nationals dominate the public sector: 86 percent of all Kuwaiti employees work in the public sector, and 75 percent of all public sector workers are Kuwaiti. The private sector is small by regional and international standards. Higher-than-market-value wages and job security make public-sector work attractive.

According to a recent report by the UN Conference on Trade and Development, Kuwait's high per capita income, modern infrastructure, stable political environment and large proven reserves of crude oil offer sizeable potential for foreign direct investment. But while the National Assembly passed a law in 2001 allowing 100 percent foreign ownership in 11 different sectors,<sup>8</sup> state control of oil and gas has precluded competitive and attractive opportunities for foreign investment.<sup>9</sup> Another law has been passed that authorizes limited participation of international oil companies in the petroleum sector, and an economic reform proposal in the exploration process known as "Project Kuwait" will introduce foreign investment into four northern oilfields.

Revenue from oil allows for ample social welfare and health services as well as free education, along with a highly subsidized housing program. In addition, the state essentially guarantees employment and retirement pensions to Kuwaiti citizens. The long-term viability of these economic programs is a source of public debate.

## Philanthropy in Focus

### *The Culture of Giving*

The culture of giving is deeply rooted within the Islamic practices of the small population of Kuwait. Traditional Islamic forms of philanthropy can be traced back to at least 1695, to a mosque known as Bin Bahr that was set up as a *waqf*. In 1921, the *waqf*



system was institutionalized through the creation of a government department for the management of *awqaf*. The Ministry of Awqaf and Islamic Affairs, created in 1942, was established and charged with developing the *waqf* culture in Kuwait. In 1993, an independent body, the Kuwait Awqaf Public Foundation, was established to manage *awqaf* and promote their growth.

Since the country's independence and especially after the active extraction of oil, the wealth of Kuwaiti nationals has increased substantially and so has their giving. Individual philanthropists are many in Kuwait and have donated substantial amounts of money for charitable, political, cultural and social purposes, not just in Kuwait but also abroad. Members of the Kuwaiti ruling family as well as prominent businesspeople have set an example for other wealthy members of the community to follow. Only a few examples can be given here:

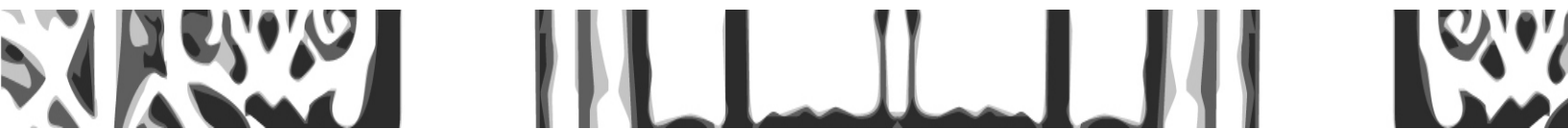
- In 2007, HH Emir Sheikh Sabah Al Ahmed Al Sabah donated KWD 1,873 million (around USD 6.7 million) for the building of a new wing for Islamic art and architecture in the Louvre Museum in France.
- In 2007, HH Sheikh Salem Al-Ali Al-Salem Al Sabah donated KWD 100 million to the Zakat House be spent on the needy among Kuwaitis.
- HH the late Sheikh Gaber Al-Ahmed Al-Gaber Al Sabah was a generous contributor to the Louvre and other cultural projects worldwide. He was named world philanthropist of the year in the late 1990s.
- Sheikha Hussa Al Sabah founded the Dar Al-Athar Al-Islamiyya in Kuwait City, which houses one of the world's greatest collections of Islamic art.
- Poet and businessman Sheikh Abdul Aziz Saud Al-Babtain, a philanthropist with a passion for reviving Arab poetry and culture, institutionalized his giving through the Abdul Aziz Saud Al-Babtain Prize for Poetic Creativity

Foundation, which was established in Egypt in 1989 and subsequently expanded to include branches in Kuwait and Tunisia. The foundation recognizes and produces outstanding literary Arab work, awards the annual "Grandparents of Al-Bokhary" award, a USD 100,000 grant to bridge the cultural gap between Arabs and Islamic countries who were part of the former Soviet Union; and offers scholarships for Muslims students from around the world to study at Egypt's Al-Azhar University. The Foundation's achievements include the establishment of the Babtain Central Library for Arab Literary Work and the Babtain Library at Jerusalem University in support of Palestinian students.

In addition to individual giving, a substantial portion of Kuwait's oil-generated wealth has been directed to the establishment of large-scale philanthropic endowments and funds, often with support from the state. Both religious and non-religious channels of giving have developed since the early 1950s. Perhaps the earliest example of 'modern' organized philanthropy in Kuwait, where individual philanthropists came together and pooled their resources for the public good, is the People's Committee for Donation Collection (*al-lajna al-sba'biya li jam' al-tabaru'at*). The committee was established in December 1954 by a group of wealthy Kuwaiti individuals under the leadership of HH Sheikh Sabah Al-Ahmed Al-Gaber Al Sabah, head of the Social Affairs Department at the time. The committee has provided substantial funds over the years to Arab and Islamic countries, as well as to Kuwaitis following the Iraqi invasion.

## The Legal Environment for Philanthropy

Kuwaiti law allows for the registration of associations and philanthropic institutions as public welfare societies or clubs engaged in social, cultural, religious, or sports activities. By virtue of Cabinet Decree No. 74 of 1999, associations and philanthropic institutions must direct their activities towards charitable deeds or public service, and are prohibited from seeking commercial gain or profit. The same decree allows public charities to advance research and funding for the promotion of scholarship.



A minimum of 10 founding members is required for the establishment of any society or club, and the society is required to have a management board. Clubs or societies are prohibited from “interfering in politics and religious conflicts or provoking fanaticism, sectarianism and racism”.<sup>10</sup> They are also prohibited from joining societies or obtaining funding outside the country without the prior approval of the Ministry of Social Affairs and Labor, the authority responsible for the registration and monitoring of welfare societies and clubs. Kuwaiti CSOs wishing to operate abroad must coordinate their activities through the Kuwaiti Foreign Ministry.<sup>11</sup>

Endowment-based philanthropic organizations (*mabarrat*) are created by ministerial decree. A *mabarra* should be endowed with a minimum of KWD 50,000 deposited in a Kuwaiti bank account and should be set up as a separate financial entity from the business or wealth with which it is affiliated. It should also own the premises from which it operates.

A total of 110 organizations are currently registered with the Ministry of Social Affairs. The ministry may reject an application to register a welfare society or club, but must state the reason for such rejection. The ministry maintains records of each society or club, monitors the accounting and financial practices of each association, and is charged with assisting these organizations “in achieving their goals in serving society”, provided that they conform to conditions stated in Law No. 24 of 1962. Monetary assistance by the state for cultural or social development purposes can be allocated to associations from the ministry’s budget.

In the wake of September 11, Kuwaiti giving came under scrutiny in Washington over concerns that charity funds collected in Arab countries were being used to finance terrorism abroad. The highly publicized debate that ensued about the legitimacy of Kuwaiti civil society organizations involved in philanthropy affected the fundraising abilities of all Kuwaiti CSOs, as well as their public image. The Kuwaiti government introduced stricter regulations for the collection of donations, and donation boxes were removed from all public places, which undermined a popular and widespread method of public giving. A new department within the Ministry of Social Affairs – the Department

of Charitable Societies and Philanthropic Organizations - was established in 2001 to regulate CSOs, and ministry staff underwent training in the United States.

## Institutionalized Philanthropy

Two types of CSOs in Kuwait engage in philanthropy: *mabarrat* and public interest organizations (non-profit associations whose activities focus primarily on gender and health issues and the provision of social services, but that also maintain a philanthropic arm through their *zakat* committees). Philanthropy is also carried out by organizations that have quasi-governmental legal status, such as the House of Zakat and the Kuwait Awqaf Public Foundation. Organizations of the kind play an important role in channeling religiously motivated individual giving.

The state has also played a leadership role in stimulating non-religious institutions, through, for example, the creation of an institute for science and technology funded annually through a percentage of the profits of registered Kuwaiti corporations.

This model of corporate contribution is feasible largely due to the absence of national tax burdens on the private sector in Kuwait. New tax legislation currently under consideration could have a substantial impact on many aspects of corporate and individual giving by the business community in the country.

The following section highlights the range of modalities for institutionalized philanthropic giving in Kuwait:

### *Mabarrat*

There are approximately 38 *mabarrat* registered with the Ministry of Social Affairs. A *mabarra* is usually endowed by high net worth individuals, who wish to give back to society but to do so anonymously. Accordingly, it was difficult for the author to get financial information about these organizations, as staff members were less ready to speak about financial models or precise expenditure figures.





Different forms of *mabarrat* exist, such as:

- Individually endowed organizations set up by high net worth individuals to support those in need in Kuwait and around the world. Examples include Mabarrat Sheikh Sabah Al-Salam and Mabarrat Sheikh Abdullah Mubarak Al Sabah, described below.
- Family-endowed organizations that cater to the needs of family members, such as marriage needs, financial support, schooling fees, etc. (e.g. Mabarrat Dashti).
- Business-related philanthropic organizations endowed by a business entity. These are very rare in Kuwait. The most well known and longstanding business endowed organization is Mabarrat Al-Maarify, which was established in 1976 and runs programs in Iran, Morocco, China, Afghanistan, Syria and Pakistan

### **Mabarrat Sheikh Abdullah Mubarak Al Sabah**

Mabarrat Sheikh Abdullah Mubarak Al Sabah was established in 1992 by parliamentary decree. The organization, which was set up with an endowment by the Sheikh, works in Kuwait and in more than 20 countries around the world, including Arab and Islamic countries. Its main objectives are to support those in need; build mosques, religious schools, orphanages, and freshwater wells in Islamic countries; provide in-kind contributions for health and educational purposes; support student scholarships; build and donate premises for newly established public interest organizations; and build community centers that subsidize wedding parties.

### *Public Interest Organizations*

Kuwaiti public interest organizations engage actively in philanthropic activities through their *zakat* committees. Around 72 organizations are registered as public interest organizations. PIOs have managed to gain the trust of Kuwaiti citizens over the years; hence, the *zakat* committees are able to raise considerable amounts of money for charitable purposes.

Prior to September 11, the Ministry of Social Affairs provided financial support to all public interest organizations in the amount of KWD 12,000, and *zakat* committees operated freely. Stricter regulations introduced after 2001 require public interest organizations to obtain the ministry's approval a month in advance of launching donation campaigns. The ministry has stopped its financial support of new organizations, but in return, has loosened the prerequisite that organizations own their premises in order to be established. Despite the resultant tensions between government and civil society, a high level of collaboration between the two sectors still exists. This was apparent from the discussions with ministry officials as well as CSO representatives.

By and large, public interest organizations are transparent in reporting on their expenditures and programs. Because they need to establish public trust in order to raise funds, they are – unlike *mabarrat* – willing to share details of their work with the public. They are also keen on maintaining a high profile in the media. The post 9/11 climate that resulted in stricter government monitoring of CSOs appears to have made such organizations more willing to work in the spotlight.

### **The Women's Cultural and Social Society (WCSS)**

WCSS was the first women's society established in Kuwait. Founded in February 1963 by a group of Kuwaiti women, the society's main objective is to promote the development of women in all fields, encourage their participation in community activities, and increase



their awareness of their rights and obligations to ensure their effective contribution to society. A 7-member board of directors, elected every two years by the general assembly, administers the society. The society has eight different committees, whose activities focus on culture, social affairs, health, pre-school, political rights, media, support to Palestine, and fundraising. The latter is undertaken through the *zakat* committee.

The WCSS *zakat* committee was established in 1981 to collect and distribute *zakat* contributions in Kuwait in accordance with *sharia* rules. The committee's objectives are to:

- Provide economic support and assistance to needy Kuwaiti and non-Kuwaiti families residing in Kuwait;
- Assist families that are unable to secure educational opportunities for their children, through the payment of school fees;
- Offer financial assistance to hospital patients in need, and to housebound patients who are unable to work and do not have an income;
- Provide care for poor orphans, as well as widows and divorced women who need to earn a livelihood; and
- Provide food supplies to families in need.

The *zakat* committee is headed by a group of women with considerable fundraising capabilities, and staffed with four full-time employees who review applications and monitor the use of funds. The committee coordinates its work with the Ministry of Social Affairs and other philanthropic entities in Kuwait to ensure that the funds reach those truly in need. According to the committee head, they have disbursed over KWD 100,000 in the past year alone, and more than 1000 families have received assistance from the committee since its establishment.

### **The Association for Social Reconstruction (*Jam'iyat Al-Islah Al-Ijtima'i*)**

Established in 1977, the Association for Social Reconstruction contributes to social welfare and promotes the concept of social solidarity through its social support activities, foremost among which is the administration of *waqf* and *zakat*. The association's Zakat Committee, which has 18 branches distributed in Kuwait's 6 governorates, disburses *zakat*

funds to their rightful beneficiary groups (*al-masarif al-sbar'iya*) as specified in Islam. The Zakat Committee Network coordinates the activities of the 18 branches and liaises with the Ministry of Social Affairs and the Zakat House. As of 2005, 115 full-time staff managed the operations of the branches around Kuwait, supported by 114 volunteers. Between 1977 and 2005, the association disbursed a total of KWD 27 million, benefiting 716,914 people. In 2005, the association set up new endowment funds to support the needy in Kuwait.

### *Government-Led Philanthropic Initiatives*

The Kuwaiti government has built a strong track record in initiating and managing successful and highly institutionalized Islamic philanthropic entities. These entities are quasi-governmental in the sense that they are government initiated and supported, although they are not managed directly by government. The two main entities that deserve attention are the Kuwait Awqaf Public Foundation (*Al-Amana Al-'ama Al-Awqaf*) and Zakat House (*Beit Al-Zakat*).

#### **Kuwait Awqaf Public Foundation**

The Kuwait Awqaf Public Foundation was established in November 1993 by emiri decree to take on the Ministry of Awqaf's duties of managing and developing endowments. The foundation is relatively independent from the government in its decision-making process and the utilization of funds. It aims to raise awareness of *awqaf* and ensure high standards of *waqf* management, with the purpose of developing the Kuwaiti community culturally, socially and economically. A quarter of the endowed money or property is disbursed in accordance with the wishes of the endower.

One of the main activities of the Kuwait Awqaf Public Foundation is the creation of funds to finance development initiatives that serve its goals. So far, 8 funds have been established: 1) the fund for disabled and marginalized groups; 2) the fund for cultural and intellectual thought; 3) the fund for the study of the Quran; 4) the education fund;



5) the family fund; 6) the environmental fund; 7) the health fund; and 8) the fund for mosque maintenance. These funds are financed primarily through *waqf* earnings, but also through individual and CSO donations. The foundation actively networks and collaborates with government bodies, public interest organizations, and other funds which operate in areas that complement its work.

The foundation is innovative in its approach to development, going beyond the traditional Islamic notion of *waqf*. In 1994, for example, the foundation led a fundraising campaign with the aim of setting up the first center for educating autistic children in the Arab world. "Time Endowment", another interesting initiative, aims to raise awareness of the importance of volunteering time for the benefits of others.

### **Zakat House (*Beit Al-Zakat*)**

Zakat House is a pioneering initiative to revive *zakat* as an important pillar of Islam. Established in January 1982 by virtue of Law No. 5 for that year, it was declared a public entity with an independent budget. It is supervised by the Minister of Awqaf and Islamic Affairs.

Over the 23-year period from the date of its establishment to end-2005, the organization benefited more than 102,900 families in Kuwait through KWD 289,196,000 (USD 1,053,038,633), disbursed as follows:

Areas of Giving	Amounts collected (in KD)	Percentage
Zakat funds	85,339,000	30%
Seasonal charitable giving	27,496,000	10%
Kuwaiti government contributions	72,428,000	25%
Sadaqa jariya	11,539,000	4%
Orphan support	38,367,000	13%
Charitable projects	20,480,000	6%
Charity investment	33,480,000	12%
Total	289,196,000	100%

An additional KWD 25 million plus were allocated to the numerous projects implemented by Zakat House abroad, in support of orphans, the poor, education, and the building of Islamic centers and mosques, among others. The House's Cairo branch, established two decades ago and officially endorsed by Egyptian Presidential Decree No. 60 for 2006, has implemented over 400 projects throughout Egypt in the health, education and religious domains.

Both the Kuwait Awqaf Public Foundation and the Zakat House are successful examples of government-led initiatives that have managed to maintain their autonomy despite their affiliation with the Kuwaiti government. Both organizations are highly professionalized in the day-to-day management of their activities and appear committed to the creation of knowledge about Islamic philanthropy. They are well connected internationally and act as models worthy of emulation in other parts of the Islamic world.

While both organizations are rooted in traditional Islamic practices, they have been active in modernizing their work to keep up with contemporary realities and global trends. The Kuwait Awqaf Foundation has, for example, pioneered innovative methods such as using mobile phones to raise endowment funds through short messages. These mass fundraising activities encourage the public to give to charitable causes and to become more engaged in volunteer work.

### *Corporate Philanthropy*

Corporate philanthropy in Kuwait is undertaken, for the most part, through specialized units within a business, rather than through a separate entity. Most companies have launched CSR departments geared toward the care or development of Kuwaiti society. Understanding of CSR in Kuwait has not developed to the point of building on core business strengths, but is moving in that direction. The following are illustrative examples of CSR activities:



### **Zain (formerly MTC-Vodafone)**

Zain hopes to create a sustainable impact on society through its CSR activities. In 2006, the organization was involved in a number of health and environmental projects, including Beit Abdullah, a home for children with cancer. In 2007, Zain supported an environmental awareness campaign in collaboration with cooperative supermarkets to encourage shoppers to switch from plastic bags to paper bags. Zain has also instituted strict environmental codes within its offices and has a strong CSR strategy *vis-à-vis* its employees in Kuwait and around the world.

### **National Bank of Kuwait (NBK)**

The National Bank of Kuwait is active in the Kuwaiti community and in other communities around the world. NBK supports health, education and sports initiatives. In 2007, for example, the bank donated a KWD 3 million hospital for underprivileged children to the Ministry of Health to manage. The bank supports the activities of CSOs and has initiated its own employee volunteering programs, through which staff actively participate in community initiatives.

### **Kuwait Foundation for the Advancement of Science (KFAS)**

The Kuwait Foundation for the Advancement of Science is a private non-profit organization established by emiri decree in 1976 and managed by a Board of Directors chaired by HH the Emir of Kuwait. The foundation's objectives are to finance research in basic and applied sciences; support projects of national priority; recognize and award prizes for outstanding scientific achievement at national, regional and international level; organize scientific symposia and conferences; enrich the Arabic language library by publishing journals, books and encyclopedias; and promote scientific and cultural awareness.

The foundation receives financial contributions from Kuwaiti shareholding companies, amounting to 1 percent of their net annual profits. In 2006, the National Bank of Kuwait alone contributed KWD 2 million (USD 6 million). Through the huge funds at its disposal, the organization has been able to provide research grants, fellowships and awards to Kuwaitis as well as individuals and institutions around the world.



## Conclusion

Kuwait is a country with vibrant traditions of giving. Since the 1970s, Kuwait has produced excellent models of updated and institutionalized forms of giving. The model of sustained corporate contributions for scientific research could be expanded to other sectors and adapted in other parts of the region. Likewise, the example of productive relations between CSO organizations and government oversight bodies could be used as a model and bears further analysis. Transparency and management professionalism are distinctive marks of the Kuwaiti experience. As investment levels increase in Kuwait, levels of corporate engagement can also be expected to rise. Like many of the countries included in this study, Kuwaiti philanthropists are just beginning to grapple with the different tools necessary to shift from a predominately charitable to a more strategic approach to their giving.



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## 6 *The State of Kuwait*

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<sup>1</sup> [www.imf.org](http://www.imf.org) and EIU Country Profile Kuwait (GDP & population figures); [www.nationmaster.com/country/qa-qatar/immigration](http://www.nationmaster.com/country/qa-qatar/immigration) (religious groups breakdown)

<sup>2</sup> [www.freedomhouse.org](http://www.freedomhouse.org)

<sup>3</sup> Europa online – economy pg. 19/21

<sup>4</sup> EIU country profile pg. 21

<sup>5</sup> EIU country profile

<sup>6</sup> Estimates start after 2004.

<sup>7</sup> Estimates start after 2004.

<sup>8</sup> Country Profile pg. 22

<sup>9</sup> IMF pgs. 15-16

<sup>10</sup> [www.icnl.org/knowledge/library/index.php](http://www.icnl.org/knowledge/library/index.php)

<sup>11</sup> Information taken from Law No. 24 of the Year 1962 On Clubs and Public Welfare Societies, Ministerial Decree No. 48 of 1999 on the Basic Model Organizations of Charitable Institutions, and The Cabinet's Decree No. 74 of 1999 Concerning the System of Public Charities

THE STATE OF QATAR

*By Mabi Kballaf*

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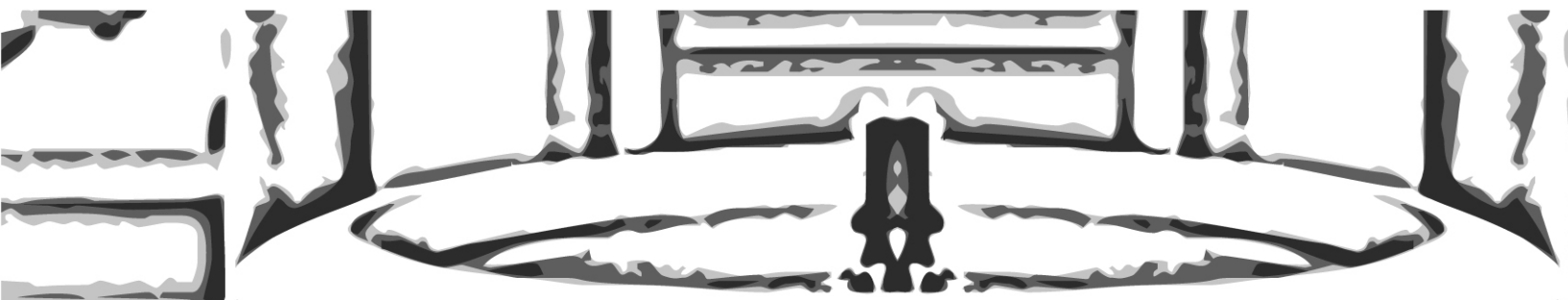
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## Overview

Despite its small size and population, Qatar has managed in the last 10 years to create a dynamic economy and a progressive state apparatus vis-à-vis many of its neighbors. Its unprecedented economic growth is built upon massive natural gas reserves, but the strides in governance and social progress might not have been predicted. Native Qataris number only around 200,000 and they share the same austere Wahabi social and religious background as Saudi Arabia. Yet, in the decade since His Highness Emir Sheikh Hamad Bin Khalifa Al-Thani assumed power, he has managed to transform the country, introducing positive reforms in governance, public participation and education, and laying the groundwork for a sustainable economy in the face of eventual resource depletion.

With leadership from the emir and Qatar's first lady Her Highness Sheikha Mozah Bint Nasser Al-Missned, the face of philanthropy has also rapidly been transformed, away from a traditional reliance on tribal loyalties and individual acts of charity to an increasing focus on sustainable endowments. Today, an emerging cluster of foundations operate programs with well defined strategic objectives and an array of global partnerships to achieve their aims. Corporate social responsibility is also emerging as a potential force for dynamic change, albeit more slowly. A major focus of philanthropic investments in Qatar is education at all levels.



## Country Level Background

### *Qatar at a Glance<sup>1</sup>*

Country size	11,437 sq. km.
Population (2006)	838,000
<i>Nationals</i>	24%
<i>Non-nationals</i>	76%
GDP (2006)	USD 52.7 billion
GDP PPP (2006)	USD 27.7 billion
<i>Oil &amp; gas</i>	6%
<i>Finance, insurance, real estate</i>	8%
<i>Manufacturing</i>	7%
<i>Construction</i>	5%
<i>Trade, restaurants, hotels</i>	4%
<i>Transportation &amp; communications</i>	3%
GDP per capita (2006)	USD 62,914
GDP per capita PPP (2006)	USD 33,049
HDI ranking	46/177
Religious groups	Muslim 78%, Christian 9%, Other 14 %
1 Qatar Rial (QAR)	USD 0.27

### *Modern History*

Before its independence in 1971, Qatar fell under the jurisdiction of Great Britain as a British protectorate. HH Highness Sheikh Khalifa Bin Hamad assumed leadership after deposing his cousin within the first year of independence. The economy did not prosper under his long tenure, amid widespread claims of siphoning petroleum reserves for private benefit. The country's current head, HH Emir Sheikh Hamad Bin Khalifa Al-Thani, came to power in 1995 in a bloodless coup, deposing his father over conflicting views on foreign policy and national development.



### Type of Government

Emirate led by Sheikh Hamad Bin Khalifa Al Thani based on the June 2005 constitution. The national government consists of a Cabinet led by the prime minister, currently Hamad Bin Jassem Bin Jabr Al Thani.

### National Legislature

The Consultative Council, or the *Majlis al-Shura*, is undergoing reforms following the launch of the new constitution. The current *Majlis al-Shura*, with 35 seats directly appointed by the emir, plays only an advisory role. Guidelines for the new *Majlis al-Shura* include two-thirds of a 45-member parliament elected by the voting public and one-third subject to appointment by the emir. Elections are slated to take place before the end of 2008. The new council will be vested with the competence to pass or reject the state budget, monitor the function of the government, and question ministers. Although the council's legislative powers have been strengthened, the emir still retains the power to block or veto legislation.

### Legal System

The legal system is based on Islamic and civil law codes. Islamic law governs family and personal matters. Judges, the majority of whom are foreign nationals, are appointed and removed by the authority of the emir.

Early on, HH Sheikh Hamad explored the possibility of some political participation for citizens. The idea of a municipal council functioning as a consultative body for the Ministry of Municipal Affairs and Agriculture was announced in 1997. In 1998, a law was issued for the establishment of the council, and in 1999 elections were held, making Qatar the first state of the Gulf Cooperation Council (GCC) to introduce universal suffrage for a body of participatory policymaking. A second election was held in April of 2003.

The 2005 constitution providing for these changes was approved by 97 percent of eligible voters in a referendum.<sup>2</sup> The constitution managed to broaden political participation without challenging major features of the current power structure. It



provides for a separation of the executive, legislative, and judicial branches of government, with executive authority remaining in the hands of the emir and his Council of Ministers. The constitution further guarantees freedom of expression, religion and association, and provides for the establishment of an independent judiciary, and for a new 45-member consultative council.<sup>3</sup>

The Middle East is at a crossroads of democratic change. Qatar has voluntarily enacted multiple reforms, making it one of the most politically progressive nation states in the region. Political and economic pressures have not been the cause of political liberalization, but rather the result of a conscious top-down decision. A tacit social contract exists whereby the state provides social and economic welfare in exchange for political loyalty and slowly expanding participation. With regard to its external affairs, close ties with the United States and vast resource wealth have afforded Qatar more influence and freedom in forging its foreign policy than other countries of its size in the region.

Shortly after coming to power, HH Sheikh Hamad instigated one of the boldest media moves in the region with the launch of Al-Jazeera, an Arabic language satellite news channel that defied accepted practices of heavy censorship in the region and put Qatar on the map as a Middle East media hub. Al-Jazeera now has both Arabic and English news outlets, and is one of the most popular (and controversial) Arabic-language satellite television channels in the region.

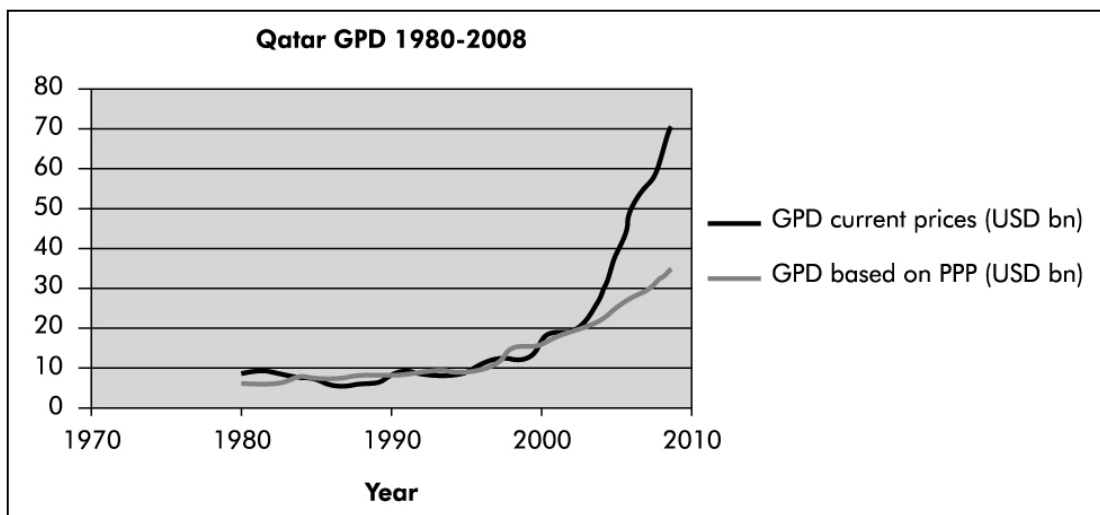
An unspoken relationship exists between media and government whereby the state generally refrains from direct censorship and Al-Jazeera and other media outlets practice a degree of self-censorship - particularly concerning Qatar and the Al-Thani family, who have provided funding since its inception. The five leading newspapers are owned by - or have board members who include - members of the royal family and other notables.<sup>4</sup> In a move to signal the regime's dedication to freedom of expression, the Ministry of Information was abolished in 1998.



## The Economy

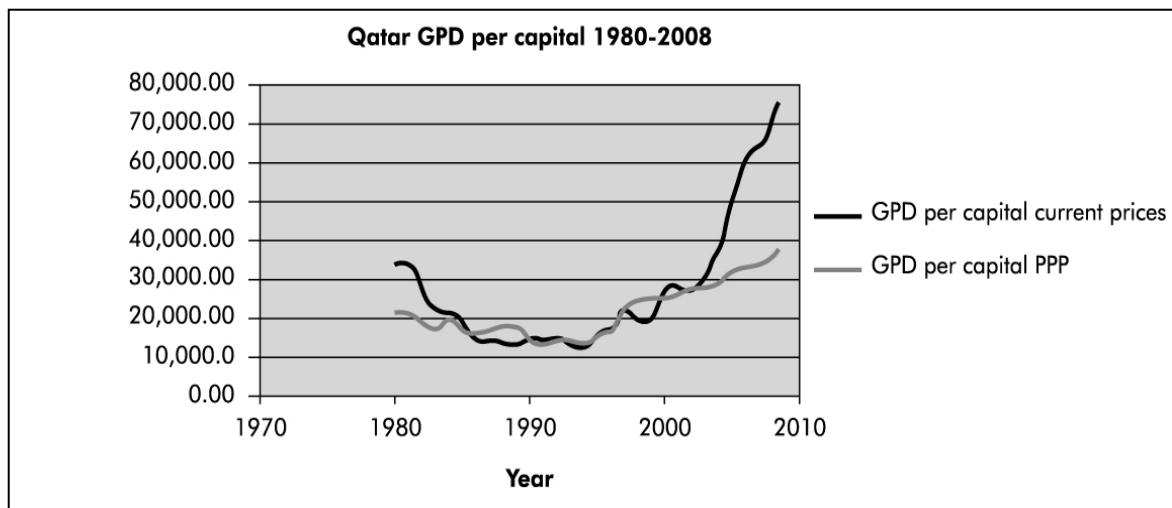
As elsewhere in the Gulf region, oil and natural gas resources have spearheaded the development of the country. Oil was discovered in 1939 and has functioned as an engine for growth. The population jumped from 16 thousand in 1949<sup>5</sup> to an estimated total population of 907,229 by July 2007<sup>6</sup>.

The country's economic policy has focused on liberalization, encouragement of foreign investment, and economic diversification. Oil and gas comprise more than 60 percent of GDP, roughly 85 percent of export earnings and 70 percent of government revenues. These natural resources have afforded Qatar one of the fastest growing and highest per-capita incomes in the world. According to some estimates, current output is sustainable for 23 more years, and this relatively short window is a key motivation for developing new avenues of sustainable growth.



Source: International Monetary Fund, World Economic Outlook Database, April 2007.<sup>7</sup>





Source: International Monetary Fund, World Economic Outlook Database, April 2007.<sup>8</sup>

Since Qatar's hydrocarbon sector was opened to foreign investment in the early 1990s, the country's global market share of crude oil reserves has quadrupled. Qatar's proven natural gas reserves are the third largest in the world and comprise 5 percent of the global total. The country has managed to attract huge amounts of foreign investment, becoming the world's largest liquefied natural gas (LNG) producer in 2006. Cheap and available gas reserves have encouraged the development of petrochemical projects by foreign firms. A forward thinking five-year plan is underway to develop and expand the gas sector, which entails some austerity in the short term in exchange for longer-term benefits.

Having noted the transitory nature of a natural resource-based economy, the country's leadership is tapping into investment income in the form of international stock market investments, which in 2007/2008 accounted for 20 percent of revenue<sup>9</sup>. Other diversification projects include tripling local steel production and increasing petrochemical production projects, both facilitated by the availability of cheap energy. With the country enjoying sustained economic growth, construction continues unabated, yet a shortage of building stock still exists. The housing shortage has sent rents and inflation soaring and minimized the availability of affordable housing, a major contributing factor to an almost 15 percent inflation rate in 2007.<sup>10</sup>

The government continues to create a climate favorable to foreign investment as a major cornerstone of economic policy. A recently announced cut in corporation taxes from 35 percent to 12 percent is expected to attract more foreign investment, particularly in the non-hydrocarbon sectors.<sup>11</sup> Direct foreign investment and ownership without a compulsory local partner or sponsor are the result of reforms and new investment laws. In a similar spirit, the government is in the process of opening up the telecommunications sector.

Nearly all Qatari workers are employed in the public sector, and the country is hugely dependent on imported labor. The Ministry of Labor was reestablished and expanded in order to deal with external allegations of poor work conditions and failure to meet international standards. New labor laws that came into effect in 2005 expanded some protections, but more will be required.<sup>12</sup>

Its nascent origins and desire to distinguish itself has led Qatar to develop some dynamic policies to set itself apart from its neighbors. Qatar seeks to develop its comparative advantage as a knowledge hub of the Middle East and is making major investments in the field of education, largely through an accelerated program to build educational institutions in the country. The basic educational structure is being reformed, with a focus on creating labor that can compete on the international level. High profile foreign universities like Cornell and Georgetown have been invited to establish branch campuses in Education City.

## Philanthropy in Focus

### *The Culture of Giving*

Qatar's philanthropic initiatives have evolved from tribal practices, a culture of giving back to others that springs from the deep influence of Islamic teachings, as well as from a small but dynamic civil society sector that has taken shape over the years. The rise of civil society activity in Qatari society can be traced to the time prior to the discovery of



oil resources, when citizens banded together to provide much needed social services on an ad hoc and reactive basis. The first CSO to register under Law No. 2 for 1974 was the Qatari Organization for Caring and Rehabilitating Persons with Disabilities. Soon after, the Qatari Red Crescent was established and gained international recognition in 1981. Over the years, charitable CSOs grew in number in Qatar, taking up work that focused on the development of Qatari society but also increasingly targeting those in need in other parts of the world.

The extraordinary economic growth over the past two decades has generated wealth that has, in turn, stimulated an increase in philanthropic activity. By far the strongest catalyst for Qatari philanthropy was the coming to power of HH Emir Sheikh Hamad in 1995. With the aid of HH Sheikha Mozah, Qatar's philanthropic initiatives expanded rapidly.

### *The Legal Environment for Philanthropy*

Organized civil society came to existence through Law No. 2 for 1974, which was enacted to regulate the activities of emerging civil society organizations. Laws governing social and philanthropic organizations were revised in 2004. Associations are defined as groups joined together to perform a humanitarian, social, cultural, scientific, professional or charitable activity that is not motivated by material gain or political goals. Associations and private associations fall within the jurisdiction of the Ministry of Civil Service and Housing Affairs. The ministry reserves the right to inspect documents and records.

A minimum of 20 founding members is required to set up an association, each of whom must hold the Qatari nationality, be over 18 years of age, not have been convicted of a crime against honor or decency, and have a good reputation. A decision taken by the Council of Ministers can allow for the involvement of non-Qatari citizens, but their number should not exceed 20 percent of the total membership.

Associations are required to register their location, activities, purpose, by-laws, financial year, conditions of membership, and duties and rights of members, as well as their procedures for withdrawal, expulsion and termination of membership. Registration must include the name, nationality, and place of residence of each founding member.

Associations must have prior approval from the Minister of Civil Service and Housing Affairs for fundraising. All funds must originate from within the state of Qatar. Private associations, similar in concept to private foundations, must depend solely on self-generated funds. They may not receive assistance from the government, but can accept local grants and donations.

The Ministry of Civil Service and Housing Affairs has the authority to dissolve an association based on membership of less than 20 persons, violation of the provisions of stipulated laws, or involvement in political activities. The ministry also reserves the right to expel managers of associations under certain conditions. Falsified information on documents, conducting banned activities, misuse of funds, or continued participation in association activities after dissolution can result in imprisonment and fines.<sup>13</sup>

Given the restrictive nature of some of these legal measures, a few Qatari-based foundations are resorting to special emiri decrees to ensure their independence and/or to enhance the international nature of their operations.

### *Institutionalized Philanthropy*

Influenced by local and global trends, institutionalized philanthropy in Qatar has evolved over the years. Four different forms can be distinguished: philanthropic initiatives that evolve into operating CSOs, grant-making foundations, charitable CSOs that operate a philanthropic arm, and corporate philanthropy.



*Philanthropic Initiatives as Operating CSOs*

Qataris have a strong sense of responsibility towards their society, and high net worth individuals have set up personal philanthropic initiatives as a way of channeling their *zakat* contributions. These philanthropic initiatives have evolved into full-fledged civil society organizations. They are formally registered as professional CSOs with experienced staff and in-house programs of service. The following are some prominent examples of such philanthropic initiatives operating as CSOs.

**Qatar Foundation for Education, Science and Community Development**

*"Today we plant seeds, strong roots for a better future" HH Sheikha Moza Bint Nasser Al-Missned*

Qatar Foundation for Education, Science and Community Development was founded in 1995 by HH Sheikh Hamad. It was registered as a non-profit organization to exemplify the value and importance of education, science and community development. HH Sheikha Moza serves as the chairperson and personally guides the organization through a long-term vision. Qatar Foundation is financed through a generous endowment by HH Sheikh Hamad and HH Sheikha Moza. The foundation operates many different initiatives under its flagship project Education City, through affiliates, and in partnership with other institutions.

Education City is an 8 million sq. m. cluster of elite learning centers and cutting-edge research facilities, including five campuses of world class universities (Virginia Commonwealth University, Weill Cornell, Texas A&M University, Carnegie Mellon University, and Georgetown University). These universities cater to Qatari nationals as well as students from all over the world, offering scholarships to outstanding students. Education City supports advanced research to foster the creation of new knowledge and technologies, promote the development of existing industries, and inspire new opportunities and sectors. Its Community Health and Development Program focuses on research on Qatar society, as well as on the Middle East region, and targets children *via* a children's educational TV channel. Through Education City, Qatar is hoping to position



itself as an international centre for educational excellence. It also hopes to invest in the people of Qatar and the region, positioning itself as a recognized leader in international cooperation and cross-cultural understanding.

Qatar Foundation's partners and affiliates include:

- The Doha Debate<sup>14</sup>, a public forum for dialogue and freedom of speech in Doha that is chaired by well known BBC broadcaster Tim Sebastian and is broadcast live monthly, both locally and on BBC World Television.
- Reach Out to Asia (ROTA)<sup>15</sup>, chaired by Her Excellency Sheikha Mayassa Bint Hamad Al-Thani and founded in 2005 with a primary focus on community development projects in Asia. ROTA promotes global responsibility for basic quality primary education for children and adults. The NGO plans to hold a meeting on regional philanthropy in 2008.
- FITCH<sup>16</sup>, a global design company with studios in Qatar. Through a unique collaboration with the Qatar Foundation, the partners focus on the design of dynamic branded consumer experiences, and the education and implementation of best practice design in the region.
- Al-Shaqab Stud<sup>17</sup>, world famous for its champion racing horses. It was formerly owned by HH Sheikh Hamad before being donated to the Qatar Foundation. Al-Shaqab Stud includes a riding academy as well as a world class equestrian academy.

The Qatar Foundation began as a personal initiative of the royal family, but over the years and under the leadership of HH Sheikha Moza, it has evolved into a national institution leading Qatar's educational development. One might call it a philanthropic conglomerate, one to which many branches of the Qatari government are committed.



### *Grant-Making Foundations*

Qatar boasts a number of recently established grant-making foundations built on the Islamic concept of *waqf*. Perhaps what is most admirable about these foundations is their sensitivity to the needy not just among Qatari nationals but also among non-Qatari residents of the country. These grant-making foundations are highly institutionalized, each with a cadre of professional staff that manages all aspects of the foundation's work.

#### **Sheikh Jassem Bin Gaber Bin Mohamed Al-Thani Charity Foundation**

The Sheikh Jassem Bin Gaber Bin Mohamed Al-Thani Charity Foundation was established in 2001 with the mission of supporting Qataris in need as well as non-Qataris residing in Qatar. Sixty percent of its funds are dedicated to the support of Qatari nationals, while 40 percent are dedicated to non-Qataris residing in the country. The foundation supports persons with special needs, the sick and elderly, widows, divorced women and orphans, as well as outstanding students. The foundation also builds mosques and centers for religious education and hospitals, and provides humanitarian assistance to victims of natural disasters and wars.

The foundation, which is governed by Law No. 8 for 1998 and reports to the Qatari Agency for Charitable Work, relies on its own funds and does not fundraise or solicit donations from the public. Funds available to the foundation are generated from dedicated income from the *waqf* allocated by the late Sheikh Jassem, which represented approximately one third of his total wealth. The *waqf* property is made up mainly of buildings and apartment blocks that are maintained and rented out, and their revenue is utilized to operate the foundation. The sons and daughters of the late Sheikh Jassem also provide financial support to the foundation.

The foundation provides financial support to its beneficiaries, as well as some in-kind support (representing 10 to 20 percent of dedicated funds) in the form of food stamps, meat products, stationary and school bags, as well as furnishings for mosques. During



financial year 2005-2006, the foundation received a total of 3,052 applications for support and disbursed 1,821 grants, using a computerized system to evaluate and select the grantees. A total of QAR 9.6 million (USD 2.6 million) went towards supporting the needy.

### **Shiekh Eid Bin Mohamed Al-Thani Charitable Foundation<sup>18</sup>**

The Shiekh Eid Bin Mohamed Al-Thani Charitable Foundation was established in 1995 upon the death of Sheikh Eid, who was known for his commitment to charitable giving in Qatar and abroad. The foundation administers an endowment of one third of the late sheikh's fortune, which is directed to charitable work targeting the poor and needy. Operating in similar fields as the Sheikh Jassem foundation, the Sheikh Eid foundation also provides international support to victims of disaster and war. In 2004, the foundation spent over QAR 24 million (USD 6.79 million) on its activities in Qatar and around the world.

The Sheikh Eid Foundation supports a cultural center established in 2000 to benefit the Qatari people, and also encourages others to create endowments, managing them on their behalf. In 2004, four new *awqaf* were established, valued at a total of QAR 4.7 million (USD 1.3 million).

The Sheikh Eid Foundation has developed professional management structures and outreach tools, including both a website and extensive annual reports. In a region where financial information is often not disclosed to the public, the foundation posts its financial reports on its website.

The Sheikh Jassem Bin Gaber Bin Mohamed Al-Thani and Sheikh Eid Bin Mohamed Al-Thani charitable foundations are impressive examples of grant-making organizations rooted in the Islamic concept of *waqf*. The founders' visions have developed into strong institutions with management practices that ensure the sustainability of these philanthropic initiatives.





Other professionally managed grant-making foundations are emerging, endowed by high net worth Qataris. Although one can count only a few, their number and impact is significant in relation to the size of the country. Because of their large assets and their professionally managed operations, they are able to work effectively not only in Qatar but also internationally. Humanitarian relief and short-term support to those in need will always have a place in the philanthropic goals of a society. One expects that, in time, some of these institutions will enter into more strategic fields and alliances that could harness their potential for major social advances.

### *Charitable CSOs that Operate a Philanthropic Arm*

Some of the oldest social service delivery CSOs in Qatar are involved in philanthropic initiatives that are not the main activity of the organization but rather one of its secondary objectives. These types of CSOs conduct fundraising campaigns that rely on altruistic sentiments, religious giving obligations, and corporate social responsibility. The CSOs utilize the funds raised to provide services to those in need within the Qatari society, in alignment with their objectives.

### **Qatar Charity<sup>19</sup>**

Qatar Charity (QC) has a longer history than most of the newer foundations. It was established in 1980 by a group of Qatari notables in order to support the neediest groups, whether within or outside Qatar. The foundation places great emphasis on cooperation, professionalism, innovation and quality.

The organization operates locally through 9 offices in Qatar, and externally, covering more than forty countries in Africa, Asia and Europe through its branches and partnerships with other nongovernmental organizations. The organization's four fields of focus are: family, women and children; education and culture; productive projects; and investment and *waqf*.



Perhaps the most innovative of the Qatar Charity's activities is its *waqf* program, which has the dual purpose of honoring parents and supporting the needy. The foundation encourages donors to create endowments in the name of a parent, with the proceeds going to orphans, destitute families, the elderly, divorcees and widows, poor students or young men preparing to marry.

Qatar Charity has a strong presence in the Qatari society; in fact, the organization maintains high visibility through media advertisements, as well as booths and posters at shopping malls. The better part of the organization's funds is collected through fundraising drives soliciting contributions from the Qatari people.

### **Qatar Red Crescent<sup>20</sup>**

Perhaps the most prominent organization in this category is the Qatar Red Crescent, which was established in 1982. Although the Qatar Red Crescent focuses on providing relief for victims of disaster and war in Asia and Africa, its Social Work Department is involved in philanthropy towards Qatari citizens and residents. The department provides financial grants and in-kind contributions through two programs: one targeting families in need, and the other directed at sick people who cannot afford health care. In 2005, a total of QAR 3 million was disbursed through both programs.

Charitable CSOs that operate a philanthropic arm are many in Qatar. They rely on public support and engage others in their philanthropic activities by developing strong programs and building trust over time. These charities are well known to Qatari society and their activities are visible through fundraising campaigns in public spaces and through frequent reporting in the media. They are innovative in their approach to philanthropy and tailor their programs to public demand. Charitable CSOs are becoming increasingly similar in operation to community foundations in other parts of the world, in that they leverage a large number of modest donations, fulfill community social needs, and create solidarity and a sense of belonging among those engaged in their activities. Unlike many community foundations, their scope of operations extends beyond Qatar to the international arena.



### *Corporate Philanthropy*

Corporate philanthropy is becoming more evident in Qatar, largely in the form of corporate social responsibility initiatives launched by private as well as public companies. Prominent examples are:

- **Qatar Telecom (Qtel)**, which is providing support to Qatari civil society and government through sponsorship schemes. The company donated USD 1.5 million to the Qatar Foundation to bolster the foundation's scholarship program. Additionally, Qtel donated QAR 300,000 to the Qatar Center for Voluntary Activities to support its social and economic development activities.
- **Intilaqah Qatar**, an educational program launched by a group of local and multinational corporations operating in Qatar, led by Salam International, Qatar Shell, the Social Development Centre, College of the North Atlantic Qatar, Microsoft and HSBC, to help young Qataris explore business start-ups as a viable career choice by assisting them to acquire the necessary skills to be successful entrepreneurs.
- **RASGAS**, a Qatari liquid gas joint stock company, which invests in health, education and sports activities in collaboration with civil society and government initiatives through its CSR program, launched in 2006.
- **Qatar National Bank (QNB)**, which implements its CSR activities through the Social Development Center and Reach Out to Asia. Additionally, QNB's employee engagement program encourages all employees to engage actively in social work, volunteering, or public relations.

These examples suggest a budding CSR culture within Qatar's flourishing business sector that holds much promise. To date, however, few businesses have elected to establish philanthropic foundation arms, electing instead to contribute financially and in-kind to worthy CSOs or Qatari foundations.



## Conclusion

Since 1995, Qatar has embarked on a fast journey of development and modernization under the leadership of HH Emir Sheikh Hamad Bin Khalifa Al-Thani. In a little over a decade, Qatar has witnessed impressive economic growth that has led to a boost in the culture of giving in the country. Qatar's charitable activities include both traditional and creative modes of channeling philanthropy. Since these philanthropic initiatives are relatively recent, perhaps the main recommendation that could be made is that they focus on continued growth and diversification. Like-minded initiatives should establish productive avenues of communication among themselves to ensure the effectiveness of their giving and to avoid duplication.

In addition to their generous programs of emergency humanitarian aid and support to the poor and needy, Qatari philanthropies, given the public trust they enjoy, can develop rights-based initiatives. These will need to address sensitive but important issues such as the status and rights of non-citizen residents. Initiatives of the kind can build on innovative programs like the Doha Debates, helping young Qataris to learn and practice participation and good citizenship. The newly-formed Arab Democracy Foundation, a regional grant-making organization founded and hosted in Qatar, is a promising development.

The momentum corporate philanthropy has gained over the past few years needs to be maintained, with greater emphasis placed on institutionalization. Currently, most CSR initiatives take the form of financial donations or in-kind contributions to worthy causes, but one expects that companies will increasingly seek to align their core business activities with goals and programs that engage the entire work force and supply chain in addressing sustainable development and attacking poverty at its roots. There is great scope in Qatar for businesses to partner with progressive public agencies and private donors in addressing major issues in a strategic manner. Fostering this socially responsive business climate would be an excellent project for commercial networks such as the S-Qatar Business Council.



## Resources

The Economist Intelligence Unit. Country Report: Qatar July 2007: pgs. 1-32.

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United Nations. Johannesburg Summit 2002 Qatar Country Profile



## 7 *The State of Qatar*

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<sup>1</sup> GDP & population figures taken from IMF data [www.imf.org](http://www.imf.org) . GDP (PPP) estimates start after 2005. GDP per capita figures are taken from 2005; estimates begin in 2006. Population and religion breakdown from <http://www.nationmaster.com/country/qa-qatar/imm-immigration>

<sup>2</sup> Freedom House [www.freedomhouse.org](http://www.freedomhouse.org) Qatar (pg 2)

<sup>3</sup> Europa World Online: Qatar: recent history (pg 3/12)

<sup>4</sup> Freedom House [www.freedomhouse.org](http://www.freedomhouse.org)

<sup>5</sup> IMF [www.imf.org](http://www.imf.org) and <http://www.country-data.com/cgi-bin/query/r-11045.html>

<sup>6</sup> CIA World Fact book

<sup>7</sup> Estimates start after 2005.

<sup>8</sup> Estimates start after 2005.

<sup>9</sup> Ibid

<sup>10</sup> EIU Country Report (pg 3)

<sup>11</sup> EIU Country Report (pg 9)

<sup>12</sup> Freedom House [www.freedomhouse.org](http://www.freedomhouse.org) pg 4

<sup>13</sup> Information on legal environment taken from The Qatari Law of Associations and Private Institutions.

<sup>14</sup> [www.thedohadebates.com](http://www.thedohadebates.com)

<sup>15</sup> [www.reachouttoasia.org](http://www.reachouttoasia.org)

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<sup>17</sup> [www.alshaqabstud.com](http://www.alshaqabstud.com)

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THE UNITED ARAB EMIRATES

By *Dina Sherif*

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## Overview

The United Arab Emirates has gone to great lengths to modernize and diversify its economy in order to become a powerful competitor in the global market. Strong work ethics and an ambitious vision have laid the foundation for remarkable growth. These efforts are paying off, with Dubai, now established not only as the financial hub of the region, but as one of the emerging financial hubs internationally. Other emirates are similarly following the example of Dubai in economic diversification and modernization. The rapid economic growth of the UAE over the past four decades has led to substantial accumulation of wealth among the ruling families as well as leaders of the private business sector.

As with all of the societies of the Arab region, the UAE benefits from a strong culture of giving rooted in tribal traditions and religion. The late 20<sup>th</sup> century saw that culture of giving begin to be institutionalized separate from initiatives that fell directly under the Ministry of Awqaf (endowments). More recently, philanthropy has increased in both scope and depth, with the State and the ruling families setting an example through the social investing of their personal wealth. The establishment of initiatives like International Humanitarian City (IHC), a home for international and Arab organizations working for the betterment of human welfare, signaled the UAE's commitment to support social development and the public good. In the last five years, organizations including the Emirates Foundation (a public-private initiative), the Mohammed Bin Rashid Al Maktoum Foundation (a personal initiative of the ruler of Dubai) and the Arab Science and Technology Foundation (heavily supported by the ruler of Sharjah), have followed on its heels.

One can safely say that the culture of giving in the UAE has grown to be a multibillion dollar industry, with funds socially invested both within and outside the boundaries of the country. As will be shown below, there is pressure from many quarters for this investment in public welfare to demonstrate clear and measurable returns.





## Country Level Background

### *United Arab Emirates Glance<sup>1</sup>*

Country size	83,600 sq. km.
Population	4.3 million
<i>National</i>	20%
<i>Non-national</i>	70%
GDP (2005)	USD 130.3 billion
GDP PPP (2005)	USD 128.0 billion
<i>Agriculture</i>	3%
<i>Industry</i>	51%
<i>Crude oil production</i>	27%
<i>Manufacturing</i>	13%
<i>Construction</i>	8%
<i>Services</i>	47%
GDP per capita (2006)	USD 33,397
GDP per capita PPP (2006)	USD 29,142
HDI ranking	41/177
Religious groups	Muslim 96% ( <i>Shia</i> 16%), Other (includes Christian, Hindu) 4%
1 UAE dirham (AED)	USD 0.27

### *Modern History*

Under British protection since 1892, the Emirates were loosely tied to the United Kingdom in a series of treaties until 1971 when seven emirates: Abu Dhabi, Dubai, Sharjah, Ras Al-Khaimah, Ajman, Fujairah, and Umm al-Qaiwain combined to form a confederation.

The UAE has gained much attention for navigating progressive economic policies in a traditionally conservative culture. Economic interest in the area developed in the latter part of the 20<sup>th</sup> century with the discovery of oil in 1958. Before the discovery of oil, economic activity was concentrated in pearling and fishing. The remaining part of the population earned their livelihood from agriculture, rural handicrafts and herding.



Strong growth performance from oil exports in the 1970s and early 1980s precipitated the development of physical and social infrastructure. From the 1980s onwards, volatile oil prices were the source of uneven but continuous growth. Abu Dhabi and Dubai are currently the economic powerhouses driving the country, providing a standard of living and level of security afforded to all the emirates.

## The Political Scene

### Type of Government

Federation of seven emirates with a provisional constitution renewed every five years from 1971 until 1996, at which point it was formally codified. The current president is HH Khalifa bin Zayed Al Nahyan, ruler of Abu Dhabi. The prime minister and vice president is HH Mohammed bin Rashid Al Maktoum. The Supreme Council of Rulers is comprised of the hereditary rulers of the seven emirates and is the highest national authority. The Supreme Council elects the Council of Ministers, an executive body (cabinet) headed by the prime minister.

### National Legislature

Federal National Council (FNC) made up of a 40-member body that is largely consultative. Half of the members are elected and the other half are appointed.

### Legal System

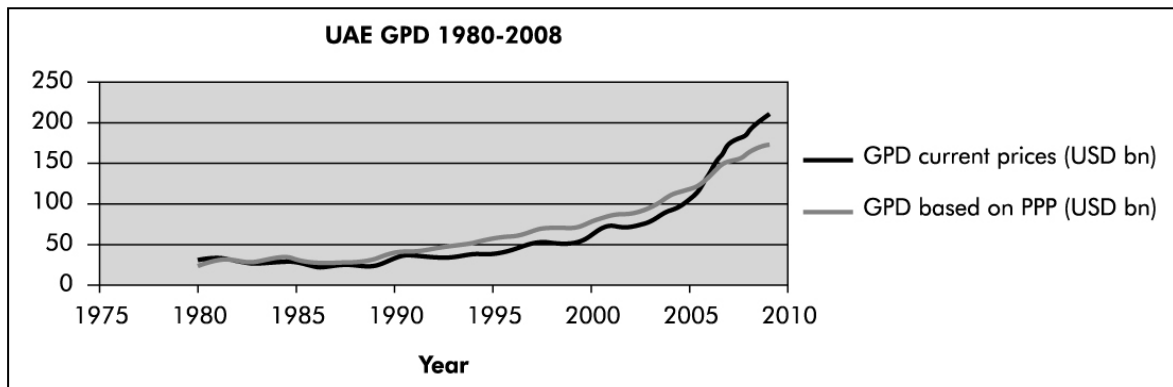
Federal court system in accordance with the 1971 constitution. Criminal, civil, and commercial matters fall under the jurisdiction of secular courts. Family and religious disputes are adjudicated under Islamic courts.

The political power of the country rests almost completely with the hereditary leaders of the seven emirates, with particular power concentrated in the capital, Abu Dhabi, and in Dubai. The ruler of Abu Dhabi, HH Sheikh Khalifa Bin Zayed Al Nahyan, became the UAE's second president upon the death of his father, HH Sheikh Zayed Bin Sultan Al Nahyan, in 2004. The posts of prime minister and vice-president are traditionally held by the ruler of Dubai. HH Sheikh Mohammed Bin Rashid Al Maktoum assumed these positions in January 2006 upon the passing away of his brother.

Few challenges exist to undermine the status quo in the current political environment. There is no organized political opposition, as political parties and pressure groups are not permitted. Positions within the government tend to be determined by tribal loyalties and economic power. The ruling families are generally popular and well regarded within their respective emirates, so inhabitants tolerate a degree of political control in exchange for economic and internal security. Foreign guest workers are the most likely group to exert pressure for reforms, and recent strikes and other labor actions are forcing a revision of policies regarding their contracts and work conditions.

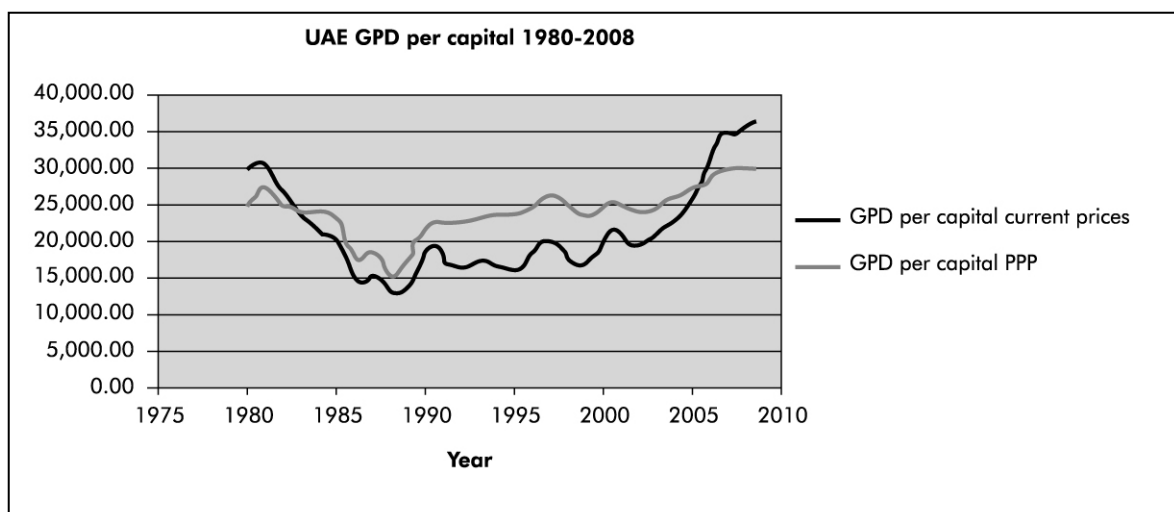
### *The Economy*

Liberal economic policies continue to contribute to strong growth, although volatile prices of oil, upon which a large share of the country's revenue depends, create an unpredictable revenue stream. Economic growth can be attributed to several factors: government investment in infrastructure, which boosted general economic activity and private investment; a relatively stable domestic environment; availability of capital and few capital controls; and relatively cheap labor from neighboring Arab countries and the Indian subcontinent.



*Source:* International Monetary Fund, World Economic Outlook Database, April 2007.<sup>2</sup>

At 27 percent of the gross domestic product, according to 2005 figures, oil production is a key source of revenue and a principle source of government income, which ultimately funds public sector expenditure. The UAE is in the process of vigorously diversifying its economy. By the 1990s, non-oil exports and non-oil GDP had exceeded oil exports for the first time since the oil boom began. As a result, the economy of the UAE is considered the most well diversified in the Gulf region.



*Source:* International Monetary Fund, World Economic Outlook Database, April 2007.<sup>3</sup>

High levels of wealth within the country have contributed to considerable domestic investment. Public investment, providing infrastructure and services needed by other sectors, is expected to continue stimulating growth. Private investment rose from 7 percent of GDP during the period 1975 to 1985 to 12 percent from 1996 to 1998. From 2000 to 2005, private investment fell to an average of 10 percent

Abu Dhabi and Dubai account for 80 percent of the national revenue. Abu Dhabi, the largest of the emirates, holds 90 percent of the UAE's oil and gas reserves, though it has been slower to diversify its oil economy and open up to foreign investment. The city has been a main proponent of increased private sector involvement in the development of infrastructure and core services. The second largest city of the Emirates, Dubai, boasts

the largest population. However, only three percent of petroleum and natural gas deposits are found here, and these are expected to be exhausted in 20 years' time.<sup>4</sup> As a result, economic diversification has occurred much more rapidly and, in the process, Dubai has successfully positioned itself as a 'hub' for trade and services.

In order to encourage foreign investment, the government has created a series of rapidly expanding free economic zones in which designated areas enjoy relaxed economic jurisdiction vis-à-vis the rest of the country. Dubai, envisioned as a world business hub, has successfully profited from the Jebel Ali Free Zone (JAFZ), which was established in 1980. Offering business and tax incentives to corporations, it hosts some 2500 firms from over 100 countries. The success of JAFZ led to the development of two additional free zones, Dubai Internet City (DIC), which was established in 1999 and Dubai Media City (DMC), established in 2001. DIC targets emerging markets as an Internet technology park operating in a tax free zone with few restrictions. DIC allows for 100 percent foreign ownership, along with tax and customs benefits up to 50 years. In 2003, the Dubai International Financial Center (DIFC) was also established, with the aim of creating a self-regulating financial free zone to function as the regional base for leading international banks and financial services companies.

The development of DMC has stimulated debate on the freedom of the media in the UAE. The government has made the guarantee to international news and entertainment content providers, publishers, music companies, and production firms that the content of their news and information products will remain free of government regulation, provided they comply with certain broad and relatively liberal guidelines of taste and propriety. The pledge has been heeded, with relatively few infractions. Conversely, the government has kept a firm grip on domestic media output, tolerating some mild criticism of the government at times, but disallowing any negative coverage related to Islam, with punishable consequences.

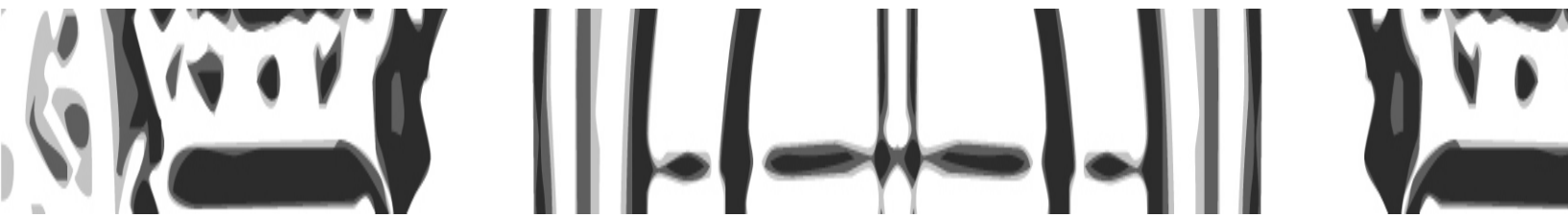


Like other countries in the Gulf, the UAE is highly dependent on foreign labor. Expatriates make up a high proportion -- 2.5 million out of the 2.7 million strong labor force -- which means nationals make up less than 10 percent of the labor force. Nationals hold 80 percent of the jobs in the public sector/civil service and only two percent of jobs in the private sector.<sup>5</sup> A major effort is underway to train and place young nationals in key positions in the labor force. Currently, under pressure from striking foreign workers, hours of work and other conditions in the construction sector are being improved.

The UAE has positioned itself as the financial powerhouse of the Middle East, with liberalized open markets and an amalgam of nationalities building careers and homes within its borders. The UAE prides itself on being visionary, constantly pushing itself to be a top competitor globally. Taking the emirate of Dubai as an example, the country has often exceeded its growth targets. In a speech on the Dubai 2015 Strategic Plan, UAE prime minister and ruler of Dubai HH Sheikh Mohammed Bin Rashid Al Maktoum said:

"When I announced my Vision for Dubai in the year 2000, I spoke of economic aims for the year 2010. The reality is that not only have these aims been realized, but they have been realized in half the time. In the year 2000, the plan was to increase GNP to USD 30 billion by 2010. In 2005, that figure was exceeded, with GNP reaching USD 37 billion<sup>6</sup>. The plan also included an increase in income per capita to USD 23,000 by the year 2010. In 2005, the average income per capita reached USD 31,000. In other words, we realized in five years economic achievements beyond those which were planned for a ten-year period".<sup>7</sup>

The achievements in Dubai are reinforced by similar growth in its oil rich sister emirate, Abu Dhabi.



## Philanthropy in Focus

### *The Culture of Giving*

The end of the 20<sup>th</sup> century witnessed an exponential growth of private wealth in many parts of the world, not least in the Arab region. With this global increase in wealth has come an increase in philanthropy. While there has always been a strong culture of giving in the UAE derived mainly from religious motivations, there has been little *strategic* philanthropy until very recently. For the most part, giving in the UAE can be said to be of a 'charitable' nature, with scant emphasis on intrinsic social change. The philanthropic landscape in the UAE is undergoing a phase of transformation. Many state officials and wealthy individuals are changing the face of their giving, with sustainable impact being at the core of their focus. One would go as far as to say that the UAE is currently at a crossroads. While old patterns of giving based on compassion and religion continue to dominate, there is evidence of an emerging trend toward attacking core problems in ways that are strategic, creative and sustainable.

The turn of the century has seen continuous growth in wealth for the UAE. Furthermore, the percentage of high net worth individuals based in the UAE has also been on the rise.<sup>8</sup> According to Hilal Al Marri, Managing Director of the Dubai World Trade Center, wealthy UAE families who often exceed a net worth of USD 100 million, give in ways that are increasingly developmental rather than charitable, but not necessarily institutionalized. Many families have established education endowments that are used to sponsor Emirati citizens of lower income through school, with a vision that this will eventually bring all citizens to a high standard of living. A number of families have also invested their giving in the developing world, specifically Sub-Saharan Africa, through the building of schools and hospitals. Some of the families known for their tradition of giving include the Futaim family, the Oweiss family, and the Mutafik family. In the forefront of giving are ruling families such as Al Nahyan, Al Maktoum and Al Qassimi, who set an example of philanthropic giving in the UAE.

For the most part, giving is done quietly and discreetly through personal channels. But recently, a new focus has emerged on institutionalizing philanthropy through the creation of professionally-managed foundations such as the Emirates Foundation and the Mohammed Bin Rashid Al Maktoum Foundation, among others. Although institutionalized philanthropy has become more apparent in the UAE since the turn of the century, other examples date back to the early 1990s, such as the Sultan Bin Ali Al Owais Cultural Foundation, see discussion below.

While it is still too early to tell where the unprecedented growth and development will take the UAE, one thing remains certain – the incredible accumulation of wealth brings with it responsibilities, obligations and duties that the UAE is now under pressure to act upon. The government and high net worth citizens have begun to think critically about how that wealth can be harnessed to bring about positive social change, not only in the UAE, but in the region at large. Many also believe it imperative that their giving be invested in the younger generation to sustain the achievements of today.

### *The Legal Environment for Philanthropy*

Private associations, nongovernmental organizations and public-interest associations are all governed by Federal Act 6 for 1974, which stipulates that foreigners may not join such associations. Incorporation of associations requires the approval of the Ministry of Social Affairs, which has the authority to reject applications, merge and dissolve associations, and control their activities. The ministry's approval must be obtained for extending grants, fundraising, receiving and distributing funds to and from abroad, and for conferences or meetings abroad. According to Article 182 of the Penal Code, a court may dissolve an illegal association or organization and confiscate its properties and belongings.<sup>9</sup>

Nongovernmental or not-for-profit organizations that have been established by Emiri decree are not subject to the abovementioned law and enjoy greater flexibility with regard to the raising and use of funds. This method of establishing relatively independent foundations is becoming increasingly common throughout the Gulf region.





## *Institutionalized Philanthropy*

The overall culture of giving in the United Arab Emirates is complex once one moves beyond the religiously obligated individual *zakat* contributions. For the purposes of this chapter, we consider only indigenous giving. The conceptual framework of this local philanthropy is a diverse multibillion dollar 'growth industry' derived from a variety of providers, including: 1) foundations established by individuals and supported by their personal wealth, 2) public-private partnership foundations dedicated to a specific cause and financed by both the public and private sources, 3) community-based philanthropy; 4) charity organizations that are partly philanthropic in nature, and 5) private equity firms. These are the categories that defined data collection for the present chapter.

### *Individual-Based Foundations*

#### **The Mohammed Bin Rashid Al Maktoum Foundation**

The Mohammed Bin Rashid Al Maktoum Foundation was launched in May 2007 with an endowment of USD 10 billion<sup>10</sup>, thus making it the largest foundation in the Arab region and among the largest in the world. The main focus of the foundation will be education and knowledge creation in the Arab region, with a specific emphasis on youth.

In his launching speech at the World Economic Forum in Jordan, HH Sheikh Mohammed Bin Rashid Al Maktoum said the foundation will finance and manage a wide range of initiatives, such as establishing high-quality research programs and research centers, supporting research in universities across the region, and providing scholarships to allow students to attend leading universities and institutes. Other activities he highlighted include leadership programs for Arab youth in government, the private sector and nongovernmental organizations that will focus on instilling in them a sense of citizenship and social responsibility; as well as initiatives to encourage innovation and entrepreneurship throughout the region and, ultimately, create significant new employment opportunities for the region's youth.



According to HRH Princess Haya Bint Al Hussein, wife of HH Sheikh Mohammed Bin Rashid Al Maktoum, this personal initiative of HH Sheikh Mohammed, supported by his own wealth, stemmed from a vision that socially investing in the education of youth will enhance and sustain the efforts underway for Arab growth and development. Conversely, if youth in Dubai, for example, are not empowered, the work that has gone into making Dubai what it is today will not endure over the long term.<sup>11</sup> Dr. Yasar Jarrar, executive dean of the Dubai School of Government and strategy advisor to the Executive Office of Dubai, highlighted the foundation's belief in the importance of combining access to and production of knowledge with employment opportunities for Arab youth as basic prerequisites for the region's sustained growth and development.<sup>12</sup>

In addition to giving grants, the foundation will launch and manage its own initiatives, working in partnership with other organizations to achieve its mission. Currently, the recently established foundation is in the process of launching key activities, hiring staff and identifying its long-term strategies.<sup>13</sup>

### **The Sultan Bin Ali Al Owais Cultural Foundation**

Named after Sultan Bin Ali Al Owais, the Cultural Foundation was established by Emiri Decree No. 4 dated March 21, 1994 issued by HH Sheikh Maktoum Bin Rashid Al Maktoum. The foundation is run by a Board of Trustees of 7 to 15 members, who are qualified in the fields of administration, science and culture. A General Secretariat acts as the foundation's executive arm. The foundation's financial resources consist of funds provided by the founder, Sultan Bin Ali Al Owais and financial contributions through endowments, wills, grants, and donations approved by the Board of Trustees.

The foundation is known for the Sultan Bin Ali Al Owais Award for Scientific and Cultural Achievement. The USD 100,000 award is presented every two years to individual Arab litterateurs, intellectuals, writers, artists, and scientists who have served Arabic culture and who have had a significant impact in their respective fields. Winners of the Al Owais Award for Scientific and Cultural Achievement are able to publish their works through the foundation.



In addition to the award, the foundation has established a library specializing in modern Arabic literature to spread cultural and intellectual consciousness. The library holds about 40,000 titles in the arts and humanities. It includes translated works into Arabic.

Many similarities can be drawn between the Sultan Bin Ali Al Owais Foundation and the Abdel Hamid Shouman Foundation in the Hashemite Kingdom of Jordan, both of which are dedicated to the publishing and promotion of Arabic literature. Each of these foundations has made significant contributions to the field and it would be interesting to perhaps see a joint initiative between the two foundations bridging the Gulf and Mashreq regions of the Arab region.

### *Public-Private Partnership Foundations*

#### **The Emirates Foundation**

The Emirates Foundation was established in 2005 by emiri decree inspired by HH Sheikh Mohammed Bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi. The foundation is a nationwide initiative led by private- and public-sector partnerships. It functions on pooled resources raised through the private and public sectors.

The vision of the Emirates Foundation is to improve the quality of life of all people in the UAE. Through a variety of projects that stimulate intellectual and social growth, the foundation aims “to increase access to cultural, educational and technological resources, and foster increased participation in civic life.”<sup>14</sup>

The foundation designs and implements its own projects and makes grants to individuals and organizations. As an operating foundation, the goal is to establish pilot projects and evaluate the progress of the foundation through these projects. Through 2007, the key programs of the foundation include ‘Tawteen’ and ‘Takatof’. Meaning “localization” in Arabic, Tawteen brings together representatives from government, business, education



and the civil community from the UAE and the wider Arab world to address persisting social and cultural obstacles, advising youth on meaningful careers and engendering self-development in the UAE. The foundation's second project, Takatof, aims to help find creative solutions to community needs by promoting the spirit of volunteerism as a way of life in the Arab world. Takatof is meant to create a sense of commitment to volunteering, an essential factor in bringing together a community. Beginning 2008, the foundation's grant-making is to increase significantly with the launch of more than fifty projects in science and technology, education, environment, arts and culture, public awareness, and social development.

In late 2007, the UAE government pledged to match all private sector donations for the foundation's endowment and to cover all its administrative expenses, as a way to assure private donors that their contributions are used strictly for projects. This innovative funding mechanism defines the Emirates Foundation as a mix of state-led philanthropy and corporate philanthropy, which is a very unique example of a public-private partnership working together for the good of the UAE.

### **The Arab Science and Technology Foundation**

The Arab Science and Technology Foundation (ASTF) was established in 2000 by a decree issued by HH Sheikh Sultan Bin Mohammed Al Qassimi, the Governor of Sharjah, who also donated USD 1 million to the foundation as startup funds. Since it was established by royal decree, the foundation is not governed by the UAE NGO law, so can function in a relatively flexible manner and is allowed to receive funds from abroad. Over the past three years, the foundation has received an annual amount of USD 1 million from Abdel Latif Jameel of Saudi Arabia.

As its name suggests, the objective of the Arab Science and Technology Foundation is to promote scientific research and technology in the Arab region. Specifically, the foundation provides a forum for Arab scientists worldwide (currently 10,000) to network and engage in a proactive dialogue through the organization of annual



conferences on Arab science and technology. In addition, it provides funding for innovative research and promotes investment in technology. Based on research results, ASTF plays the role of ‘middleman’ between scientists and investors, encouraging investors to support innovative ideas evolving from the research carried out. To date, the foundation has published 883 scientific papers, organized 8 conferences and 12 workshops, and has a database of 2,784 Arab scientists associated with its work.<sup>15</sup> A significant accomplishment has been financing 10 scientific research projects from around the Arab world amounting to a total of over USD 300,000 during its third funding cycle (July – December 2006). These include projects in the fields of biotechnology, drugs and medicine, intelligent systems and robotics, environment, energy, water, agriculture, material science, and others.

Another interesting initiative led by the foundation is a technology venture capital fund launched in 2005 known as Arab Technology Ventures (ATV). The fund’s authorized capital is USD 5,000,000. ATV invests in Arab technology-based ventures in the fields of information technology, telecommunications, biotechnology, pharmaceuticals, new materials, nanotechnology, and new engineering technology, among others.

ASTF is a grant-giving organization, but it has yet to establish an endowment, which means that the organization constantly struggles to cover the costs of activities it would like to implement. The Arab region currently lags behind the rest of the world, only investing 0.02 percent of its GDP on scientific research. With a proper endowment, the foundation could play an expanded role in promoting science and technology in the Arab world.

### **The Dubai Harvard Foundation for Medical Research**

Established in partnership with Harvard University, the Dubai Harvard Foundation for Medical Research supports cutting-edge collaborative research and the establishment of sustainable research centers and education programs to promote innovation in medical practice. The foundation has set up the Dubai Healthcare City to revitalize and intensify medical research in the Middle East, and, in turn, address the region’s most pressing health problems.



The foundation's endowment of USD 100 million, which is being managed by Harvard University, was pooled from a number of prominent Arab donors in the region, including Their Highnesses Prince Walid Bin Talal of Saudi Arabia and Sheikh Mohammed Bin Rashid Al Maktoum of Dubai.

The strategic partnership with Harvard University focuses on building the research capacity of Arab scientists. Arab scientists are sent to Harvard to train with the university's top medical researchers, and then return to the region to carry out their own research in collaboration with a partner scientist at Harvard. The first research grant was issued in August 2007.

### *Community-Based Philanthropy*

#### **Dubai Cares**

Launched in September 2007 during the holy month of Ramadan by HH Sheikh Mohammed Bin Rashid Al Maktoum, Dubai Cares seeks to bring the Dubai community together in support of one cause – primary education for children in developing countries. Around USD 500 million was raised through a combination of individual and corporate donations, and this amount was then matched by HH Sheikh Mohammed Bin Rashid Al Maktoum, creating a total of USD 1 billion dedicated to primary education.

Following this success, a decision was made to turn Dubai Cares into an independent institution falling under the umbrella of the Mohammed Bin Rashid Al Maktoum Foundation, with its own dedicated endowment derived from funds collected annually. Dubai Cares will not be an operating foundation, but instead will have an annual plan for grant giving of up to USD 50 million (depending on the return from the endowment).



The institution will work in collaboration with credible partners such as UNESCO, Care International and Save the Children. Dubai Cares is an example of a broadly-based initiative that can be transformed into a large-scale community foundation dedicated to raising local community funds in Dubai for the resolution of regional problems. It will be interesting to see how this initiative further institutionalizes and continues to inspire the local population of Dubai (both Emiratis and expatriates) to be philanthropic and think beyond themselves to the problems of other communities.

### *Charity Organizations as Philanthropic Institutions*

If we are to take the working definition of philanthropy as *the institutionalized pooling and distribution of resources with the goal of building capacity, sustainable financing, and expertise for long-term societal benefit*, then a number of organizations in the UAE that qualify as charity organizations should, in fact, be categorized as philanthropic institutions as well. While all of them are motivated by Islamic principles and teachings and often rely on *zakat* and *sadaqa* contributions as their main financial resource, the majority of the organizations are also endowed with *awqaf* in the form of land and other fixed assets allocated by the state or by wealthy individuals. This gives the organization financial sustainability and enables it to function partially as a grant-giving entity, often with a focus on one sector or on the welfare of a specific group in society, such as children or women. These organizations, which often predate the newer foundation models, include the Al Maktoum Foundation, the Mohamed Bin Rashid Charitable Humanitarian Foundation, Beit Al Khair Society, and the Dubai Autism Center. Beit Al Khair, for example, is endowed, receives large-scale private sector support, and is in some cases a grant giver. But while its stated mission is to alleviate poverty in the UAE, Beit Al Khair primarily reduces the immediate want of poverty as opposed to seeking permanent solutions. All of these organizations are supervised by the Ministry of Awqaf, which oversees the distribution of resources and ensures that these resources are contributing to the public good.



Clearly, the Ministry of Awqaf in the UAE and the charity organizations that fall under its jurisdiction play a large role in the philanthropic sector. These organizations donate their charitable funds locally in the UAE, as well as to organizations in countries in the Arab region and beyond. They are increasingly venturing beyond short-term charity to development arenas such as education, healthcare and income generation. With the exception of Beit Al Khair and the Al Maktoum Foundation, this study was not able to profile and fully assess 'charity organizations' in the UAE. This is an area that needs further research and documentation. It is important for these organizations to contribute to the growing professional networks of philanthropic institutions.

### **Bait Al Khair**

Bait Al Khair is an ISO certified *gam'iyah khairiya* established in 1989 by Juma Al Majid, a well known Emirati philanthropist, and a group of fellow businessmen. The organization finances its activities through *awqaf* in its name, as well as through individual donations from Juma Al Majid and fellow board members, and through corporate donations. Bait Al Khair is the largest charity organization in the UAE, with over 100 employees and 200 volunteers. The organization was established to support Emirati families who fall beneath the poverty line. Seeking to reduce the impact that poverty has on underprivileged groups, it focuses on providing relief aid to those in need, including the poor, widows, divorcees, patients, families of prisoners, disabled nationals and nationals with special needs, orphans, and students, among others. Beit Al Kheir collaborates with several other organizations in the UAE, such as the Al Maktoum Charity Organization and the Red Crescent Society.

### **Al Maktoum Foundation**

The Al Maktoum Foundation was established in 1996 in Dublin, Ireland. Since then, its activities have expanded to incorporate more than 69 countries. In January 2000, the foundation set up its main office in Dubai. Like Beit Al Khair, the foundation falls under the jurisdiction of the Ministry of Awqaf in Dubai.





Through a yearly stipend, occasional donations, and the dividends on its endowments, the foundation funds several entities in the UAE, including schools, orphanages, and centers for the handicapped and disabled. In addition, the foundation participates in hosting Ramadan meals and Quranic memorization courses.

The foundation is active in fourteen Arab countries: Palestine, Lebanon, Jordan, Iraq, Egypt, Morocco, Mauritania, Sudan, Tunisia, Yemen, Qatar, Bahrain, Somalia, and the Comoros. Its activities in these countries include the establishment of schools, financing the purchase of medical equipment and computers, building mosques, and sponsoring orphanages and orphans. The foundation is also active beyond Arab borders in countries in Asia and Africa. Its activities in Asia focus on financing the education of individual students, establishing schools and IT centers, organizing pilgrimages, and building and heating mosques. In Africa, the foundation sets up schools, universities, and women's centers in addition to providing financial support for teachers, doctors, and Muslim preachers. The foundation has also funded activities in Europe, including the establishment of a center for Islamic studies (notably, the establishment of the Islamic College in London), centers for Arabic studies, Muslim women's and student's associations, and various other cultural centers.

The organization's budget for the period 1997-2002 was approximately USD 29,971,885.

### *Private Equity Firms*

The growth of private equity in the UAE has been on the rise since the start of the 21<sup>st</sup> century. The UAE is now home to some of the largest private equity firms in the Arab region and the world at large. While the philanthropic work of other private equity firms, such as Dubai International Capital and Citadel Capital in Egypt, have not been documented in this study, private equity firms are poised to become leaders in targeted social investment. The face of private equity in the Arab region has changed, with Arab-



based private equity firms rapidly growing and becoming competitive with the global ‘big shots.’ These firms have set stringent and ambitious standards when it comes to the maximization of return on financial investments. When these firms invest their money socially, they are often quite generous with the amount of money allocated. However, they have not yet become as stringent and as ambitious when it comes to benchmarking and ensuring a return on their social investment as they are with their financial investments. We expect to see rapid evolution of social giving as well as investing among such private sector firms in the near future.

Two of the largest private equity firms in the UAE – Abraaj Capital and Ithmar Capital – are given as examples here of different approaches with regards to philanthropy.

### **Abraaj Capital**

Abraaj Capital is one of the leading private equity firms in the region, currently managing assets amounting to USD 4 billion. Abraaj’s CEO was recently named among the 50 most influential private equity personalities in the world. According to Mustafa Abdel Wadood, Managing Director, Abraaj does not have a Corporate Social Responsibility strategy nor do they publicize any of their giving outright. Upper management at Abraaj believes that giving back to the community should be something that all employees feel compelled to do. Following that philosophy, Abraaj established a ‘charity’ committee to promote the overall culture of giving amongst members of the firm. A certain percentage of the annual bonuses distributed to employees is automatically deducted and given to the committee to spend. Until now, the charity committee has focused mainly on donating to humanitarian relief and charity-related causes. According to Abdel Wadood, the recent establishment of the Mohammed Bin Rashid Al Maktoum Foundation has inspired many, Abraaj included, to give more thought to how they can contribute strategically to more long-term change.

### **Ithmar Capital**

Ithmar Capital is essentially a family-run private equity firm, and while it is not as large as Abraaj in terms of assets under management, it is experiencing rapid growth. Ithmar



Capital's approach to giving is motivated by the family's Islamic beliefs and is distinctly different from that of Abraaj. Ithmar Capital effectively dedicated 5 percent of the shares of the firm to *zakat* and *sadaqa*. Profits derived from that amount annually are put into a not-for-profit sister company led by the women of the family. The company was established to manage the distribution of the funds in accordance with what is considered appropriate *zakat* and *sadaqa*. This approach has led to a more structured management and distribution of the family's giving. According to Faisal Belhoul, the managing director, the company invests its money in sectors that build up human capital, such as health and education, as "no business should exist without investing in social sectors and the upgrading of human capital."

## Conclusion

Gulf States such as the UAE are notable for the ways in which people have revamped and invigorated traditional channels of giving, such as waqf and charitable associations, while also launching large-scale and strategic foundations like the Mohammed Bin Rashid Al Maktoum Foundation and the Emirates Foundation. As with technology, sometimes the benefits of being a so-called “latecomer” can, in fact, be great in terms of capitalizing on the accumulated knowledge and lessons learned from those who have already been in the practice for many years.

One thing is certain, if the accumulation of wealth and private equity has dominated the mindset of Emiratis for the past several decades, how to use that wealth for public benefit now seems to be high on their list of priorities as they determine the regional role they wish to play over the decades to come. For this sector to grow and flourish in the UAE, as with every other country covered in this study, a supportive legal framework facilitating independence and good governance of foundations will be required. As it stands, the UAE foundations profiled in this report were established by emiri decree or placed in the category of charity organizations that must abide by a law drafted in the 1970s. This points to an important area for policy work that will be needed if the sector is to grow and have its desired impact in the UAE, the region and beyond.



## Resources

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## 8 *The United Arab Emirates*

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<sup>1</sup> GDP and population figures taken from IMF: [www.imf.org](http://www.imf.org). GDP estimates begin after 2004, GDP per capita estimates begin after 2004 and GDP per capita purchasing power parity (PPP) estimates begin after 2003 based on existing IMF data. GDP PPP reflects the weight of GDP in relation to purchasing power of other countries. The human development index (HDI) is derived from UN development reports and is the measure of life expectancy, literacy education, and standard of living <http://hdr.undp.org>. Breakdown of religious groups is from [www.nationmaster.com](http://www.nationmaster.com).

<sup>2</sup> Estimates start after 2004.

<sup>3</sup> Estimates start after 2004.

<sup>4</sup> UAE Oil and Gas [www.uae.gov.ae/Government/oil\\_gas.htm](http://www.uae.gov.ae/Government/oil_gas.htm)

<sup>5</sup> Library of Congress pg. 13

<sup>6</sup> World Wealth Report, 2006.

<sup>7</sup> Mohammed Bin Rashid Unveils Highlights of Dubai Strategic Plan, *Business Intelligence Middle East*, February 4, 2007.

<sup>8</sup> Refer to Merrill Lynch World Wealth Report, 2006, [www.ml.com](http://www.ml.com)

<sup>9</sup> All information in legal environment section taken from *A Comparative Guide on Laws: Relating to Establishing an Arab Fund*. Pg. 20-21

<sup>10</sup> The Foundation's endowment is currently being managed by Dubai Holding.

<sup>11</sup> Interview with Princess Haya Bint Al Hussein, Dubai, October 2007.

<sup>12</sup> Interview with Dr. Yasar Jarrar, executive dean of the Dubai School of Government and strategy advisor to the Executive Office of Dubai, October 2007.

<sup>13</sup> For more details on initiatives being launched, refer to [www.mbrfoundation.ae](http://www.mbrfoundation.ae)

<sup>14</sup> Refer to Emirates Foundation website: [www.emiratesfoundation.ae](http://www.emiratesfoundation.ae)

<sup>15</sup> Refer to <http://www.astf.net/site/aboutus/facts.asp>



## From Charity to Change: *Trends in Arab Philanthropy*

### CONCLUSION AND RECOMMENDATIONS

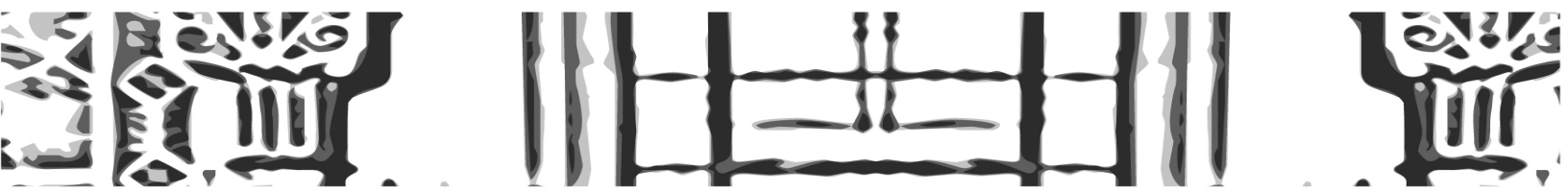
*By Dr. Barbara Ibrahim  
and Dina Sherif*

*“Almost always, the creative dedicated minority has made the world better.” Martin Luther King Jr.*

The past year during which the data for this report was assembled would best be described as a difficult journey, but one made worthwhile by the growing sense among our research team that they were witnessing the birth of a new social movement. Despite confronting a dearth of secondary data and occasional reluctance to share information, researchers reported back from each country a sense of renewed energy among the people and the institutions they documented. What had been an isolated assortment of philanthropic organizations is shaping itself into a sector. Where charitable acts had dominated the giving scene, new approaches are emerging to grapple with social problems at their core. New organizations are proliferating.

However the obstacles to achieving greater effectiveness remain daunting -- including civil strife, war, underdevelopment and struggles to improve governance. The Arab region is challenged by its problems but also in possession of great resources of wealth and talent waiting to be unleashed. Over and over in the course of interviews this year, we heard people speak in terms of a crossroads. They believe that the attempts to forge indigenous routes to Arab problem-solving are cumulating toward a “tipping point”. The findings presented here affirm that promising assessment for important parts of the Arab region.

This report provides a preliminary overview of institutionalized Arab philanthropy in eight countries of the region. Authors drew upon interviews with influential members of royal families, key Arab philanthropists, executive directors of foundations both old and new, business leaders, journalists, government officials, members of civil society and experts in the field. While still incomplete, it forms the first study to offer a mapping of the landscape of private giving in the Arab region.



To round out that picture, subsequent studies will need to expand coverage to include additional countries, Arab Diaspora philanthropy and emerging pan-Arab foundations. Further analysis is also needed of the large question of impact of philanthropy on its target communities. Our more modest aims in this first report were to point to major categories of giving and to highlight important emerging trends. While the study finds great variance among the countries covered, Arab philanthropy is experiencing growth everywhere at an accelerated pace. The two main drivers of that growth are accelerating wealth accumulation and increased commitment to human development among private citizens and corporate entities.

## Regional Trends

Based on the data collected, a number of broad trends were identified. Among the most important is a rise in citizen activism among successful and affluent business leaders, who are bringing innovation to the usual targets of philanthropic giving. Ruling families also provide strong role models of organized giving. Both groups demonstrate leadership through organizing their giving to be institutionalized, sustainable, and in a growing number of cases, strategic. This is displayed in the rise in the number of endowed foundations established in the region over the past decade, with examples such as the Sawiris Foundation in Egypt established in 2001 to the Mohammed bin Rashid Al Maktoum Foundation established recently in May 2007 in the UAE. Philanthropy is increasingly a transnational sector as well. In places where state policies or international politics are not conducive to the establishment of foundations at home, philanthropists find ways to register institutions abroad to operate effectively in the region.

Another key trend is an increase in public-private partnerships. Arab governments are coming to recognize the advantages of joint efforts with private philanthropists and corporations to address local challenges. An interesting phenomenon worth noting is what we have named 'public-private partnership foundations,' an example of which is the Emirates Foundation based in Abu Dhabi, UAE. These initiatives are based on the financial contributions of both a governmental or quasi-governmental entity and private donors who agree to conditions for supporting causes that maximize the impact of both.





Smaller-scale collective giving at the level of communities and public support of social causes are also increasing at this time. That is reflected in the increase of community foundations and their effectiveness in mobilizing local energies to solve local problems. Community – based philanthropy is initiated by multiple donors who pool their financial resources together for a common local purpose. This type of philanthropy attempts to foster solidarity and civic participation within a community by addressing its most pressing social needs. Examples of mobilizing broad resources for local causes include the King Hussein Cancer Foundation in Jordan, Wakfayit El Maadi (El Maadi Community Foundation) in Egypt and Dubai Cares in the UAE.

With the philanthropic sector becoming more institutionalized, proactive, entrepreneurial and influential, expectations regarding the return on social investment have risen. Foundations are expected to go beyond showy press releases to demonstrate results. The civil society groups wanting access to these growing sources of funding will likewise need to improve their practices and internal governance. Non-governmental organizations are becoming more transparent. They are under pressure to do a better job of measuring impact and reporting on their successes and failures. There is still a long way to go in terms of improving the standards of civil society work, but change is underway. More philanthropists are now working in partnership with CSOs and offering management, analysis, and other services, as opposed to carrying out projects themselves.

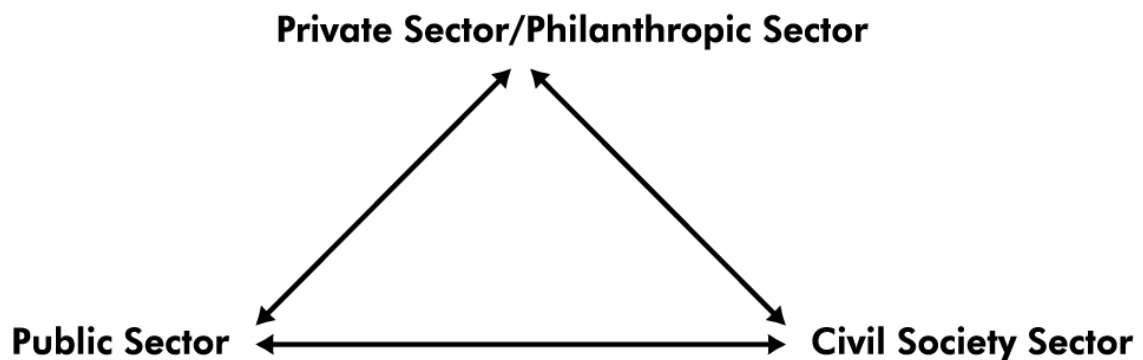
Another major finding is the degree to which legal frameworks for citizen initiative can enhance or hinder the work of philanthropy. In nearly all contexts, civil society legislation is far too restrictive to unleash the full participation of citizens in the development of their societies. Nationalization of assets or interference with the boards of private organizations stays in the public memory and inhibits those who might otherwise build up effective institutions within their home countries. Relying on Emiri decrees or other exceptional legislation to establish new foundations is a stop-gap measure. These need to be replaced by reforms to the existing laws governing CSOs and foundations that draw upon best practice from successful national models.



## Modeling Change

In order for the philanthropic sector to not simply grow but to also realize its full potential for positive social change, all of society's sectors will need to find more effective modes of partnering together. The philanthropic sector, government and civil society each have strengths needed by the other, and can tackle important problems with a better mix of coordination, standards of quality, equity, transparency and accountability.

The development of a professionalized civil society sector in the Arab world needs the expertise and resources of a strong indigenous grant-making sector. That sector's growth is in turn spearheaded by a vibrant private sector and the business community. Governments support both by creating enabling environments that do not over regulate, but instead help in the setting of standards for transparency and effectiveness. A strong civil society can then speak for the emerging concerns of the population and assist governments to meet basic needs. Both the private sector and civil society have knowledge and tools that will support governments in fulfilling their pledges for good governance.



Strength at each point in this relationship will contribute to the solution of major social problems and building strong, viable nations. In many ways, philanthropy stands at the center of the model and provides a major engine for change.



## Recommendations

Based on the findings of this first phase of study, some general recommendations are offered that may unleash greater potential for the Arab philanthropic sector and enhance its effectiveness. The agenda is large and will therefore require efforts on the part of multiple actors. Some work needs to be undertaken at local levels, while other advances will be made through collaborations at the national or regional level. Philanthropy is increasingly a global enterprise; cooperation will also need to extend internationally – to Diaspora groups, professional networks, and other resources that can enhance Arab philanthropy.

### **I. Create an enabling environment for enhanced philanthropy**

In every country, both the potentials and the obstacles inherent in laws and regulations were avidly discussed. Philanthropists are careful with their funds. They require legal structures that provide straightforward and non-intrusive relationships with regulatory authorities. Not only must laws governing foundations and endowments be reformed, there is also a need for better training of mid-level authorities in Ministries of Awqaf, Social Affairs and related agencies. Increasingly they must be able to handle complicated financial reports and understand concepts such as stock value, portfolios, and risk management.

The opportunities provided by reform of policies and laws are enormous in the area of creating incentives for philanthropy. These could take the form of income tax incentives for increased giving or customs and other tax relief for registered foundations. Public bodies may also offer priorities in accessing goods or services to communities that are willing to pool their own local resources. This kind of creative partnering has been highly successful elsewhere, for example in anti-poverty programs in Latin America.



Neighboring countries have paved the way for effective legislation to revive important traditional forms of philanthropy such as the Muslim *waqf*. Turkey's reform of *waqf* legislation in 1981 led to positive competition among the wealthiest commercial families to endow private universities and scholarship programs across the country.

National dialogue between government and civil society can broaden the space for civic action and decrease oversight and regulation. Such forums for public dialogue would also help in addressing sensitive issues, such as minority rights, poverty, or guest worker practices.

As the philanthropic sector grows it should develop methods for self-monitoring. Governments can help by setting procedural and financial 'bottom line' standards of conduct. However the promotion of ethical standards and best practices should be left to members of the philanthropic community, through networks they create and maintain.

## **2. Professionalize the Philanthropic Sector**

Along with self-monitoring, other steps can be taken to 'shorten the learning curve' for new foundations and share professional standards among organizations in the sector. This will entail building effective networks for practitioners. Initiatives already underway include the Arab Foundations Forum, a membership network for organizations, and the Arab Forum for Social Innovation, an informal gathering of individual philanthropists. Future networks might focus on the needs of foundation executives, or provide standards of practice for the field. In particular, the authors of this study believe that religious philanthropies and those with more secular identities have much in common and could benefit from greater interaction. Efforts can be made to bridge that communication gap where it occurs.



Documentation and analysis of trends is another area that could benefit the sector as a whole. Philanthropists are often like civil society activists – too engaged in their passion for a cause to take time out for assessment or research. But increasingly there is recognition of the role played by sound impact evaluations, design of indicators to chart program progress, etc. Universities as well as private consulting firms should be encouraged to take philanthropy as an important area of study and teaching.

Training and technical assistance would also be of great service to the emerging philanthropic sector. Currently this is rare in the region, but among corporate clients is being provided by some financial services units and consulting groups. There is a gap in the provision of practical guidance for families wanting to institutionalize their giving, build an endowment, or help a second and third generation take over leadership of family philanthropies. Short courses with targeted objectives are requested by foundation executives and board members alike. Topics that are particularly relevant include grant-making guidelines, setting ethical standards, measuring impact, and building strategic alliances.

New philanthropic instruments are proliferating in the region. Greater interaction between those involved in Islamic banking for example, with those seeking to increase giving for a particular cause might prove beneficial. Achieving greater consensus over the allowable recipients of *zakat* funds would also open up wider avenues for giving. Innovative modes of fund-raising from individuals should be investigated and promoted, including the use of Facebook and other social networking sites on the internet to mobilize multiple small donations for maximum effectiveness.

Foundations and civil society alike are in need of mechanisms to match donors with appropriate recipients of funding. This clearing-house function does not currently exist in the region, making for inefficiencies and inequality in access to support. It is best done



by a consortium of donor/civil society leaders with experience in building and funding quality programs. On-line and electronic models could be adapted both at national level, and eventually for the entire region.

Finally, the philanthropic sector will be served by creating resource hubs and an information clearinghouse for donors. This would become the repository for documentation like the present study and case studies of best practice in the field. Training materials, sample policy and procedure manuals, and similar practical tools should be made easily and widely available throughout the region. For this to be most effective, materials should be available on-line and translated where necessary into Arabic. The Gerhart Center, AUC, and the Center for Development Services, Cairo are currently building such resources.

### **3. Foster Effective Public Education about Philanthropy and Corporate Responsibility**

One reason that the emerging philanthropic sector is invisible to many people is the dearth of media sources of information. Only the biggest donors or the most dramatic contributions are covered by print or electronic journalism. Alternatively, media coverage is framed by an outdated understanding of philanthropy as charity, and featured on the women's pages of newspapers or magazines. There is also a tendency to think of philanthropy in terms of 'kindness' rather than strategic investments to address social problems in a systematic manner.

Short courses such as one recently offered at the American University in Cairo for mid-career journalists can help to shift coverage of the field and alert journalists to the relevance of these stories as hard news. CNN and other television outlets have shown leadership in highlighting the role of philanthropy in African and Arab social development.



More can also be done to publicly recognize the contributions of exemplary philanthropic institutions and individuals. Prizes such as the one awarded by Mo Ibrahim in celebration of good governance in Africa could be adapted to recognize outstanding philanthropists in the Arab region. In order to encourage a new generation of philanthropists, awards can be established in universities and schools for students who show innovation and success in their philanthropic endeavors.

One reason that international corporations have been quick to adopt the practices of corporate social responsibility is the scrutiny they receive from stakeholders and the public. Arab companies are largely free of that sort of pressure to improve their environmental and social policies, improve labor conditions, and seek to serve the poorest sectors of the market. Informed publics and alert media will be a positive influence on the business community and at the same time can highlight best practices and speed the adoption of innovation.

#### **4. Foster a Culture of Civic Engagement and Social Responsibility among Arab youth.**

For the philanthropic sector to flourish it must have infusions of young energy and talent. Currently a career in philanthropy is hardly a top priority for bright students or their parents. There are few career paths or role models to encourage young people to enter the field. On the other hand, youth community activism is growing around the region, and young Arabs today have a sense that they must build their own lives and societies without depending on state support. That commitment to service, seen in the growth of youth organizations in Egypt, Jordan, Palestine and elsewhere, can be harnessed for the philanthropic sector.



Donors should be encouraged to partner with universities to increase the teaching and practice of community engagement and active citizenship. Business leaders can act as mentors to young activists; they can bring interns into their philanthropic endeavors. Youth job training and placement programs can include civil society and philanthropy as potential career paths for young applicants.

Businesses, schools and universities can promote innovation and social entrepreneurship among youth. This is a short step from the successful business training efforts such as Injaz which have captured the imaginations of young people and business leaders alike. Universities can sponsor competitions for effective social investment business plans, and encourage faculty and students to partner on research that addresses aspects of philanthropy.

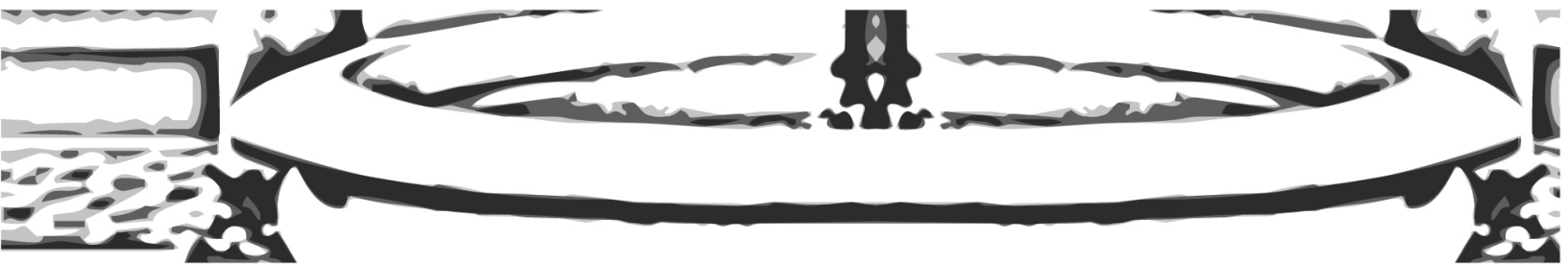
Youth want to be taken seriously and they want to be heard. It would be refreshing to see younger members of the community serving on the boards of philanthropies, on panels at conferences, and representing organizations at regional and international meetings. Girls as well as boys can be encouraged to think of business careers and careers in executive management of philanthropies.

In conclusion, while there remain many obstacles to the full emergence of philanthropy as a social movement, the opportunities are numerous and exciting. The potential impact of the trends noted above – a vast pool of new wealth, increased activism among business leaders, the empowerment of civil society, and the rising influence of private donors – are clear and need to be supported. In a region where poverty, sub-standard healthcare, lack of education and youth unemployment remain rampant, Arab philanthropists have a unique opportunity to join forces and make a difference.





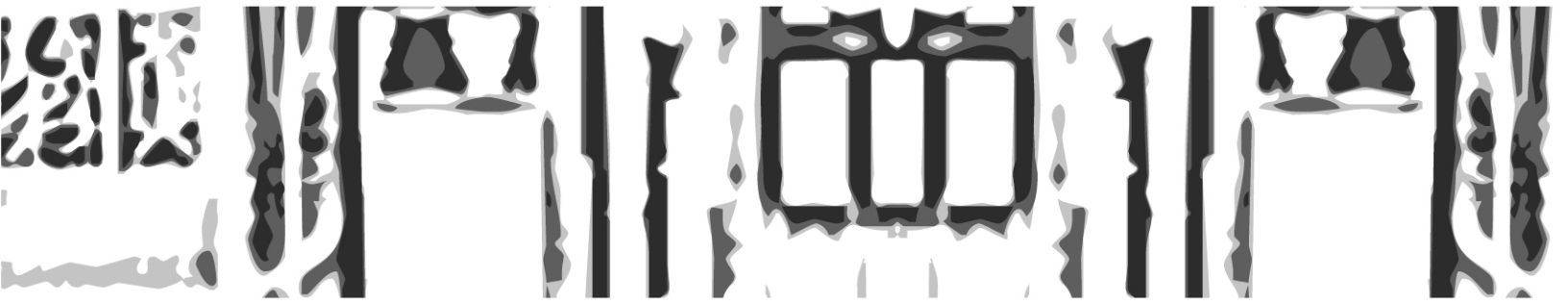
That difference will come not only through investing their funds on a social level, but also by making market forces work better for the poor, who continue to exist on the margins of our societies. Markets are booming today, but the benefits are felt by too few of the region's citizens. For the good of our region, it is imperative that these efforts are launched now. We hope that this study will serve as a motivation to increase both strategic philanthropy and effective partnerships. Philanthropies in the Arab region may still be few in number, but as Martin Luther King Jr. noted, "Almost always, the creative dedicated minority has made the world better."



APPENDICES

Philanthropic Organizations (Directory)

About The Authors



# Philanthropic Organizations<sup>1</sup>

## Egypt

### Alfanar Community Foundation

<http://www.alfanar.org.uk/>

Email: [info@alfanar.org.uk](mailto:info@alfanar.org.uk)

18, El Mansour Mohamed St.

Zamalek, Cairo 11211

Egypt

Tel: +2 (02) 735 3797

Fax: +2 (02) 735 5489

### Al-Maadi Community Foundation

Address: 9 Uthman Buildings

Maadi, Cairo.

Tel: 25255549

Office mobile: 018 17 22 224.

### Al Noor Foundation

<http://www.alnoor.org.eg/>

Email: [alnoor@alnoor.org.eg](mailto:alnoor@alnoor.org.eg)

Tel: + (202) 3631111

Fax: + (202) 3639001

### Dar Al Orman

Email: [info@alorman.com](mailto:info@alorman.com)

7 El Hag Mossa Street

El Haram, Giza

Tel: 02 33831189

### EFG Hermes Foundation

<http://www.efghermesfoundation.org/>

Email: [info@efghermesfoundation.org](mailto:info@efghermesfoundation.org)

58 El Tahrir St.,

Dokki, Giza, 12311

Egypt

Tel: +20-2 3364693

Fax: +20-2 3383616

### The Egyptian Food Bank

<http://www.egyptianfoodbank.com/>

Email: [info@egyptianfoodbank.com](mailto:info@egyptianfoodbank.com)

6 Nafoura St.

Cairo, Moukatam

Tel: 02-25080000

### Sawiras Foundation For Social Development

<http://www.sawirisfoundation.org/en/>

Email: [info@sawirisfoundation.org](mailto:info@sawirisfoundation.org)

22, El Montazah St.,

Ground Floor,

Zamalek, Cairo, Egypt.

Tel: (202) 736 2012 - 736 6783 - 736 4841

Fax: (202) 736 2013

<sup>1</sup> This directory includes philanthropic institutions profiled in this report and does not claim to be comprehensive of all philanthropic organizations and initiatives in the eight countries included in this study or in other Arab countries. Efforts to compile a comprehensive directory are underway.

*Jordan*

**The Abdul Hameed Shoman Foundation**

<http://www.shoman.org/>

Email: [AHSF@shoman.org.jo](mailto:AHSF@shoman.org.jo)

P.O.Box 940255

Amman 11194 Jordan

Tel: 00962-6-4633627 / 00962-6-4633372

Fax : 00962-6-4633565

Um Otheina, Saad Bin Abi Waqqas St.

Building No. 10 P.O.

Box: 35102, Amman 11180

Hashemite Kingdom of Jordan

Tel: + (962-6) 554-4960

Fax: + (962-6) 554-4962

**Jordan River Foundation**

<http://www.jordanriver.jo/>

Email: [info@jrf.org.jo](mailto:info@jrf.org.jo)

P.O. Box 2943

Amman 11181, Jordan

Tel: + (962) (6) 5933211

Fax: + (962) (6) 5933210

**Tkiyet Um Ali**

<http://www.tkiyetumali.org/>

Email: [info@tkivetumali.com](mailto:info@tkivetumali.com)

P.O.Box:

4060 Amman 11131

Tel: +962 6 4916816 +962 6 4916800

Fax: +962 6 4903686

**King Hussein Cancer Foundation**

<http://www.khcc.jo/>

Email: [info@khcf.jo](mailto:info@khcf.jo)

**Ruwwad**

<http://ruwwad.net/home/>

E-mail: [info@ruwwad.net](mailto:info@ruwwad.net)

**King Hussein Foundation (KHF) and Noor Al Hussein Foundation (NHF)**

<http://www.kinghusseinfoundation.org/khf.htm>

Email: [khf-nhf@nic.net.jo](mailto:khf-nhf@nic.net.jo) /

[Dhussieni@khf.org.jo](mailto:Dhussieni@khf.org.jo) / [khf-nhf@khf.org.jo](mailto:khf-nhf@khf.org.jo)

Nathmi Abdel Hadi St.

Jabal Nathif

Amman

Jordan

Tel: +962-6-4733313

Fax: +962-6-4733315

P.O. Box 926687

Amman 11110 – Jordan

Tel: (962-6) 5607460

Fax: (962-6) 5606994

## Kingdom of Saudi Arabia

### **Al Mansouria Foundation**

<http://www.almansouria.org/>

Email: [mcc@almansouria.org](mailto:mcc@almansouria.org)

### **The Coexist Foundation**

<http://www.coexistfoundation.net/>

Email: [bridget.flavell@coexistfoundation.net](mailto:bridget.flavell@coexistfoundation.net)

17-19 Bedford Street

London

WC2E 9HP

U. K.

### **The Help Center**

<http://www.helpcenter.med.sa/>

Email: [info@helpcenter.med.sa](mailto:info@helpcenter.med.sa)

P.O. Box 51890

Jeddah 21553, Kingdom of Saudi Arabia

Tel: (+966-2) 663 1113

Fax: (+966-2) 668 3109

### **King Faisal Foundation**

<http://www.kff.com/>

Email: [Info@kff.com](mailto:Info@kff.com)

P.O.Box: 352

Riyadh 11411

Saudi Arabia

Tel: +966-1-465-2255

Fax: +966-1-465-6524

*Palestine*

**Abdel-Mohsen Qattan Foundation**

<http://www.qattanfoundation.org>

Email: [info@qattanfoundation.org](mailto:info@qattanfoundation.org)

PO Box 2276

Ramallah – Palestine

Tel: + 972 2 296 05 44

Fax: +972 2 298 4886

**Al-Lod Charitable Society**

<http://www.allodpal.org>

Email: [infor@allodpal.org](mailto:infor@allodpal.org)

**Al-Quds Zakat Committee**

<http://www.khayma.com/sinan>

Email: [alzakah@hotmail.com](mailto:alzakah@hotmail.com)

Al Aqsa Mosque

P.O. Box 17420

Jerusalem

Tel: 02287772

Fax: 02287772

**Burqa Zakat Committee**

<http://www.lzaka-burqa.org>

Email: [info@lzaka-burqa.org](mailto:info@lzaka-burqa.org)

Tel: 092530699

Fax: 092530699

**Dalia Association**

<http://www.dalia.ps/>

Email: [info@Dalia.ps](mailto:info@Dalia.ps)

Dalia Association

PO Box 51822

East Jerusalem, via Israel

Tel: +972-(0)54-653-6671 / +972-(0)598-824-8807

**Faisal Hussein Foundation**

<http://www.fhf-pal.org/>

Dahiyat Al Bareed

P.O.Box 19, Bir Nabala

East Jerusalem

Tel: 970 2 234 2686

Fax: 970 2 234 5521

**Hani Qadoumi Scholarship Foundation**

<http://www.hq-sf.org/>

Email: [info@hq-sf.org](mailto:info@hq-sf.org)

**Jawwal Community Fund**

<http://www.jawwal.ps/>

Al-Bireh:

P.O. Box 3999

Tel: +970 (2) 2 2402440

Fax: +970 (2) 2 2968636

Gaza:

P.O. Box 1300

Tel: +970 (2) 8 2833220

Fax: +970 (2) 8 2833322

*Palestine (continued)*

**Nablus Zakat Committee**

<http://www.zakat-nablus.org>

**Palestinian NGOs Network PNGO**

<http://www.pngo.net>

Email: [pngonet@pngo.net](mailto:pngonet@pngo.net)

Sabat Bld. 1<sup>st</sup> floor

Al Masyoun

P.O. Box: 2232

Ramallah – Palestine

Tel: + 970 2 2975320/1

Fax: +970 2 2950704

Tel: + 970 2 2975320/1

Fax: +970 2 2950704

**Palestinian Red Crescent Society**

<https://www.palestinercs.org>

Email: [info@palestinercs.org](mailto:info@palestinercs.org)

P.O. Box 3637

Al-Bireh, Palestine

Tel: +972 2 240-6515

Fax: +972 2 240-6518

**Patients Friends Society – Abu Raya  
Rehabilitation Center**

<http://www.kaburaya.org>

Email: [info@kaburaya.org](mailto:info@kaburaya.org)

Tel: 970-2-2957060/1

Fax: 970-2-2957062

**The Scientific Foundation of Hisham Adeeb  
Hijawi (SFOHAH)**

<http://www.sfohah.org/>

Email: [he.lp@sfohah.org](mailto:he.lp@sfohah.org)

P.O. Box 103,

Amman 11810, Jordan

Tel + (962-6) 581-4257 / 581-6072

Fax + (962-6) 582-6861

**The Society of Ina'ash El-Usra**

<http://www.inash.org>

Email: [usra@palnet.com](mailto:usra@palnet.com)

Society of Ina'ash El-Usra

P.O. Box 3549

Al-Bireh – Palestine

Tel: 02-2401123 / 02-2402876

Fax: 02-2401544

**Union of Charitable Societies**

<http://www.ucs-pal.org>

Email: [info@ucs-pal.org](mailto:info@ucs-pal.org)

Tel: +9702 6285870

Fax: +9702 026285870

*Palestine (continued)*

**Union of Health Work Committees**

<http://www.gaza-health.org>

Email: [info@-24gaza-health.org](mailto:info@-24gaza-health.org)

Second Floor, Al Maghribi Building

Al Yarmouk Street

Gaza, Palestine

Tel: +972-8-28-24-272 / +972-8-28-20-188

Fax: +972-8-28-69-220

**Welfare Association**

<http://www.welfareassociation.org>

Jerusalem:

P.O. Box 25204

Jerusalem

Tel: (9702) 241-5130

Fax: (9702) 297-5984

Email: [welfare@jwelfare.org](mailto:welfare@jwelfare.org)

Gaza Office:

Tel: 00970-8-2869881

Fax: 00970-8-2837757

Email: [gwelfare@palnet.com](mailto:gwelfare@palnet.com)



*Lebanon*

**Fondation Pere Afif Oseiran (FPAO)**

Email: [fpao.mcl@idm.net.lb](mailto:fpao.mcl@idm.net.lb)

**Hariri Foundation**

<http://www.hariri-foundation.org.lb/>

**Lebanese Welfare Association for the Handicapped (LWAH)**

<http://www.lwah.org.lb/>

E-mail: [lwah@cyberia.net.lb](mailto:lwah@cyberia.net.lb)

Mazra'a 1101-2010 Lebanon

P.O.Box: 14-5011

Tel: +961 1 374100-1-2

Fax: +961 1 374033

**Makhzoumi Foundation**

<http://www.makhzoumi-foundation.org/>

E-mail: [info@makhzoumi-foundation.org](mailto:info@makhzoumi-foundation.org)

Ras Beirut, Al Kalaa Street, Al Kaala Tower,

P.O.Box: 13/5009 Beirut-Lebanon

Tel: (01) 869318 / 865759 / 860940

Fax: (01) 863949

**Rene Moawad Foundation**

<http://www.rmfm.org.lb>

Email: [rmf@rmf.org.lb](mailto:rmf@rmf.org.lb)

844, rue Alfred Naccache

Achrafieh, Beyrouth- Liban

BP: 468 - Hazmieh

Tel: +961 (1) 613 367/8/9

Fax: +961 (1) 613 370

**Safadi Foundation**

<http://www.safadi-foundation.org/>



*Kuwait*

**Kuwait Awqaf Public Foundation**

<http://www.awqaf.org/>

Email: [faq@awqaf.org](mailto:faq@awqaf.org)

Lot 6, Al Manqaf St.

P.O. Box 482

Al Safa 13005, Kuwait

Tel: +965 804777

Fax: +965 2532670

**Kuwait Foundation for the Advancement of  
Science**

<http://www.kfas.com>

Email: [Publicr@kfas.org.kw](mailto:Publicr@kfas.org.kw)

P.O. Box 25263

13113 Safat, Kuwait

Tel: +965 2425898 ext: 123

Fax: +965 2415365

**Zakat House (Beit el Zakat)**

<http://www.zakathouse.org.kw>

Email general: [zakat@zakathouse.org.kw](mailto:zakat@zakathouse.org.kw)

Email external: [ead@zakathouse.org.kw](mailto:ead@zakathouse.org.kw)

Email info: [info@zakathouse.org.kw](mailto:info@zakathouse.org.kw)

Lot 6, Qatar Street

Al Safa 23865

Kuwait 13099

Tel: +965 2240225



*Qatar*

**Shiekh Eid Bin Mohamed Al-Thani Charitable  
Foundation**

<http://www.eidcharity.net/>

Email: [mail@eidcharity.net](mailto:mail@eidcharity.net)

Sheikh Eid bin Mohamed Al Thani Charitable  
Foundation

Doha, Qatar 22278

Tel: +974 4878071 / +974 4878061 / +974  
4878051

Fax: +974 4878081

**Qatar Foundation**

<http://www.qf.edu.qa/>

Email: [info@qf.org.qa](mailto:info@qf.org.qa)

P.O. Box 5825

Doha, Qatar

Tel: + 974 4927000



*United Arab Emirates*

**Abraaj Capital**

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Barbara Ibrahim is founding director of the John D. Gerhart Center for Philanthropy and Civic Engagement, established in 2006 at the American University in Cairo. Prior to that she served for 14 years as regional director for West Asia and North Africa of the Population Council. From 1982 to 1990, she was a program officer at the Ford Foundation regional office in Cairo, responsible for programs in urban poverty, micro-enterprise lending, and gender studies. In 1990 she was a senior research associate at the Center for the Study of Philanthropy, City University of New York. She has a MA in Sociology from the American University of Beirut (1975) and a PhD in Sociology from Indiana University (1980). Her publications are in the fields of women's employment, youth transitions to adulthood, gender and health, and Arab philanthropy. In 1999 she was inducted into the International Educators' Hall of Fame. She received the Lifetime Achievement Award of the Association of Middle East Women's Studies in 2003.

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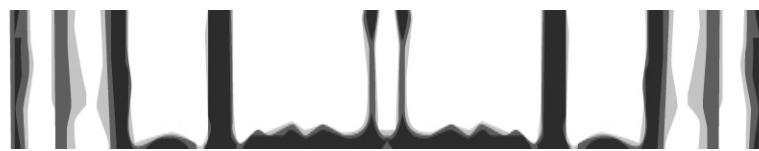
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## About the Gerhart center

The Gerhart center is a university-based institution offering resources for the promotion of philanthropy and civic engagement in the Arab world. Established in 2006, the center aims to further the American University in Cairo's (AUC) mission to advance social responsibility and active citizenship. Our mission is to promote social change in the Arab region through building a culture of effective giving and civic responsibility.

On philanthropy the center acts as a catalyst providing technical consulting services to start-up and expanding philanthropic institutions in the Arab region, and promotes networking opportunities and strategic alliances for enhanced philanthropy regionally and internationally. The Gerhart center also engages in research and documentation on subjects pertaining to social responsibility and disseminates information widely through print and electronic media.



# FROM CHARITY TO CHANGE: TRENDS IN ARAB PHILANTHROPY



THE AMERICAN UNIVERSITY IN CAIRO

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