

PHILANTHROPY IN THE ARAB REGION

A working paper

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Philanthropy for Social Justice and Peace

in association with *Alliance*, Arab Foundations Forum,
John D Gerhart Center for Philanthropy, King Khalid Foundation,
Philanthropy Age, SAANED and WINGS

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Cover photo

Al Kamandjâti students from underprivileged areas in Palestine performing at the Mahmood Darweesh Museum in Ramallah, Palestine. Al Kamandjâti raises philanthropy funds from individuals and organizations locally and internationally to provide music studies for Palestinian children, especially from marginalized areas in Palestine. Al Kamandjâti also works to make music accessible to the entire Palestinian community, strengthening their appreciation of their Palestinian identity, as well as of other Arab and international cultures. They believe that music contributes to the development of a cohesive society that respects freedom of expression, pluralism, tolerance, equality and cooperation.

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INTRODUCTION

‘Philanthropy in the Arab region is embedded in its culture,’ says Atallah Kuttub, founder and chairman of Saaned. ‘It has a long history, tied to religious giving. Ours is a giving society,’ he affirms, ‘but giving is fragmented, with giving by individuals going largely to family, friends and communities. No one gives less than 2 per cent of their income. Giving less incurs “eternal shame”. Yet giving for the public good is not at all widespread.’

Most Arabs are also willing to help strangers, as highlighted by Charities Aid Foundation’s *2017 World Giving Index*.¹ Thirteen Arab countries are included in the Index, which measures individual giving in 139 countries in terms of money, time and helping a stranger; their rankings range from 9th for United Arab Emirates (UAE) to 139th for Yemen. Interestingly, in all cases their highest score is for helping a stranger. Libya, for example, scores 77 per cent for helping a stranger but only 20 per cent each for donating and volunteering.

Naila Farouky, CEO of the Arab Foundations Forum (AFF), agrees that a large proportion of giving in the Arab region is rooted in religious traditions, ‘whether it is the Islamic model of charitable giving – *waqf* (loosely translated as endowment), *zakat* (alms or charitable giving, which is the third pillar of Islam and obligatory for believers), *sadaqah* (benevolence and voluntary giving) – or the Coptic Christian *oshour* (non-obligatory giving to the Church of up to 10 per cent of wages) and *bokour* (non-obligatory donation to the Church of one’s first full month’s salary). These religious roots are also behind the preference for anonymity: the more anonymous the giving, the higher the value placed on it.’² In the Arab region everyone gives, says Marieke Bosman, CEO of the London-based Asfari Foundation, ‘from the very rich to the very poor, and often this includes in kind donations (eg meat during Ramadan)’.

It is not just giving by individuals that is motivated by religion. In all the countries of the region there is a longstanding tradition of social giving in a variety of forms and inclusive of all faiths, the best known being *waqf*. *Waqf* – philanthropic endowments, established by individuals under Sharia law, often as a legacy after their death – have existed for centuries in the Arab region, supporting education, healthcare and many social initiatives. Charity organisations have also existed for a long time, in some cases as long as 150 to 200 years. In the GCC region, companies also have to pay *zakat*, which usually goes to very traditional causes; sometimes it serves as a government budget supplement.

¹ CAF (2017) *World Giving Index 2017*: <https://www.cafonline.org/about-us/publications/2017-publications/caf-world-giving-index-2017>

² Naila Farouky (2016) ‘The state of Arab philanthropy and the case for change’, *Development in Practice*, Vol 26.

FROM CHARITY TO DEVELOPMENT

Nevertheless, says Noha El-Mikawy, Ford Foundation regional representative, philanthropy in the region is expanding beyond religiously motivated giving and giving to family and relatives. 'The growing philanthropy sector is contributing to the relief of the immediate needs of the poor through provision of basic services as well as to the medium-term goals of sustainable development (namely education, health and economic empowerment). Philanthropy is supplementing state efforts with innovative solutions that could be scaled up if and when the state and the private sector come together to provide the necessary policy reform (state) and financial resources (private sector).'

The emerging trend in Arab philanthropy of moving from a charitable/religious to more of a developmental approach is a constant theme among all contributors to this report. From 2000 to 2010 a new generation of Arab foundations emerged with a more secular and developmental focus. After the Arab Spring, a further shift took place in public and professional discourse, as Marwa El-Daly, founder of Egypt's Waqfeyat al Maadi Community Foundation, describes. 'The Arab region changed dramatically after the Arab Spring and philanthropy is no exception,' she says. 'Before 2011, philanthropy in the Arab world was primarily understood in terms of community charity and occasional giving on religious occasions like in the holy month of Ramadan and not in terms of philanthropy where people respond to the root causes of the problems around them. With a very few exceptions, CSOs [civil society organizations], big and small, appealed to people to support charitable missions to buy food and clothes or pay for emergency medical operations. After the Arab Spring, concepts like social justice, equity and democracy appeared on the scene.'

All this went into reverse in the following years as successive governments in the region began to believe that civil society, especially those working on human rights issues, could threaten the stability of the government and as a result they began to pass restrictive laws. Before the Arab Spring, says Heba Abou Shnief of American University of Cairo's Gerhart Center, 'CSOs working in human rights and democracy advocacy were seen as a threat but developmental CSOs (including foundations) were left to operate with less restriction. The perceived threat of political Islam groups utilizing charitable giving to garner support has added to this complexity post the Arab Spring.'

Kuttab also sees the Arab Spring as pivotal. Over the last few years, he says, donors have been withdrawing from progressive giving, either because they're afraid of alienating the government or because they're choosing to supplement government budgets in the hope of gaining favour. 'A curve went up and went down around the Arab Spring. In 2012 and 2013 we saw a change, but it has now flipped back to old habits.'

In Kuttab's view, the most promising trend today is the increasing blurring between the sectors. 'It is no longer a taboo to talk about the blend of profit and non-profit,' he says. 'Take microfinance. The idea of microfinance institutions tended to be thrown out of government offices in the 1980s and 1990s because it was not acceptable to recover the costs of lending/saving in the form of interest rates charged on loans. Charitable money was supposed to be handed out and not returned at all, with or without interest. By the year 2000 sustainable microfinance operations became an acceptable practice and not frowned on. The introduction of Sharia-law-compliant lending in the region, where people prefer to be compliant with Sharia law, made it more widespread. Business models are being linked to what is good for society – we aren't there but it's taking shape.'

Social enterprise is seen by several commentators as the key to development in the region, particularly creating employment opportunities for young people – more than 28 per cent of the population of the Middle East is aged between 15 and 29, and 60 per cent is under 25.³ The other advantage is that it is often much easier to register as a social enterprise, and given the restrictions placed on NGOs, many young people are now choosing this route.

In general, the philanthropy sector has been lagging, he feels. 'The sector is fragmented; it doesn't add up. The trends are negative.' Individual donors are still a very small player; there is no structured way of giving and no tax deduction – 'but people can get into trouble if they support organizations not approved by government'. Little money is going through NGOs, largely because of restrictive regulations. All in all, 'the philanthropy sector hasn't found a role for itself since the highpoint when it felt it could support the Arab Spring, freedom of citizens, etc.'

Farouky sees it as a long game. While she observes 'renewed interest among philanthropists in the region to explore new, global trends in giving – strategic philanthropy, venture philanthropy, impact investing and so on ... for any real paradigm shift to occur, one must expect to be patient to the tune of two generations, or 50 years.'

ABOUT THIS STUDY

The aim of this study is to provide an overview of the current state of philanthropy in the Arab region, particularly shining a light on new areas and innovation within philanthropy, and the implications of these for its future role. We hope this will enable us to better address the question: how do we support and build philanthropy's role as an agent of social change?

³ www.youthpolicy.org/mappings/regionalyouthscenes/mena/facts

While we draw on existing reports and articles where available, the main aim is to throw light on Arab philanthropy through conversations with people who have been trying to promote, support or strengthen different areas of philanthropy. We asked them what currently exists in their particular area of philanthropy and what role it is playing in relation to the state and the private sector; what is driving it and what is holding it back; and what potential role it could play and what is needed for the potential to be realized. We also asked for examples of outstanding achievements.

One complication is that the report is looking at a region that consists of 22 countries in the Middle East and North Africa.⁴ There are three recognized subregions – the Gulf Cooperation Council (GCC), North Africa (Maghreb) and the eastern Mediterranean (Levant or Mashreq) – and ‘they are functioning very differently’, says Farouky. In general, ‘newer trends are found more in the Gulf region, though Egypt is sometimes an exception.’

We have tried to deal with this by asking some commentators about the region as a whole and others about specific countries.⁵ Inevitably, we learned much more about some countries than others. The report aims to present trends across the region, highlighting differences between countries and subregions where they became apparent.

The areas of philanthropy covered include various forms of giving by the wealthy, mainly through private foundations and corporate foundations,⁶ and more recently impact investing; progressive/social justice philanthropy and community philanthropy; and giving by poorer individuals.

This working paper is a work in progress, not a finished document. We hope that others reading it will comment and add to it. The insights presented here can only be a starting point, to be built on by others.

⁴ Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, the United Arab Emirates, and Yemen.

⁵ We have tried to gain information about the following countries: **Gulf:** UAE, Saudi Arabia, Qatar, Kuwait; **Levant:** Jordan, Palestine, Syria, Egypt, Lebanon; **Maghreb:** Tunisia, Algeria, Morocco, Libya.

⁶ The term ‘foundations’ is used throughout this report to refer to donor organizations, which use their own money to implement their programmes, as opposed to NGOs, which use donor money either from internal or external sources.

WHAT CURRENTLY EXISTS IN TERMS OF PHILANTHROPY IN THE ARAB REGION?

TRADITIONAL PHILANTHROPY

As already mentioned, faith-based charity and giving to family and relatives is widespread throughout the Arab region. People in the region give to local organizations directly and in cash, says Abdallah Absi of GivingLoop. ‘*Zakat* giving goes directly to the government in some countries, especially in the Gulf, where it is regulated by the government and only certain NGOs are allowed to receive it. Outside the Gulf, in Lebanon, Egypt and Jordan, for example, it’s more flexible.’

The term ‘traditional philanthropy’ can have negative connotations, says Atallah Kuttab. ‘Is giving to a family, neighbourhood or village philanthropy? If one sees the whole village as one’s family, personal and neighbourhood giving can overlap.’

Hania Aswad’s account of the role of this kind of philanthropy in Tunisia provides a vivid picture that probably holds good for much of the Arab region. Tunisia is a country with no foundations – the Law of Associations does not permit their registration. But there is a lot of philanthropy stemming from both religion and/or social solidarity, she says. Muslims make up the vast majority of the population, so ‘almost all faith-based philanthropy/charity is linked to Islamic values and ethics – though it could also be cultural or secular values’.

Historically, and since the revolution, philanthropy in Tunisia has supported kindergartens, schools, scholarships, community health centres and distribution of food. ‘Some initiatives are led by NGOs and CBOs [community-based organizations] and others are organized through collective and community efforts. They are supported by people of faith (as part of *zakat*), community members (out of social solidarity) and/or business people (for both the reasons listed above but maybe others as well).’

Beyond this faith and social solidarity-based philanthropy, ‘since the revolution, “corporate social responsibility” seems to be gradually developing’, she says, ‘but it’s not very organized yet. So companies and banks might provide support to communities, NGOs or even some government-led activities, but it doesn’t come as part of a clear, predetermined CSR effort – at least not that I know of.’

Tunisians are very supportive to each other ‘as loyalty to the extended family is rather strong’, says Aswad, though ‘this is more of a long-standing cultural matter, although maybe decreasing considering the deteriorating economic conditions, especially outside of big cities’. They share crops, give each other personal loans, etc – ‘something that is very close to community philanthropy but usually between families and individuals’.

Syria has always had a strong social support network, says Marieke Bosman. This is partly driven by religion, but it is mostly because Syrian society is still largely organized through extended families and communities. 'The family is the welfare state. If you have a problem, or need a house, or want to get married, or need a job, you can go to the extended family. The more extreme results of this are called *wasta* (literally connection, but it could also be translated as patronage) in the Middle East. Patronage is seen as negative in the West,' she says, 'because it is equated with corruption – you'll get a job or a loan because you know someone – but on rare occasions it can be positive when it provides help for disadvantaged people in a society where the state has not been the protector or provider so people have relied on their connections for support.'

Giving and receiving formal development grants was very complicated in Syria before the revolution as both needed government approval, so cash was often given person to person or person to organization, focused on basic needs such as orphanages, food, health and education, with no accountability – which is common in the Middle East. 'People tend to feel they must make the donation and they know the person or organization and trust them to use it well, especially if the donation has a religious association (eg *zakat* or tithe). In Syria this was until recently in any case almost the only way to give money easily.'

There have never been many NGOs in the traditional sense in Syria, says Bosman, but there were always many informal community groups, and traditional charities set up by rich families or religious organizations. Some new NGOs have been set up since Bashar al-Assad came to power (and some 'NGOs' have been set up by Assad's wife). 'Traditional charities are good conduits for people to give money – and they were trusted to distribute money and food fairly in the recent crisis. The state generally leaves them alone because they've been there for a long time and have strong constituencies and are generally not at all political. Since the crisis started Syria has seen a blossoming of its civil society sector, with hundreds of organizations being set up in non-regime areas and by expatriate Syrians abroad. These have done a great deal of useful and much-needed emergency and development work with Syrians inside Syria and with Syrian refugees.'

There are also examples of traditional, faith-based charities becoming more modern and professional, says Noha El-Mikawy. She cites Masr El Kheir in Egypt as an example. Based on the *zakat* spending of millions of Egyptians and led by the former Mufti of Egypt as chair of the board, Masr El Kheir is an institution with a board and hundreds of professional staff with expertise in development. Its work ranges from relief-like projects to microfinance and support of micro businesses as well as scholarships and grants in the social sciences.

In Saudi Arabia, *zakat* funding, which normally consists of simple handouts, is beginning to be made contingent on its use for specific purposes such as children, health or education needs.

PRIVATE FOUNDATIONS

Founded in 2006 in response to the rapid increase in the number of foundations in the Arab region, the Arab Foundations Forum (AFF) now has 38 members in 8 countries of the region – and the number is growing all the time. Of these, 24 are in the Levant (Egypt, Palestine, Lebanon and Jordan), with 6 in UAE, 2 in Saudi Arabia and 1 each in Tunisia and Oman, plus 3 international members.

The incidence of foundations is very uneven across the region. In many countries there is no legal framework for setting up a foundation; this includes most countries in North Africa. In Tunisia, for example, the 2011/12 law governing civil society work does not allow the registration of foundations. ‘This was mainly intended to prevent faith-based foundations registering, especially those that could be linked to radical Islamic parties, according to one of the main people behind the law,’ says Aswad. ‘In Tunisia and many other parts of the region,’ she says, ‘such foundations are believed to have contributed to spreading radical Islam through their charitable services, for example kindergartens and schools in underprivileged neighbourhoods.’

But foundations are relatively well established in the Levant and in Gulf states like Saudi Arabia and the UAE. Egypt’s Sawiris Foundation, established in 2001, is a good example of a progressive foundation formed by a business family (the Sawiris own the ORASCOM group of companies). Sawiris targets SMEs, job creation and scholarships, with a portfolio concentrated in upper Egypt. It has started a project with MIT Jameel Poverty Lab to measure the social impact of its initiatives.

In Saudi Arabia, a growing number of professionally run foundations are being established. These are based on individual or family money but the giving strategy and execution is done by professional staff. These developments notwithstanding, ‘philanthropy is not seen as a driver of change, innovation and progress,’ says Matic, ‘it is still seen in an old traditional “charity” way. There is no innovation and creativity in the sector. Everyone seems to be sticking with the same old, except for a few exceptions, one of them being the King Khalid Foundation.’

Last year, the government’s Vision2030, the new strategic direction for Saudi Arabia, outlined an increased third sector contribution to GDP, along with diversified activities and improved quality of products and services. ‘Finally, the third sector and philanthropy are part of Saudi national strategy and development plans.’

Modern foundations and waqf

The upsurge in Arab philanthropy in recent years has seen both the formation of modern foundations and a revival of *waqf*. ‘Modern’ foundations are subject to modern management principles and methods and not constrained by Sharia principles, explains Heba Abou Shnief of American University of Cairo’s Gerhart Center. Found in all countries of the region, *waqf* – a form of endowment – is the oldest and most common form of religiously motivated social giving. In the 1800s, more than a quarter of Egypt’s agricultural land was owned by charitable *awqaf*, with

PHILANTHROPY IN THE UAE AND SAUDI ARABIA

UAE

UAE has philanthropic organizations linked to the government and founded by private individuals, families and companies. In October 2015, Mohammed Bin Rashid Al Maktoum Global Initiatives was launched in Dubai as an umbrella for Dubai philanthropic organizations. The UAE government declared 2017 the 'Year of Giving', and it will likely lead to even greater giving across the nation, says Natasha Ridge of the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research.

'Philanthropy in the UAE allows the benefactor to gain positive PR whether the benefactor is the state, a business or an individual,' she says. 'Philanthropic organisations can also provide the founder with influence within the sectors or geographic areas that they work in. This is particularly the case for organizations that work on a large scale internationally with foreign governments and multilateral organizations.'

In some cases philanthropy acts as an extension of the government, allowing rulers to have programmes implemented quickly outside the bureaucracy of government. It also allows for the piloting of new initiatives outside the formal public sector.

Education and youth have been a big focus for philanthropy in the UAE. Another area that has benefited greatly is the arts. Foundations working in this area include the Sharjah Art Foundation, Abu Dhabi Music & Arts Foundation (ADMAF), the Al Qasimi Foundation and the Salama bint Hamdan Foundation. ADMAF, for example, devotes resources to education, community outreach, and cultural events, primarily in Abu Dhabi and more broadly across the country.

Saudi Arabia

'Philanthropy or "charity", as they still often refer to it in the Gulf region, has always been part of the Kingdom's heritage,' says Natasha Matic of the King Khalid Foundation. 'Saudi culture and tradition encouraged and required people to help each other informally long before NGOs came into existence.' Foundation funds include proceeds from awqaf, zakat, alms, gifts and donations, in addition to owners' private capital, bank profits, a share of company profits, and returns from investment funds, she says. One innovative practice is the use of 'endowment' funds to fund philanthropic organizations. Foundations in several areas, including poor rural areas, have invested in shopping areas, residential buildings, pharmacies, clinics, etc, and use the income generated from the investment to cover administrative and programme expenses.

Despite the longstanding traditions, philanthropy is still seen as playing a limited role in the country. Foundations surveyed by the Gerhart Center and King Khalid Foundation identified the family sector⁷ as the sector where philanthropy contributes the most (mentioned by 50.8 per cent – respondents were only allowed to name two sectors), followed by religious activities at 44.1 per cent, followed by the education and health sectors with only 27.1 per cent and 23.7 per cent respectively. The emergency relief sector came in at 18.9 per cent, followed by employment and employability at only 15.3 per cent.⁸ Respondents did not believe that philanthropy contributes in any way to the development of agriculture, fishing, science and technology, culture and arts, or sports.

⁷ The family sector means giving cash to families to support any of their needs – food, housing, education, etc – mostly cash donations to organizations that do a bit of everything to support families. It often comes from *zakat* donations which are usually cash.

⁸ King Khalid Foundation (2016) *Foundations in the Kingdom of Saudi Arabia: Facts and Statistics 2016*. Joint publication of the Gerhart Center and the King Khalid Foundation.

revenue from the land spent in perpetuity on social services for the poor, including education and healthcare, and in some cases dealing with inequities in society. There were specialized *awqaf* that attended to specific causes (lactating mothers, bird rearing, psychiatric patients, women's groups, etc).

'The Western inspired family, private and community foundations that have emerged in the last three decades are perceived as the successor to Islamic *waqf*,' says Shnief. 'At the same time new forms of *waqf* have emerged such as crowdfunding for *waqf*, prevalent in Saudi Arabia and Kuwait. In Saudi Arabia, for instance, NGOs utilize crowdfunding to fund housing for the underprivileged. So a charity might set the value of a share at \$10. Individual donors can buy one share or more and contribute to the acquisition of an asset (eg a building). When the full value of the asset is collected through crowdfunding, it is then allocated as a *waqf*.'

Besides their prevalent role in advancing religious causes (building mosques, teaching the Quran, supporting students, etc), '*awqaf* are also playing a notable developmental role,' says Shnief. 'Sectors where *awqaf* are most visible include basic service provision, poverty alleviation, education, healthcare, employment creation, orphans, humanitarian assistance, agriculture and housing. Recently, a movement to revive *waqf* across academia, religious scholars and philanthropists is gaining momentum, especially with challenges to cross-border philanthropy making local philanthropy a more viable option.'

In the GCC (especially Kuwait, Saudi Arabia and UAE), *awqaf* are more developed and the culture more widespread than in other parts of the Arab world, says Shnief. Philanthropic organizations encourage individuals and companies to support them. In North Africa, only government-administered *awqaf* can be established.

'The role of *waqf* in Arab societies can best be understood in light of the social contract and the type of political system at any point in time. In the GCC, charitable *awqaf* play an important role in supporting underprivileged groups and those that fall between the cracks. Where the space for civil society is subject to close government control, as in Egypt, Morocco, Algeria, Jordan and Syria, *awqaf* tend to be government administered and controlled (usually by a ministry of waqf or a public authority/agency for awqaf) and development has been largely stifled.'

Protection of endowments

Under religious law one third of a person's wealth can be put into a *waqf*, which gives a revenue stream in perpetuity, allocated to social causes, but in most countries of the region there is no enabling legislation or protection for endowments. Except for the December 2013 constitution in Egypt, which explicitly encourages and protects the creation of charitable endowments, thus paving the way for the revival of civic *awqaf* in Egypt (as yet no new legislation has been proposed that would make

this a reality), existing legislation does not differentiate between NGOs and foundations.

So for Atallah Kuttab, the key question is: ‘is the money properly fenced off? If the donor went bankrupt, what would happen to the foundation? Mostly it isn’t fenced off; most donors commit money but then use it for other things.’

The UK-based A M Qattan Foundation (AMQF) is one that has a proper endowment, the Palestinian founder, the late Abdel Mohsin Al-Qattan, having taken steps to safeguard the money in the foundation in the event of his death, as he describes in an interview with *Alliance*. ‘I asked myself: what if my family decides to change the focus of our philanthropy work? What if the family trust does not produce enough income to meet commitments, as happened in the last financial crisis? So I decided that the best solution was to create a buffer and set up an independent trust for AMQF. This will ensure its independence, its commitment to education and culture for Palestinians, and its survival for years to come. In order to secure this, my will stipulates that 25 per cent of my wealth will revert to the AMQF Trust on my death.’⁹

What causes are foundations supporting?

A survey carried out earlier this year to ascertain the extent to which foundations in the region are engaging with the Sustainable Development Goals (SDGs) throws some light on what they see as their role and priorities.

According to Kuttab et al,¹⁰ of the majority who did seem to be clear about the character and value of the SDGs, over half ‘strongly agreed’ that the goals are a ‘good fit with their work’. The best fit for Arab philanthropic organizations seems to be with SDG 4 (*‘ensure inclusive and equitable quality education for all’*) followed by SDG 5 (*‘achieve gender equality and empower all women and girls’*). Another good fit, in a region with high youth unemployment, is SDG 8 (*‘promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all’*). ‘By contrast, those goals that are related to the environment and energy conservation were seen to be outside the sphere of work of Arab philanthropic institutions. More surprisingly, there were considerable discrepancies between the Arab region and global results in other areas. On Goal 1, for example, to “*end poverty in all forms everywhere*”, most Arab respondents see no fit, while global results show a good fit. Results on Goal 3 on health and Goal 17 on partnerships are also slightly lower than the global averages.

⁹ *Alliance* (March 2011) interview with Abdel Mohsin Al-Qattan: <http://www.alliancemagazine.org/interview/interview-abdel-mohsin-al-qattan>. Abdel Mohsin Al-Qattan died on 4 December 2017.

¹⁰ See Atallah Kuttab, Noha El-Mikawy, Natasha Matic, Barry Knight and Heba Abou Shneif (September 2017) ‘Are you SDG ready? Arab philanthropy and the Sustainable Development Goals’, *Alliance*: <http://arabfoundationsforum.org/wp-content/uploads/2017/09/22-Atallah-Kuttab-Noha-El-Mikawy-Natasha-M.-Matic-Barry-Knight-and-Heba-Abou-Shneif.pdf>

‘While no firm conclusions can be drawn on the basis of our limited sample,’ say the authors, ‘these results seem to indicate that Arab philanthropy is focused on the delivery of concrete services (jobs, education, healthcare) and regards poverty eradication or care for the environment as much larger issues that require government intervention.’

There was also limited enthusiasm for philanthropy to take on a watchdog role, monitoring the effectiveness of strategies to meet the SDGs. ‘This may be rooted in the conservative approach of Arab philanthropic organizations, especially towards public policy engagement.’

As far as engagement with the SDGs is concerned, just over a third (37 per cent) said that they had already engaged in discussions with government and other development actors, while a further 33 per cent had had internal discussions or were intending to do so (24 per cent). The figures are similar to, although slightly behind, those seen globally.

Whatever causes they choose to support, at present it is the norm for Arab foundations to implement their own programmes rather than making grants to NGOs. ‘Grantmaking is the exception.’¹¹

Looking to the future, an AFF consultation with its members at the end of last year showed that they all want capacity building around impact investing and strategic philanthropy, while advocacy and data are also seen as important.

Naila Farouky expresses reservations about the term ‘strategic philanthropy’, however. ‘We don’t like to be judgemental,’ she says. ‘Everyone thinks they’re strategic. We try not to use terms used in the West. We mean looking at long-term strategies: what kind of philanthropy are you putting in place that will affect the world in 50 years? Not many people are thinking in those terms. Member strategies mostly don’t stretch longer than 5 or 10 years.’

‘But there is a spectrum of philanthropy,’ says Teresa Chahine of Alfano, a venture philanthropy organization working in the Arab region. ‘Philanthropists might see changes they want to make and go out to find people to help them make the change – which is catalytic strategic philanthropy. In Beirut, for example, Fondation Diane wants to invest in green business, sustainable businesses.’

But private foundations, no matter how independent they are of the corporate business interests of the founder, tend to avoid projects that address deep structural reasons for government failure to deliver. ‘This shyness often stems from fear of government wrath, which could harm the business interests of the donor,’ says

¹¹ Atallah Kuttub, Natasha Matic and Noha El-Mikawy (September 2015) ‘Arab philanthropy: from social giving to social change’, *Alliance*: <http://www.alliancemagazine.org/feature/arab-philanthropy-from-social-giving-to-social-change>

Kuttab. 'In Saudi Arabia, for example, referring to a "sufficiency line" for a decent living rather than a poverty line is more acceptable.'¹²

Impact-focused foundations

What currently exists in terms of 'impact-focused' philanthropy in the Arab region?

It's hard to get a clear picture because of the lack of figures. 'Only a handful say they are doing venture philanthropy,' says Clare Woodcraft, former CEO of Emirates Foundation, 'namely Emirates and Alfanar in London. But a lot take the approach of being long-term, hands-on, scalable, but often through CSR or supporting social enterprise rather than independent philanthropy. The future of philanthropy may be through social enterprise and impact investing, given the young population and one of the highest rates of youth unemployment in the world. Everyone in the region is focused on how to create jobs,' she says.

Emirates' main focus is young people, and specifically creating employment. A central part of this is supporting the development of social enterprise – 'though our initial aim was to train young people to take up jobs in the corporate sector,' says Woodcraft. 'But we discovered young people were more interested in setting up their own businesses. This has driven the direction of our programmes.'

EMIRATES FOUNDATION'S WORK ON FINANCIAL LITERACY

Young people in the UAE are lacking in financial literacy, says Clare Woodcraft. The foundation spent a year mapping the market and who was doing what, working with banks, academia, MasterCard, government entities. 'Financial literacy is now on the verge of being part of the formal curriculum across the country. We are selling content on increasing financial literacy to banks for their customers. This is scalable. The content is now being used in schools and banks. The concept is system-wide and country-wide.'

Founded in 2004 by Libyan-Palestinian investment banker Tarek Ben Halim, Alfanar was the Arab world's first venture philanthropy organization. Its aim is to help organizations sustain and scale their impact. 'We find medium-size organizations that have proved concept,' says Teresa Chahine, 'and we help with technical and financial resources. On average the organizations we invest in reach 39 per cent more people each year and generate 49 per cent more revenue each year. We focus on organizations working in education and women's economic empowerment. We have 15 active investees, and historically 30 or more investees.'

¹² Atallah Kuttab (February 2016) 'Return on Investment: Philanthropy in the Arab Region', *Philanthropy Impact*: <http://www.philanthropy-impact.org/article/return-investment-philanthropy-arab-region>

She gives as an example Ana Aqra' ('I Can Read') Association (20 years old) in Lebanon, 'which has moved from donating books and reading to children to teaching the teachers how to teach the children better; it is now an international leader in the field. Alfano focused on consolidating and commercializing teacher training curricula and resources.'

International foundations

The role played by international foundations varies from country to country. Foundations in the West are at last making grants to Syria, says Marieke Bosman. However, donating to any project related to Syria is becoming increasingly difficult. International financial regulations have resulted in banks derisking to such an extent that grants just mentioning the word Syria (including, say, a research grant for the US) are stopped by banks; and local and international organizations have had accounts closed or been unable to open accounts, despite doing perfectly legal and professional work. 'Much of the money for Syria is going through international NGOs, despite pledges to channel more to local organizations who have a history with the country and understand it much better.'

FORD FOUNDATION CONTRIBUTION TO CONDITIONAL CASH TRANSFER PROGRAMME IN EGYPT

The Ford Foundation supported research work that informed the development of a conditional cash transfer programme in Egypt, a programme that gained the support of UN agencies and the World Bank and has become a pillar of Egypt's social protection. This was tried out in various provinces and adopted by the Ministry of Social Solidarity as a national programme that ensures that millions of poor families, many of them headed by women, have access to cash and their children to education and healthcare. The philanthropy role here was limited to enabling the lead researcher to conduct consultations and evolve thinking on the programme with insights from the experience of other countries. 'This shows that nimble, small money put in the hands of capable individuals with good ideas can result in models that, with perseverance, acquire interest from the policy circle and reach national impact,' says Noha El-Mikawy.

In Tunisia, where there are no local foundations, almost all philanthropic money currently comes from foreign sources – a fact that could be used to delegitimize civil society efforts at social transformation. In Saudi Arabia, by contrast, almost all philanthropic money is local and locally spent. A few international foundations have offices in the Middle East, including the Ford Foundation and the German Heinrich Böll Foundation.

One area that is largely dependent on funding coming from abroad is progressive/social justice philanthropy – though it is now extremely difficult to bring money into many countries in the region. In any case, the amount of funding has been shrinking over the past years with shifting priorities and focus among international donors.

The Arab Human Rights Fund (AHRF) relies to a great extent on institutional funding from abroad, says former executive director Samar Haidar, ‘from the Rockefeller Brothers Fund, Sigrid Rausing Trust, OAK Foundation, Sida and the Open Society Foundations, in addition to the Dutch and Norwegian embassies in Lebanon. Funding from local resources is still very modest, reaching 5 per cent of our total income at best. The local funding comes solely from individual donors, not from the business sector, despite our several attempts to mobilize resources from this source’.

What are the implications for AHRF of receiving all this funding from abroad? ‘We are still able to receive donations from abroad,’ says Haidar, but the regulations are burdensome. For example, ‘we need to share with our bank copies of the co-signed grant letter/agreement between us and the donor which justifies the received instalments, and the same applies when we are transferring grant monies to our partners in the Arab region. Sometimes the bank also asks about the nationalities of the end beneficiaries in a project before allowing the transfer.’

In the past months AHRF’s bank in Lebanon has imposed new regulations, which have resulted in not allowing *any* cross-border funding from its account, not only to grantee partners in the Arab region but to any other entity around the globe (supplier, lawyer, etc). This bank has shut down more than 30 NGO or foundation accounts as a result of the new regulations. ‘We have been approaching different banks in Lebanon in search of one with more relaxed procedures vis-à-vis NGOs, but in vain. Hence,’ she says, ‘we are unable currently to transfer any grant payments. In parallel, we are considering registering AHRF as a charity in the UK and opening a bank account there.’

More recently, AHRF’s Netherlands-based bank, ABN AMRO, closed their account without notice due to administrative issues, leaving them without a bank in the Netherlands. Given the refusal of AHRF’s Lebanese bank to make any wire transfers to NGOs outside Lebanon, this jeopardized their status and ability to remain active. At the time of writing, it is hoped that AHRF will be able to open a new account with ABN AMRO once a rigorous due diligence process is completed.

CORPORATE PHILANTHROPY

As with other areas of philanthropy, there are clear signs that companies in the Arab region, especially the larger and more internationally minded ones, are moving,

albeit slowly, from traditional philanthropy to more sustainable and innovative approaches. ‘Companies are taking CSR seriously,’ says Atallah Kuttub, ‘trying to do good in society through their work.’ ‘The private sector has become a recognizable force in the social domain contributing to solving both national and local level challenges,’ says Ali Awni of the Gerhart Center.

‘Corporate philanthropy has long existed in the region, especially the charitable type,’ says Awni. In GCC countries companies are obliged to pay *zakat* and this goes mostly to charity, for example giving people food for Ramadan, giving them clothes in winter, supporting refugees, etc. In GCC countries companies give a lot of *zakat*, especially in Saudi Arabia where they don’t pay taxes. Many companies in Saudi Arabia, especially multinational entities, like to give *zakat* to NGOs, says Glowork founder Khalid Alkhudair. ‘It’s an easy way to do it. Local businesses often pay it directly to the Zakat Commission.’

‘Today,’ says Awni, ‘the spectrum of CSR practices varies from charitable, unstructured and promotional at one end to strategic, institutionalized and sustainable at the other. The more sustainable practices indicate that a new breed of socially responsible businesses have emerged in the region.’

But this shift across the spectrum is very gradual. ‘Most companies have an annual CSR budget to spend on whatever they deem appropriate, mostly buying things for hospitals, ad hoc initiatives,’ says Awni. ‘There is no clear strategy. Of course there is a dire need for spending on health, education and food, but in the long run the only way to get people out of the poverty trap is by providing jobs, training, skills, education. There are very few companies doing this. Most are working in the same old way.’

Rania Hamoud, managing director of the Mansour Foundation for Development, agrees with this assessment. ‘The majority of corporate contribution programmes are diffuse and unfocused,’ she says. ‘Most consist of numerous small cash donations given to aid local civic causes or provide general operating support to universities and national charities in the hope of generating goodwill among employees, customers and the local community. Rather than being tied to well-thought-out social or business objectives, the contributions often reflect the personal beliefs and values of executives or employees. Many Egyptian corporations use their charitable efforts to improve their competitiveness, and a few others use them as a public relations and marketing tool.’

But corporate philanthropy could be playing a very different role, she feels. ‘If deployed well, it can contribute to real development and change. By bringing a company’s social and economic goals into alignment, it can also improve its long-term business prospects.’

Reem Khouri of Kaamen identifies a spectrum from traditional Islamic *zakat* to strategic philanthropy to venture philanthropy and social investment. ‘While the latter

remains in nascent stages, we are seeing an increasing interest in sustainable social enterprises in the region on the part of corporations,' she says, 'despite the underdeveloped ecosystem surrounding social entrepreneurship. There are models where the more you invest in social impact, the more profitable the company becomes. Unfortunately, companies have yet to shift their approach to impact from a cost lens to an investment and opportunity lens.'

One of the first companies in the region to move in a more strategic direction was Abraaj Capital, reports Naila Farouky. 'They saw that CSR as a tangential arm of their business was no longer what they wanted. It needed to be a core part of the organization.' Other good examples are MBC (Middle East Broadcasting Corporation) and Aramex.

RUWWAD FOR DEVELOPMENT

Founded by Fadi Ghandour, serial entrepreneur and founder of Aramex, and operating in Jordan, Palestine, Egypt and Lebanon, Ruwwad for Development is a not-for-profit that operates through an annual endowment from various corporations and business entrepreneurs who are represented on its board. Around 450 young people across the region benefit annually from university and college scholarships, giving back 84,600 community service hours a year. In Jordan alone 220 young people benefit yearly and 80 per cent find employment within a short period after graduation.

'Ruwwad is, in effect, a platform for engagement between proactive citizens, the youth scholars and the community,' says Reem Khouri, a board member of Ruwwad Jordan who works closely with Ruwwad regional director and head of programs Samar Dudin. 'The majority of Ruwwad's team members are from the local communities, many brought on board as volunteers and then joining Ruwwad full time.

'Ruwwad is a citizen-led model,' she says. 'It utilizes the community service hours of the scholars to create safe learning spaces for children and adolescents; mobilizes the families to launch grassroots campaigns that help engender social change; and advocates for access to rights-based services through various partnerships with civil society. Youth scholars and volunteers help execute the programmes. Ruwwad's premise is that the people are the experts on the context and they have the insights needed to nudge change. Supportive action and intervention is developed in collaboration with specialists, where applicable, but always in conversation with the community.'

Institutionalization of corporate philanthropy

Most corporations have a CSR or community engagement department, often a unit under 'public affairs', says Awni. But many more progressive companies establish a separate foundation or charitable arm that receives a percentage of profits for a very specific purpose. These include Vodafone Foundation in Egypt, Khalaf Al Habtour Foundation in UAE and Zain Telecom Foundation in Jordan.

EXAMPLES OF CORPORATE FOUNDATIONS IN EGYPT

Giza Systems

Giza Systems is a software and technology company, based in Egypt with offices in Saudi Arabia, UAE and Qatar. They have created a foundation to promote technology among youth; it has an endowment so budgets can be set ahead. 'There is then no conflict between the purpose of the company – to make a profit – and social impact, achieved through the foundation,' says Ali Awni.

Mansour Foundation

Established as a family foundation in 2001 and subsidized by the Mansour conglomerate, the Mansour Foundation was restructured in 2008 to give it a wider development and geographical focus. In 2003 Mansour also initiated a sister microfinance foundation 'Lead', focusing on small and medium enterprises (SMEs) and job creation.

What causes do companies support?

CSR and corporate philanthropy are involved in poverty alleviation, health, unemployment (microcredit), environmental issues, labour rights, R&D, youth development, sports, women's empowerment, community development, and civil society capacity building, says Awni. Companies are also investing 'in some indirect ways' in social entrepreneurship. 'Many big corporations and local companies channel CSR to youth leadership programmes. Often the Gerhart Center does this on their behalf.'

'I would love to see more companies supporting social enterprises, where they can measure impact,' says Alkhudair. 'The perception of philanthropy in the region is giving money to poor people. This is more about building communities.'

'It is imperative that government and business invest in the development of an enabling ecosystem for social enterprise,' agrees Khouri, 'from legislation and advocacy to access to capital and hybrid financing mechanisms, development of talent and skills that focus on innovation, and access to markets and communities to pilot and scale their models.'

Business typically shies away from dealing with root causes, says businessman and philanthropist Nabil Qaddumi, so as to avoid conflict with the state, the more so after 2015 with the retraction of the Arab Spring. Business interventions would typically be through services projects that deal with society's daily matters, he says. 'In some cases, business goes further and gives a voice to the people in these projects. Two initiatives come to mind, Bank of Palestine's "Ibtikar" fund, where entrepreneurs are awarded grants to develop their ideas, and Abraaj's Dubai Art Prize, where young Arab artists compete, without any strings attached, with their creative ideas.'

Support for the environment is something else that doesn't seem to be high on the corporate agenda. There are no regulations for reducing carbon emissions except in UAE, so companies other than those working internationally are not obliged to cut emissions unless they choose to do so. One company that has achieved significant reductions is Aramex. This commitment to the environment came initially from the founder, but it is now the culture of the whole company.

Partnerships with CSOs and government

Corporate philanthropy and CSR are increasingly partnering with CSOs and grassroot organizations, says Awni. He gives the example of Danone, which works with CARE, an international NGO, in the collection of milk from small producers who don't have scale or capability to manage this. He also mentions the Egyptian German Company (EGAC), which produces PVC plumbing pipes, which has established a cooperative of plumbers. 'The company provides training and the plumbers install the company's products. This isn't an exclusive arrangement, but in practice it almost is as the plumbers get good deals on the company's products.'

State-private sector partnerships are also becoming more common, he says. Corporate foundations in Egypt often coordinate with the Ministry of Social Solidarity about what is needed and where, and to find out which NGOs are accredited by the Ministry to operate in a particular area. Some CSR programmes are designed to respond to national priorities and in some instances the CSR agenda is a function of a close discussion between the state and the corporation. The civil service can also be the recipient of corporate philanthropy. The Bakry family, for example, use the resources of their private business to provide training for education specialists and public school teachers in their private school.

But working with government can be challenging. Companies may need to gain government approval for projects, and this can take years, and CSOs also need to gain government approval for donations and funded projects. In addition, says Marwa El-Daly, 'in Egypt, the government – in dire need of resources itself, and eager for foreign currencies and any money to meet the economic challenges – began to notice that plenty of foreign funding was going to CSOs that do not necessarily serve the government's development plan. It therefore started to channel these resources in a way that would best serve the interest of the government, and even international donors started directing resources to government ministries like

the Ministry of Social Solidarity. The Ministry of Social Solidarity and the Social Fund for Development started acting like grantmaking foundations, organizing calls for proposals and inviting CSOs to apply. CSOs started to compete to get these foreign-funds channelled via government bodies as this gives them not only money to execute projects but also credibility in that they are working with the government. In addition, the CSR programmes of big companies started to support government's development programmes.'

Who is supporting companies in their philanthropy?

The Gerhart Center has been actively engaged in starting a CSR Unit at the Federation of Egyptian Industries. It is also involved in various initiatives around inclusive businesses. Other organizations supporting corporate philanthropy include Ahead of the Curve, which provides advisory services for companies; Nuaa in Jordan, which has an online platform that matches companies to credible NGOs; the Amani Institute, which designs programmes and provides training; and Kaamen, which supports companies in designing models that are profitable and impactful – *kaamen* is the Arabic word for untapped potential. According to founder Reem Khouri, Kaamen focuses on finding the untapped opportunity for profitable social impact, where the interests of a corporation meet the interests of communities, and then designing investments and programmes accordingly.

IMPACT INVESTING AND SOCIAL ENTERPRISE DEVELOPMENT

Is impact investing happening?

The current situation of impact investing (which can be defined broadly as the use of assets other than grant funding to produce social and financial returns) in the Arab region could be summarized as not a lot happening but a lot of potential – that potential lying chiefly in the huge potential benefits of social enterprise development, about which all contributors to this report agree.

For Naila Farouky, 'impact investing is still a relatively nascent concept that's being discussed, but we don't always have the facility to be able to implement it.' At the same time, as already mentioned, a 2016 consultation with AFF members showed that they all wanted capacity building about impact investing.

'There is a huge need but it's not happening,' says Alfana's Teresa Chahine. 'There are brilliant social enterprises focusing on important social outcomes. They can't find anyone to invest in them. There are investors who will support entrepreneurs but not social entrepreneurs. This is the most important space in the region but no one is investing in it.'

A lot of people are putting money into the concept of social entrepreneurship, she says, especially international agencies. 'They hold workshops and seminars, run competitions and make awards for start-ups – so there's lots of seed funding. But

there are no funds to scale up, to invest in actual existing businesses. Impact investing is all about scale-up. Alfanar does it for organizations working with the poorest of the poor. Endeavour does it for commercial businesses. But there are no funds to invest in existing social enterprises to ensure they can sustain themselves. Social enterprises who won awards are closing up shop. Hence the huge need for impact investing. People feel comfortable with charity and with commerce, but no one can bridge the gap in the middle.'

Noha El-Mikawy's emphasis on incubators seems to bear out what Chahine says. 'The Arab philanthropy sector now boasts a growing number of incubators of social impact start-ups, both for profit and not for profit,' she says. 'These incubators, such as Nahdel al Mahrousa, give small grants and capacity development, whether on feasibility plans or marketing skills. They also raise funds from the corporate or banking sector. But they are still limited in number and size.'

Clare Woodcraft notes that while funding for start-ups is growing, it is often not 'patient capital' and is still at a very nascent stage. 'The enterprise ecosystem is not developed enough,' she says. 'While there are some angel investors and we are seeing the growth of incubators and mentors in the UAE, there are really only a handful. Where dedicated SME funds exist they are averse to long-term, cashflow-based finance and don't provide the technical skills that, along with the finance, will help scale-up. We need a big conversation about the nature of funding that start-ups need and the technical skills that need to go with it.'

Where is it happening?

Impact investing is found more in the Gulf than elsewhere, says Farouky, though 'Egypt is sometimes an exception, perhaps because it's always been a hub, a go-to place for innovation. There are restrictions, but laws are not always formalized or implemented so Egypt can be more flexible. In addition, social entrepreneurship is burgeoning in Egypt.' A new impact investing fund is being developed by the Ministry of International Cooperation in Egypt with support from UNDP.

In Palestine, says Atallah Kuttab, 'after 10 years of talking about it, a large foundation is now ready to get involved in MRI [mission related investing], taking \$10 million from its endowment and attracting \$40 million from investors and investing it in supporting micro-enterprises in Palestine, expecting below-market returns.' Kuttab is also advising a university in Palestine about linking the university with the private sector to ensure education leads to jobs. Fondation Diane is a Lebanese foundation engaged in impact investing.

One reason for the slow development of social enterprise is banking restrictions, says Farouky, 'which make it difficult to send money from one country to another, sometimes even to move money within countries.'

What is behind the rise in social enterprise?

It's happening largely where there is a lot of conflict, economic instability and a lack of jobs – in Egypt, Tunisia, Morocco, says Khalid Alkhudair, founder of Glowork, a successful social enterprise in Saudi Arabia. 'It becomes an open playing field, a way in which people can create change. They do it for families and communities.

Economic instability stops people relying on government and makes them realize they have to help themselves.'

Others agree with this analysis. 'In Egypt young people from poor backgrounds are driven to look for entrepreneurial solutions to their own problems,' says Woodcraft. 'In Egypt we can see a resurgence of innovation in the face of harsher restrictions,' says Farouky.

Another factor behind the rise of social enterprise is that for-profit regulations are easier than non-profit ones – both registering a non-profit and investing in one. Also, says Farouky, 'there is a zeitgeist globally that you can no longer establish a business that is for-profit only. This is also driving the rise in social entrepreneurship.'

None of this is happening much in the Gulf region, says Alkhudair. 'In the Gulf you don't have high unemployment rates, and the idea of leaving a stable job to work in a social enterprise is not appealing. Many people want to do something but say, what if I fail? There need to be more role models, more awareness in schools and universities.' Woodcraft sees Khalid Alkhudair as a 'powerful role model'.

Founded by Alkhudair in 2011 – 'I saw my sisters, cousins and friends struggling to find opportunities and unable to work, so decided to do something about it' – Glowork has brought jobs to 26,000 Saudi women.¹³ 'Glowork took a lot of hard work and persistence to make it succeed,' he says. As an Ashoka Fellow, he received an allowance to cover his personal expenditure for three years to allow him to focus on Glowork. 'That gave me a cushion to take a risk and focus entirely.'

Who is investing in social enterprise?

Several AFF members and partners, including Taawon/Welfare Association, Emirates Foundation, King Khalid Foundation and the Arab Fund for Economic and Social Development, support social enterprises and tackle issues of youth unemployment.

Going beyond AFF members, look at who is attending the Rise-up Summits, which have happened in Cairo every December since 2011, suggests Farouky, and 'you will find impact investors interested in investing in this space, both international and from the region – probably not individuals but under the umbrella of a company or organization. Fadi Ghandour is big in the impact investing space,' she says, 'with the creation of Wamda and other trusts and funds that help socially conscious

¹³ <https://www.ashoka.org/en/fellow/khalid-alkhudair>

businesses thrive.’ She also mentions the Oasis 500 Fund in Jordan, whose aim is to make angel investments in 500 social enterprises in five years. ‘It helps incubate start-ups, invests in them, mentors them and helps them to grow. Any grant to a start-up has to show some sort of SROI [social return on investment].’

Non-financial support for social enterprise

There is limited support for social enterprise, in Alkhudair’s view. He mentions Ashoka’s focus on social enterprises, especially in Egypt; Jordan’s King Abdullah Foundation’s two-yearly award for social enterprises; King Khalid Foundation’s provision of training, incubation, etc for social enterprises; and the Emirates Foundation.

Emirates supports social enterprise development through annual summits and social entrepreneurship awards; provision of training, especially financial training; promoting a law making it easier to register a social enterprise; and, crucially, trying to unite impact investors with entrepreneurs and academia. ‘Last year we hosted a workshop for all those working with entrepreneurs and initiated a mapping,’ says Woodcraft. ‘We have created an SME network to encourage others to work collaboratively. Young people know where to come for support.’

Others mention Aramex’s CSR programme, Ahead of the Curve, Arab Foundations Forum (AFF), MC Egypt, Ruwwad for Development, Drosos, Silatech, Synergos, SAANED and the Gerhart Center. Nahdet El Mahrousa is an active social incubator in Egypt.

‘Most B-Labs [non-profit organizations that support a community of people using business as a force for good] assume social enterprises have a bankable idea,’ says Ali Awani. ‘Gerhart starts earlier, looking at young people with aptitude and helping them develop ideas. Our hope is that later on a venture lab will fund them – though the Center sometimes pays seed money to start their initiatives.’

PROGRESSIVE/SOCIAL JUSTICE PHILANTHROPY

What is progressive philanthropy in the Arab context? ‘Supporting not just the school but leading to better education,’ says Atallah Kuttub, ‘supporting activities that improve the quality and coverage of health services; being willing to support human rights issues or arts and culture activities that lead to people becoming more aware of their rights, more imaginative citizens rather than subdued.’ He makes clear that he is using the terms progressive philanthropy and philanthropy aiming for social justice interchangeably to mean philanthropy dealing with root causes rather than symptoms. Philanthropist Nabil Qaddumi’s list of ‘risky and edge causes which lay at the core of the Arab Spring’ include ‘freedom of expression, respect and dignity, human rights, empowering civil society, holding the state accountable, and striving for an equitable society’.

‘It’s in retreat,’ says Kuttub. ‘Over the last few years, donors have been withdrawing from progressive giving.’ This is partly because philanthropic funds often come from businesses and ‘businesses shy away from anything that would anger the government. Especially since 2015, there is no appetite for risk taking in terms of supporting anything beyond what is blessed by government. Normally this would be services projects falling within the mandate of the government budget, so support for them would be in effect a budget supplement.’

Qaddumi agrees, and spells out what he means by services projects: those that deal with daily needs like feeding, immediate relief for refugees, schooling, healthcare. ‘These really should be provided by the state but in many cases are not owing to budgetary constraints. These are stop gap solutions.’

STELLAR ACHIEVEMENTS OF PROGRESSIVE PHILANTHROPY IN THE ARAB REGION

‘The litmus test for any programme is whether it has empowered the people it targets,’ says Nabil Qaddumi, ‘whether it deals with root causes and leads to a better sustainable life, whether it provides hope for a better future.’ He cites several programmes he is associated with that pass this test, including three run by Taawon/Welfare Association:

- Their employment programme, providing opportunities for young people to enhance their skills and benefit society
- Their Mustaqbali programme, jointly with ABRAAJ Capital, targeting orphans in Gaza with a holistic intervention covering all aspects of their lives
- The Palestinian Museum

He also praises AFAC’s programmes for giving hope to young creative people by enabling them to express their aspirations and ideals; AHRF for reaching out with its programmes to create justice and dignity; and his own HQSF for giving hope to more than 1,000 young men and women that they will have better and more productive lives.

But there are exceptions. Qaddumi notices ‘a shift where philanthropy is trying to deal with the causes of inequity in society, and to provide for a better sustainable life rather than encouraging dependency’. In this context he mentions some organizations he is associated with – Taawon/Welfare Association (Palestine, Lebanon), Arab Fund for Arts and Culture (AFAC) and Arab Human Rights Fund (AHRF; Arab region), Hani Qaddumi Scholarship Foundation (HQSF; Palestine), Institute for Palestine Studies (global) and Arab Fund for Economic and Social Development (Palestine) – all of which ‘go beyond the provision of services, and tend to empower people to improve the quality of their lives’.

Kuttab also mentions some ‘interesting examples’ coming up in the Levant where some social investment is being put to work to create employment opportunities for young people, supporting agribusinesses, etc. He lauds AHRF’s continuing efforts to drive ‘edgy issues and ideals. However, this is seen as too political and has failed to attract any significant funding from Arab sources over the last ten years.’

While acknowledging ‘some emerging trends in Arab philanthropy from being charitable and often religious in nature to having more of a developmental approach’, Samar Haidar of AHRF admits ‘it is still far from being strategic philanthropy for social justice and human rights’. Local philanthropy is more likely to support the humanitarian side of social justice than the political one, she says. Most local philanthropy support goes to ‘relatively “safe” issues like education, youth unemployment, and women empowerment through direct income-generating projects, but not to human rights or social justice activism’.

Where philanthropic institutions are adopting a human rights-based approach in their humanitarian/developmental work, ‘they shy away from using the human rights narrative to describe their philanthropic activities. Social justice is still seen as “problematic”, with local philanthropic entities fearing that their support for such work could lead to confrontations with the governments where they operate.’

What role is progressive philanthropy playing?

Given the above, it’s not surprising that progressive philanthropy isn’t seen as playing much of a role. ‘Not much,’ says Kuttab. ‘Not much,’ says Qaddumi, ‘but starting to make a dent.’

In Qaddumi’s view, the few that take the risk of tackling root causes do so because they see that ‘healthy societies and businesses lie in a society that feels respected, where rule of law is paramount and everybody is equal. Admittedly that was more common in 2012 and 2013 but since then it is rare.’

His own approach to philanthropy is derived from his ‘passion to deal with injustice caused to mankind in several parts of the world (the Palestinians in particular), improving the lives of the disadvantaged and providing them with hope for a better life. Supporting programmes that empower the Palestinians, preserve their heritage, and assert their aspirations for a promising future, have great appeal for me – for example, programmes that create opportunities for young people or the Palestinian Museum, which preserves heritage and identity.’

Haidar takes a more positive view of the role being played by Arab social justice philanthropy. ‘It is filling a gap by either cooperating with governments to contribute to reducing poverty, or supporting underfunded issues, or even lobbying governments to address pressing governance and rule of law related issues, and holding them accountable.’

But if it is to achieve more, she says, awareness of the concepts of social justice and social justice philanthropy will need to be raised within the philanthropy sector itself in order to build a constituency around it within mainstream society and the business sector.

Noha El-Mikawy agrees that philanthropy needs to invest in new discourse in support of inclusive and rights-based social justice policies. ‘What is needed is a sense of trust in the role of society at large and philanthropy specifically. That role should go beyond basic service provision to include other functions such as knowledge production, data collection, and monitoring and whistle blowing. The ethos of partnership for development that the SDGs have endorsed should serve as a frame of reference.’

AFF MEMBERS’ SUPPORT FOR SOCIAL JUSTICE WORK

Broadly defining social justice work as ‘the alleviation of social discrimination and economic inequality’, and with the proviso that ‘concrete numbers on social justice philanthropy in the Arab region are just impossible to find at this point’, Haidar offers the following:

- **Scholarships** Foundations like Sawiris Foundation and Hani Qaddumi Scholarship Foundation provide scholarships for underprivileged students in Egypt and Palestine under ‘social justice philanthropy’. Additionally, there is Al Ghurair Foundation in the UAE, and Al Waleed Philanthropies in Saudi Arabia, who also have a regional mandate to tackle similar issues.
- **Research** Community Jameel, funded by Mohamed Abdellatif Jameel, a Saudi businessman, funds research laboratories on poverty and food and water security around the world, including, most recently, at the American University in Cairo, where the research is more focused on the region.
- **Employment opportunities for young people** Taawon/Welfare Association, Silatech, Emirates Foundation, King Khalid Foundation and the Arab Fund for Economic and Social Development have similar mandates to provide youth with needed skills and financial support to start economic projects that would generate income and employment opportunities for youth.
- **Gender issues** Majid Society and King Khalid Foundation in Saudi Arabia have programmes dedicated to women’s economic empowerment through training and facilitating access to finance. Last but not least, Princess Rima Bint Bandar has recently started a new programme to help Saudi women enter the job market.

COMMUNITY PHILANTHROPY

The Community Foundation Atlas lists perhaps a dozen community foundations in the Arab region, but of these only five were mentioned by contributors to this report:

- Waqfeyat al Maadi Community Foundation (WMCF) in Egypt, founded by Marwa El-Daly in 2007.
- The Dalia Association in Palestine, founded in 2007 with a mission to ‘mobilize and properly utilize resources necessary to empower a vibrant, independent and accountable civil society’.
- The Community Foundation of South Sinai, the Egyptian partner charity to the UK-based South Sinai Foundation, which supports Bedouin communities in South Sinai, Egypt.
- Sheikh Zayed Community Foundation in Egypt, set up recently by a group of socially responsible investors in Sheikh Zayed district who were interested in contributing to community development. Activities include education, health and housing, as well as charitable income support. ‘Like other young organizations, they are trying to develop more focus in their activities based on cumulative experience and where they perceive a strategic potential.’
- The Egyptian Network for Integrated Development, another community foundation operating in Upper Egypt.

But this is not the whole picture. Community philanthropy takes different forms, says El-Daly. ‘It can be community mobilizing efforts through community leaders or community philanthropy driven by CSOs or ad-hoc community philanthropy responding to a certain cause.’

Do these amount to community philanthropy? ‘There is no orthodoxy about what community philanthropy means,’ says Atallah Kuttub. ‘In my view it means that the community owns the agenda and should be contributing in some way, not just a foundation in another continent paying.’

‘Important pieces of the puzzle are there,’ says Jenny Hodgson of the Global Fund for Community Foundations. ‘Asset-based community development has been done, for example by Naseej in Jordan, but not developing local resources. Marwa El-Daly in Cairo is looking at what existed historically and what could be modernized to go beyond identity-based and religious giving. The Dalia Association is super-local with aspirations to advance a global agenda. There is an opportunity to connect some dots from within so they have a common narrative.’

Community philanthropy and the Arab Spring

After the Arab Spring, says El-Daly, ‘with concepts like social justice, equity and democracy appearing on the scene, people started to be aware of root causes instead of symptoms and the energy was to change drastically. Many philanthropic initiatives and many CSOs started to be active and community philanthropy became very vibrant.’

But as governments in the region as a whole came to perceive civil society as potentially threatening, governments began to restrict civil society movements and community initiatives declined. In Egypt, she says, a new NGO law passed ‘focusing on eliminating the freedom of CSOs in general and their freedom to receive funds in

WAQFEYAT AL MAADI COMMUNITY FOUNDATION (WMCF)

Founded in 2007, WMCF was the first community foundation in Egypt and the first to revive the concept of *waqf*. WMCF was the result of years of field research in community philanthropy and extensive work in community mobilization and advocacy to allow a ‘*waqfeya*’ to be registered in the Ministry of Social Solidarity as a community foundation, says founder Marwa El-Daly. ‘WMCF paved the way for clarifying what community philanthropy means in concept and in practice by inviting philanthropists to invest in addressing the root causes of any challenge and allowing local philanthropy, religious and non-religious, to produce projects that allow young people to learn and to start their own projects.’ Currently WMCF has donor-advised waqfs investing in cultural and artistic projects as well as job creation for marginalized women; projects for training young people to be decision makers and social and business entrepreneurs; and creation of YouthBanks that connect them to young people around the world. Hundreds of young people in marginalized areas are taught to do community assessments before starting projects. ‘Now philanthropists can see how their investments are empowering people, funding income-generating projects and creating change-makers.’

Why did she take this approach? ‘I believe in looking inward, especially in old civilizations. Strength lies within us and history provide us with so much learning to build on. My approach was to revive the *waqf* concept, which is an ancient system behind the creation and flourishing of civil society in the Arab and Islamic world. This system is based on methods of sustainability and is the gear behind the creation of schools, universities, hostels and many donor-advised social projects that lasted for hundreds of years, until gradually confiscated by governments in various epochs and placed under a ministry governing the *awqaf*. I thought reviving and modernizing it was crucial for empowering philanthropists.’

An achievement of which El-Daly is particularly proud is WMCF’s successful lobbying for a new clause (Clause 90) added in the new constitution that acknowledges the importance of reviving, modernizing and protecting the *waqf*. ‘Legal change is such a challenge, and having community philanthropy successfully lobby for it is a great achievement.’ Currently a member of parliament is inviting El-Daly to work on formulating the laws associated with this clause in the constitution. ‘This reflects that there are steps towards reform even if slow.’

particular, not only from overseas but for the first time from local donors. The environment became more hostile towards CSOs, as reflected by this law. A considerable number were closed down by the government on the grounds that they had links to terrorism or had received external funding without government's approval. Mistrust for the civic sector is widespread, especially if they receive foreign funding or deal in anything that relates to social justice or human rights.'

It's a difficult environment in many ways, Hodgson agrees. 'Private foundations don't necessarily have links with the community or trust NGOs.' And, as with community philanthropy organizations everywhere, it's difficult having different constituencies. Dalia, for example, has tried to marry community participation and being flexible to donor needs, including offering donor advised funds. This makes organizations vulnerable as you can lose connections with the community.'

On the other hand, she says, 'community philanthropy has the strength of being able to hide donors in a larger group. It's harder to close down an organization with 50 local donors.'

INDIVIDUAL GIVING

As we have seen, giving is embedded in the culture of the Arab region. People are giving in substantial amounts, says Atallah Kuttab, and fundraising in the region can be extraordinarily easy. In 2009 he wanted to withdraw money from the Taawon/Welfare Association endowment to pay for dialysis for 70 Palestinians living in Lebanon (Palestinians in Lebanon can't benefit from the health system there); the cost was \$3,000 per person per year. 'It took just 10 minutes to raise money from the Taawon board. Admittedly this was philanthropy by wealthy individuals, but there is no reason to think that people of more modest means will be less generous. Syria has kept going due largely to the generosity of local Syrians and expats sending money to their relatives and to charities, says Marieke Bosman.

On another occasion, he wanted to find funding for eight new schools in Palestinian cities, each costing \$700,000. 'Without them, pupils were only able to go to school in shifts, morning or afternoon not both, because of overcrowded classrooms. The money was raised in a few days, with different Taawon donors funding the schools.'

What follows is based on interviews with some philanthropy friends carried out by Kuttab at the end of 2016. Although the interviews were with wealthy people, it seems likely that much of what they say will be applicable to people of more modest means.

This section also draws on the results of the 2016 Arab Giving Survey,¹⁴ which

¹⁴ The survey was conducted by **Philanthropy Age** in partnership with UKAID and YouGov: <http://www.arabgivingsurvey.com>

from varying socioeconomic backgrounds plus 17 ultra-wealthy people, primarily from Saudi Arabia, the Gulf's wealthiest economy, with a net wealth of \$30 million or more.

How do people give?

Kuttab distinguishes three levels of giving – individual giving, structured giving and forming a foundation. In its primary form giving is directed to family and to the city neighbourhoods and villages where one has grown up; donations can be small or large depending on wealth. A lot of giving is going on haphazardly just because people come to the door and ask.

Then one moves up to more structured giving, for example 'I'm going to give to five or six causes this year'. 'This is structured thinking even if no institution is formed or impact measured, even if work is on the services side.'

Finally there is institutionalized giving, through foundations. Where more substantive wealth is involved then people in some countries are creating foundations and identifying a cause to support (education, health, arts/culture, etc). Few have separated the funds for such foundations from their personal wealth and in most cases it isn't clear what funds are available.

In Kuwait people can donate assets, any amount, on condition that they will be given back in five or ten years (this is called *Al Qerd Al Hasan*). Donations of income or assets for short periods can be significant. Kuttab himself raised several million dollars through this mechanism for microfinance projects in Egypt. In Saudi Arabia, he says, there is plenty of money from *zakat* and *sadaqah* being used in different ways, and crowdfunding for *waqf* is done there and in Kuwait.

Kuttab's interviews reflect movement between these three levels of giving. Even those with foundations also give to families/communities, although the bulk will go to the foundation itself.

How much and how often do they give?

Based on social and religious traditions, *takaful* – solidarity on the part of those who have with those in need – is integral to Arab societies. Many are guided by their religion in giving a percentage of their income each year to the poor and needy. For Muslims, it is obligatory to give 2.5 per cent of their total accumulated income over one year. 'No one gives less than 2 per cent; giving less incurs "eternal shame",' says Kuttab. On top of this basic minimum, people respond to causes close to their heart, which normally exceeds the guiding percentage of wealth donated.

'I asked one of my clients why it was precisely \$100,000 that he was considering giving in 2015 and where the figure came from,' Kuttab remembers. 'The answer was, it was 2 per cent of my income for the year, rounded up. Another, when asked the same question, said: "I always start with the commitments and the causes, then figure out my budget accordingly" – and from what I know that commitment is far

above the 2 per cent mark. It is hard to count, and mostly it is for handouts rather than to address societal problems, but I am now confident that people give more than 2 per cent of their incomes annually.'

According to the Arab Giving Survey, almost nine out of 10 people in GCC countries made a donation in the last year. Many of them gave small, impulsive donations. Fifty-eight per cent donated spontaneously rather than on a regular basis. In Egypt, a 2011 survey found that over 62 per cent of the population give annually; when calculated the per capita share of philanthropy was higher than that of international economic aid to Egypt.¹⁵

This tradition of giving appears to remain strong among the younger generation. Khalid Alkhudair remembers that his father paid *zakat* on behalf of him and his sister until they started working. 'Many who aren't working give their own time. Now I pay my own amount.'

What causes do people support?

Most donors support services projects rather than tackling causes of inequity in society, says Kuttab. Most funding will support the provision of services in sectors such as health, schooling and orphanages, with little focus on the quality of services.

According to the Arab Giving Survey, giving to individuals is more popular than any other cause, favoured by 51 per cent of GCC residents and 59 per cent of wealthy donors. Poverty alleviation is also a popular cause, mentioned by almost half of GCC residents and 71 per cent of wealthy donors. Refugees are another high priority, with 42 per cent of GCC residents choosing to support refugee causes; the figure was 71 per cent among wealthy donors.

The survey finds a high level of loyalty to causes. Half of GCC residents said they always donated to the same organizations, while over 70 per cent of the wealthy had donated in the past 12 months to causes they had previously supported.

What about organizations working on complex social issues like human rights, violence and poverty? As we have seen, wealthy donors are mostly unwilling to risk alienating government by supporting edgy issues. In fact, in the long term it might be easier for these organizations to gain support from less wealthy people. Kuttab cites a successful campaign by young activists in Lebanon in 2013/14 to shame the government over its inaction in dealing with garbage collections. This was funded purely by crowdfunding. 'It was a cause-driven campaign with very clear objectives. The campaign managed to lobby people to stand behind their rights and put pressure on government to deal with the issue – and it was hard for government to clamp down on it as it involved so many people.'

¹⁵ Marwa El Daly (2011) *Philanthropy in Egypt. A comprehensive study on local philanthropy in Egypt and potentials of redirecting giving towards development*: <http://dar.aucegypt.edu/handle/10526/1678>

Why do they give?

The Arab Giving Survey finds that a primary influence on people's giving is friends, family and colleagues. Thirty-seven per cent of GCC residents and 65 per cent of wealthy donors cited friends, family and colleagues as their inspiration to give. Among wealthy donors, almost 60 per cent are inspired by good charity leadership, but this was important for only 12 per cent of the whole Arab population. In Egypt, says Marwa El Daly, the main reason behind giving, for Christians and Muslims, is religious teaching. 'It is a faith-based philanthropic culture shaped by compassion and *takaful*.'

Apart from the driving force of *takaful*, says Kuttab, and the influence of trusted family and friends, people give because they want to feel good about it, or make the recipients feel good, or both. Some might donate for PR reasons, to raise their profile.

'When I asked a philanthropist why he gives and for what purpose,' says Kuttab, 'he answered: "Although not scientific, I always had the belief that my good deeds would be rewarded. What guides me is the humanity of the causes I support, and my conviction that the aggregate good of philanthropy does make an impact on mankind.'

The Arab Giving Survey shows that donors may also be influenced by results when choosing which charities to donate to. Over half of the GCC population say results are important when choosing a charity, and 78 per cent say they would stop donating if the charity performed poorly. Among wealthy donors, 76 per cent want access to results showing how effective the charity is in achieving its goal, and 94 per cent say they would stop contributing to a charity if it performed poorly.

The survey also highlights the importance of more transparency from charities in how funds are used. The lack of knowledge about how money is being spent is a main donation obstacle for 32 per cent of GCC residents, while 71 per cent of wealthy respondents said clearer reporting on how and where funds are spent would encourage them to increase their donations.

Crowdfunding

There are 23 crowdfunding platforms in the region, says Abdallah Absi, founder of GivingLoop, which is part of Zoomaal, one of the leading crowdfunding sites in the Arab world and the local Kickstarter. Many of these are not operating, he says, and most would have challenges supporting non-profits; they work with creative, innovative projects like films and documentaries.

One that does fund NGOs is Zoomaal, but not necessarily in a way that is well suited to NGOs' needs. So a decision was taken to create a space specially designed for them, GivingLoop, which would help them be sustainable, and create trust between

non-profits and donors, which is now lacking. CanDo is a fundraising platform for Syrians by Syrians.

WHY GIVINGLOOP?

'I've been involved in fundraising for the last five years with Zoomaal,' says Abdallah Absi. 'We saw that most NGO funding comes from international grants in response to calls for proposals. NGOs then shape themselves to match programmes. They have to keep adjusting to donor requirements rather than experimenting and innovating to see how best to create impact. They have to keep submitting proposals for particular projects rather than for existing programmes and operational costs. We're trying to change this.'

'At the moment NGOs that are good at marketing are the ones that get funding on Zoomaal rather than the most effective. On Zoomaal you have to fundraise every year for projects to sustain existing operations. Monthly funding to cover basic costs would give a safety net and allow them to experiment and innovate. GivingLoop aims to enable NGOs to plan on the basis of known income coming in. Donor concerns about transparency are also met: NGOs have to send monthly reports to regular donors. If the NGO doesn't send reports, the donation is automatically cancelled.'

'The Arab world has a culture of obligatory giving so we want people to plan their giving through GivingLoop, tapping into *zakat* and cultures of monthly tithing. It's natural to respond to a disaster or a person in need. But giving on a regular basis requires more of a decision; building trust in NGOs is key here.'

Usually services are more easily funded than social justice organizations because they appeal more to the emotions, to impulse givers. 'But if people are planning their donations each month, they will be more conscious of which organizations are creating long-term impact, which are more effective. All of this has to be communicated through the website. In time every NGO on GivingLoop will have an impact score.'

Diaspora giving

Giving to one's home neighbourhood is very common among people from the Levant who are working in the Gulf and among Palestinians who are working in the Gulf or living in Jordan, says Kuttub. This follows the concept of solidarity or sponsorship in Arabic *takaful*, where a person will sponsor a family, student, orphan, school or clinic in their own extended family, city neighbourhood or village.

Marieke Bosman gives the example of Syria. Many people have left the country, starting two centuries ago and more recently as a result of the crisis, so there is an enormous network of people sending remittances back to Syria. 'Many will give extra

now because of the crisis, especially earlier in the crisis – giving to neighbours, family members or religious charities and increasingly to new Syrian CSOs. This is coming from the Gulf, the US and Europe.’

Some of this has become more organized, says Bosman. ‘Many ex-pat groups have formed NGOs – Jusoor is one, with 123,320 community members – to raise money for Syria from ex-pats and international organizations for education of Syrian children and young people. SAMS – the Syrian American Medical Society, which raises funds for healthcare – is another.’¹⁶

PHILANTHROPY INFRASTRUCTURE

The main philanthropy infrastructure organizations in the Arab region are the Arab Foundations Forum (AFF), SAANED for Philanthropy Advisory in the Arab Region, and the John D *Gerhart Center* for Philanthropy and Civic Engagement at the American University in Cairo. All three are connected with global philanthropy as members of WINGS.

Founded in 2006, AFF is a membership body which serves as a hub for networking, knowledge sharing and capacity building for its members and partners. It fosters collaboration between members, for example AFF’s youth coalition, launched in November 2016. SAANED offers services for philanthropists, including advice, advocacy, conferences and seminars, information, training and peer learning. As a research centre, the Gerhart Center’s principal aim is to produce and disseminate research, information, and best practice case studies to build a stronger civil society, with a focus on foundations and other forms of social investing.

There are a number of organizations supporting corporate philanthropy, including Kaamen, the Gerhart Center and Ahead of the Curve. There are also various organizations supporting social enterprise development, but it is widely agreed that the social enterprise ecosystem is very fragmented, and that creating a complete ecosystem will be key to the success of social enterprise in the region.

Is the infrastructure for philanthropy adequate? ‘There is room for more,’ says Atallah Kuttub, ‘but there is little demand for it because the sector is not supportive and data is lacking. We need an awareness that infrastructure is needed for the sector to be more effective. The case for infrastructure has yet to be properly made.’

Other contributors to this report mention the lack of data and research on all aspects of philanthropy. Apart from the annual Arab Giving Survey of philanthropy in the Gulf states, published by *Philanthropy Age* magazine in partnership with YouGov and

¹⁶ Marieke Bosman (March 2016) ‘Helping Syrians to help Syrians’, *Alliance*: <http://www.alliancemagazine.org/feature/case-study-helping-syrians-to-help-syrians>

UKAID, there is no systematic reporting of philanthropy in the region (*Philanthropy Age* itself focuses mainly on GCC countries). Other organizations support occasional pieces of research, for example 2016 research on philanthropy in Saudi Arabia sponsored by King Khalid Foundation and the Gerhart Center.

WHAT IS DRIVING PHILANTHROPY IN THE ARAB REGION?

There is much less to be said about what is driving philanthropy in the region than about what is holding it back, which is the focus of the next section. This may be partly because there is a simple answer that goes a long way towards answering the question. ‘Philanthropy is mostly driven by tradition, culture of giving and religious beliefs,’ says Natasha Matic.

But there is, as we have seen, a clear, if slow, move away from traditional philanthropy. In the UAE, says Natasha Ridge, ‘it has become “trendy” to open philanthropic organizations based on the western model over the past 15-20 years.’

One thing that is driving this shift is the enormity of development needs in the region and the realization that government cannot meet them alone.

THE SCALE OF DEVELOPMENT NEEDS

‘Unemployment and poverty are the most disconcerting challenges that have plagued Arab societies for decades,’ says Rania Hamoud. ‘Most countries in the Arab region have depended upon the efforts of governments to address their economic and social problems. Such solutions have not only proved ineffective, but have also overburdened governments to a point of paralysis in some cases.’

Noha El-Mikawy talks of ‘the enormity of the developmental need’. The Arab region has not been able to meet all of the MDGs and those MDGs that have seen progress have also witnessed lingering geographic, gender and economic discrepancies between and within countries. ‘Strained state resources and waning official development aid have proved a binding constraint to addressing such needs,’ she says.

‘Many privately wealthy people feel the need to employ not only their money but also their proven sense of “problem solving”; they want to attempt some solutions. A sense of delight at the effort’s impact, no matter how small, and a sense of good company with global examples of wealthy people/families add to the driving force.’

Companies, too, are increasingly recognizing that the private sector must be involved if improvements are to happen in society.

WHAT IS DRIVING CORPORATE PHILANTHROPY?

Rania Hamoud lists a number of factors driving corporate philanthropy: competition, globalization and business growth, social status and patriotism. In Ali Awni’s view,

'the key driver of this new consciousness has come mainly from multinationals and large corporations, and also from international and regional standards and benchmarks like the United Nations Global Compact, ISO 26000 and the S&P Egypt Stock Exchange Economic and Social Governance Index.' Companies that want to operate internationally will often find that their international customers expect them to be investing in communities.

But companies in the region are also recognizing that their current practices are ad hoc, don't achieve a long-term impact and aren't sustainable, says Awni. Just over a year ago the Federation of Egyptian Industries formed a CSR unit and it is drafting a CSR strategy for the Federation. 'This is an industry-driven initiative to define what a CSR initiative should look like,' he says. 'So they're producing an approach for the whole industry.'

WHAT IS HOLDING BACK PHILANTHROPY IN THE ARAB REGION?

According to Naila Farouky,¹⁷ there are ‘three big issues’ for philanthropy in the Arab region: ‘lack of accountability and transparency – and no demand or incentive for them; lack of data; lack of an enabling environment – partly due to the perceived link between philanthropy and terrorism.’ She also mentions the ‘need to engage disaffected youth of the region’.

The Gerhart Center and King Khalid Foundation’s survey of foundations in Saudi Arabia provides another snapshot of the challenges facing the sector. The lack of qualified employees is seen as the biggest challenge, mentioned by 72.9 per cent of foundations, followed by grievances towards the laws and regulations at 71.2 per cent and government bureaucracy at 64.4 per cent. Another 61 per cent mentioned irregular cash flows while 54.2 per cent mentioned the lack of good charities to receive their funds.

Farouky’s three issues and King Khalid Foundation’s survey together give a good impression of the wide range of issues for philanthropy in the Arab region. These include shortcomings both among philanthropic organizations themselves and among the NGOs they support (or could support, as many choose not to); frustrations with governments, which are creating an extremely restrictive environment for civil society, and which tend to support only provision of services by civil society and philanthropy, with progressive programmes seen as political in nature; and numerous regulatory issues.

The economic situation is also challenging. After the revolutions, says Marwa El-Daly, ‘there are huge economic challenges in most of the Arab countries and a lack of foreign currencies in countries like Egypt – though the Gulf region has been less affected.’ The economic difficulties are aggravated by the severe refugee problem in the Levant, says Atallah Kuttub, ‘which is soaking up most available funds – local and international; private, philanthropy and government.’

SHORTCOMINGS OF PHILANTHROPIC ORGANIZATIONS

Finding and retaining high-quality national and local staff is a challenge identified by Natasha Ridge and Natasha Matic. Matic also points out that the lack of local university degrees and education programmes focusing on philanthropy, non-profit management, and social and economic development is a key obstacle to developing

¹⁷ Naila Farouky (2016) ‘The state of Arab philanthropy and the case for change’.

talent that can drive the sector forward. In addition, charities in the region often pay low salaries and are not well managed.

Donors (private foundations, corporations, individuals) also have very limited experience and expertise with grantmaking or social investment or other forms of responsible giving, which tracks outcomes and impact, she says. 'Most giving is still ad hoc without too many strings attached. Data shows that over 50 per cent of foundations think that the biggest obstacle for their impact is lack of good NGOs. Therefore, most Saudi foundations (almost 70 per cent) are conducting in-house programmes rather than doing grantmaking.'

She also mentions lack of innovation and creativity, 'still sticking to the old ways of philanthropic giving', lack of willingness to take risks or to partner with similar organizations, and the lack of impact evaluation ('they are still doing mostly outputs and outcomes').

LACK OF CONFIDENCE IN NGOS

'The lack of trust in NGOs is inhibiting all kinds of fundraising,' says Abdallah Absi. 'We're not reaching out to people in the right way.' As a result, says Kuttab, there isn't much popular sympathy when laws restricting NGOs and CSOs are introduced, in Egypt and other countries. 'People don't go out on the street in support of CSOs. They haven't built confidence and trust so that people feel they are worth defending.'

Kuttab suggests several possible reasons for this: lack of knowledge among private foundations of NGOs that are worthy of support; lack of trust in the financial governance of most NGOs; and lack of confidence in the closeness of most NGOs to the people who need support. Many NGOs may not have a strong link with a particular constituency, says Marieke Bosman, and they may be run by an elite that has the time and energy to run civil society organizations, plus the English, management skills and proposal-writing skills to meet donor demands.

'Also contributing to the reluctance of Arab philanthropy to make grants to NGOs,' says Kuttab, 'is a perception that NGOs' reliance on government and/or foreign funding makes them unable to promote local agendas. Regulations exercising tight control of NGOs in the name of protecting the national interest may also have contributed to the unwillingness of private capital to partner with NGOs.'¹⁸

Matic points out the lack of high-quality NGOs able to implement innovative and sustainable programmes in the GCC. There is little diversification among NGOs, she says, with most of them focusing on religious issues, followed by education, health, women's issues and youth. There are few focusing on sports, recreation, culture, arts and science and technology. They also suffer from a lack of focus: 'the majority

¹⁸ Atallah Kuttab et al, 'Arab philanthropy: from social giving to social change'.

of NGOs do a lot of things and none of them too well. NGOs tend to do whatever the donor wants rather than follow their mission and goals.’ But in Saudi Arabia, sheroadmap for the non-profit sector which will help develop it in a much more organized and strategic way.

Marwa El-Daly bemoans the lack of support to local Egyptian CSOs from the private sector or the international community. What is needed, she says, is capacity building

NGOS IN SAUDI ARABIA

‘Although the Saudi third sector has grown manyfold in the past 10 years and laws and regulations were changed and improved in 2015/16,’ says Natasha Matic, ‘it is relatively small and makes a very small contribution to the country’s development (less than 0.5 per cent of GDP) compared to regional and international benchmarks (average of 5 per cent). Saudi Arabia’s NGOs are limited in number and still primarily focused on charitable donations. The majority of their charitable activities are centred around religiously motivated giving (poverty and orphanages).’

Currently, Saudi Arabia’s third sector consists of around 1,500 organizations. This includes about 700 NGOs, 500 social development committees, about 150 foundations and other types of organization.

The weakness of the sector is partly because it’s so new. As recently as 10 years ago, there were fewer than 200 registered NGOs. Most were created just in the past three to five years. ‘The tremendous growth in the past decade is to a large extent thanks to the tireless efforts of the King Khalid Foundation,’ says Matic, ‘which has been providing incubation, training, resources and expert know-how for the third sector. There are now more and more specialized organizations that focus on quality and impact.’

‘However, there is still plenty of room for improvement.’ Many lack experience, knowledge and skills, and there is a lack of qualified talent ‘since charity is mostly seen as a volunteer effort and not as a viable profession’. Although the legislation for establishing NGOs has been improved, the government has only recently begun outlining strategic goals and objectives to boost social development by supporting NGOs.

‘We need to continue to push for changing the mindset from “charity” to “social development” for both donors and NGOs,’ says Matic. ‘Innovative thinking and new philanthropic models are desperately needed. We also need to further refine legislation and policies; build the capacity of professionals working in the sector; increase and improve the use of technology; and strengthen organizational infrastructure on all levels.’

for CSO staff and media support ‘to eradicate this negative image of CSOs, which is the result of individual incidents exaggerated by the media. It’s enough to hear about foreign foundations being closed down by the government because they are working against the interest of the country or to see in the media how NGOs support terrorists and use foreign funding for personal wealth, to make people doubt the civic sector, even if their own experience is positive.’

‘AFF is the only attempt to date in the Arab region that provides the philanthropy sector with a permanent platform for discussion of all these issues,’ says Noha el-Mikawy. ‘The research findings and annual Takaful conference of the Gerhart Center at the American University offer a space for reflection on similar issues.’

PUBLIC ATTITUDES

‘There is lukewarm public acknowledgment of the role of philanthropy as a sector,’ says Noha El-Mikawy. ‘Communities may appreciate what one man or family are doing for a hospital or a school, but the overall public mindset in many Arab societies is to be wary of the role of private wealth in public issues of social justice. This is regrettably reinforced by the harsh critique of civil society in the media in many countries.’

There is no public understanding of or support for development-oriented initiatives versus charity-based ones, says Marwa El-Daly. And the way some religious people interpret religion can impede more development-oriented giving. ‘The ideal of anonymity in religious giving – the more anonymous the giving, the higher the value placed on that giving – stands in the way of encouraging greater transparency and accountability,’ says Farouky. ‘Beyond God, there is little to incentivise the average citizen to give.’

Another barrier here is people not seeing it as their role to contribute to social causes. According to Kuttub, the Dalia Association in Palestine is finding it difficult to get the community to contribute. It has been trying local businesses and diaspora. ‘This is a matter of priorities: people expect others to pay.’

Negative perceptions are also holding back corporate philanthropy, says Ali Awani. ‘We need to communicate to the wider community the positive role of business in society. This is particularly important in transition countries where the business community has been mired in grand corruption charges.’

LACK OF DATA

Several contributors to this report mention the lack of data and research on all aspects of philanthropy work in the region. ‘Much data about Arab philanthropy is difficult to compile, and most philanthropy around the region is not planned,

monitored or reported systematically,' says Rania Hamoud. 'This makes it more difficult to have a strategic approach to third sector operations,' says Farouky.

She illustrates this from her own experience. When she asked her colleagues at AFF to share their insights on social justice philanthropy in the Arab region, they maintained that it was really unclear how much is given, due to the lack of data. 'We cannot tell whether developmental work adopts a human rights-based approach or not, as there is no data available on this. In the Gulf and Egypt, actors will probably emphatically declare that their programmes are purely developmental, but whether this is the only motive or not, there is no data to suggest otherwise.'

REGULATORY ISSUES

'The lack of a clear regulatory framework in many Arab countries creates a sense of uncertainty about what is acceptable, when and how the state will regulate, control or restrict activities. And the move to criminalize civic engagement and funding thereof is adding insult to injury,' says Noha El-Mikawy.

Marwa El-Daly is more emphatic. 'Egypt's current NGO law is not helpful for the development of the sector,' she says. 'It treats the civic sector as guilty until proved innocent, which is not very encouraging.'

Community philanthropy is much inhibited by restrictive laws that are implemented by bureaucratic government employees who do not distinguish between the purpose of the clause and the reality of the action, she says. 'This leads to a lengthy process

to get approvals to receive grants, carry out studies or run events, whether in schools or in the streets, which inhibits community philanthropy and drains its resources in terms of time and effort.'

Social justice philanthropy is also affected. 'The escalating phenomenon of closing space, locally and internationally, and the new restrictive laws are not only inhibiting the work of local civil societies and indigenous grantmakers like AHRF,' says Samar Haidar, 'but also decreasing the chance of mobilizing any local resources in support of "challenging or touchy" subject ssuch as human rights or social justice.'

Incentives for giving are also largely lacking. Natasha Matic bemoans the limited range of financial and non-financial levers to support giving. Nor are there regulations in the region that reinforce proper investment. Some countries do have charitable tax deductions but there is nowhere that encourages companies to invest in society in a more sustainable way rather than making charitable donations.

In Jordan, says Farouky, every dollar that comes in from any source, with the exception of international funder/donor agencies approved by the government, has

to be taxed. ‘This isn’t necessarily a regulation against philanthropy but it’s certainly not allowing for it.’

Registering a foundation

As we have seen, in many countries of the region there is no legal framework for setting up a foundation. In others the regulations are burdensome. ‘The laws and regulations are still too strict and cumbersome,’ says Matic. ‘For example, an organization is still required to assemble 10 founding members in order to be registered.’

It is definitely easier in some countries than others. In Lebanon it was fast and easy for Alfanar to establish an independent organization, says Teresa Chahine. ‘But in Egypt it was difficult – government regulations for civil society are more complex to navigate – so it made more sense for Alfanar to register in Egypt as a branch of a UK charity.’ It’s also easy for for-profit companies to register in Lebanon, she points out, ‘so it’s easy for social enterprises to register either way.’ However, Khalid Alkhudair feels that the lack of any legal framework for social enterprise is inhibiting its development.

In UAE, reports Natasha Ridge, there is no formal ‘non-profit’ status, which presents its own difficulties. ‘As there are no income taxes, there is no non-profit or tax-exempt status. This makes it hard to raise funds from abroad, or to collaborate with western philanthropic organizations.’

Establishing endowments

Having an endowment gives foundations financial sustainability. Foundations in the UAE do not typically have endowments, says Natasha Ridge, and many report challenges relating to sustainability. ‘Instead, they have to request their budget annually, which makes long-term planning more challenging.’

As already seen, where foundations are established, the assets are often not fully separate from those of the founder, so the foundation could lose assets if the founder is in financial difficulties or wants to withdraw money for any other reason. In any case inheritance laws allow only one-third of a person’s wealth to be allocated to a foundation.

‘What is needed is judiciary or independent oversight, government guarantees through a regulatory framework that protects endowments,’ says Heba Abou Shnief. ‘Nothing short of a paradigm shift in which governments, individual donors, international donors and CSOs think of long-term and sustainable funding solutions and development models. Projectized approaches to funding have failed the region.’

Shnief notes two challenges to the development of the new civic *awqaf*.¹⁹ First, she says, there may be resistance from vested interests. ‘To counter this, it will be crucial to separate the issues of state-managed *awqaf* from “future advocacy efforts to create an enabling environment for new civic *awqaf*”.’ Second, in the public mind, the institution of *waqf* is associated – incorrectly, she notes – ‘with political Islam, and advancing the agenda of groups espousing a political Islam ideology. This needs to be addressed by raising awareness on the part of civil society regarding the strategic and developmental role of *awqaf*.’ A model like the Waqfeyat al Maadi Community Foundation highlights the importance of reviving and modernizing *waqf*.

Moving money

Many contributors to this report mention the increasing difficulties of receiving foreign grants or moving money around the region. Saudi foundations can’t send money out of the country, even AFF dues, says Farouky. They have to go through a corporation, the mother company of the foundation. ‘Structural issues exhaust people in the sector and make them less willing to innovate.’

Many Arab foundations are set up with headquarters in the US or Europe – this provides better regulation and tax incentives and more freedom to operate – with branch offices based in the region. But with the growing restrictions being placed by regional, as well as global, banks it is becoming more and more difficult to receive grant funding and to make grants – in some cases, even within the country itself.

Social justice philanthropy will be particularly badly affected by the difficulties of receiving money from abroad, given it is still largely dependent on foreign funding. As we have seen, AHRF receives 95 per cent of its funding from abroad.

The story of one AFF grant illustrates the difficulties. AFF core funding is entirely international, with just membership fees coming from the region. AFF was awarded a Gates Foundation grant at the end of 2015, says Farouky, but it took seven months to receive the funding. Why so long? ‘The Ministry of Social Development took ages to sign off, though AFF doesn’t have any controversial programmes. I went to see the Ministry, and reminded them that AFF is a Belgian entity with a branch office in Jordan. AFF has sent the Ministry a 130-page document each year for the last ten years. It turns out that ten years of documentation had been lost in the process of digitization by the Ministry. Then the bank didn’t want to take the money, so we had to prove what we were going to do with it. Without reserve funding AFF would have had to shut down. This was one grant, and AFF has six donors. Our annual budget is roughly \$430,000 dollars. If it takes seven months to get money, how can we pay staff?’

¹⁹ Andrew Milner (September 2015) ‘Endowments outside Europe and the US: how far, so far?’ *Alliance*: <http://www.alliancemagazine.org/feature/endowments-outside-europe-and-the-us-how-far-so-far>

Online payments face the same difficulties. In most countries in the region it's very difficult to make any sort of online payment, says Farouky. 'Tunisian members say they aren't allowed to pay for anything online outside of Tunis. Crowdfunding is almost impossible unless it's local. Some sites do PR online but cash is handed over face to face. It has yet to be seen if GivingLoop will be able to operate beyond Lebanon.'

Abdallah Absi is not discouraged. 'Banks require a reason for any transfer being made,' he agrees. 'Usually we send supporting documents to the bank. In some countries receiving funds is a challenge, especially for NGOs. In Egypt for example, NGOs have to send a request to the local authority to get approval for any transfer. But we haven't had any project that wasn't able to receive its funds so far. In brief, it is a minor challenge for GivingLoop, but certainly not a show-stopper.'

Even finding a bank can be difficult, says Kuttub. AHRF is registered in the Netherlands, and 'our bank, ABN AMRO, asked us to close our account. Friends connected us to Triodos but they declined us. We couldn't find another bank and ABN AMRO has backed down fortunately. The legal and financial situation is getting worse,' he says. 'These problems are all to do with international anti-terrorism measures.' More recently, as reported above, ABN AMRO closed AHRF's account, but it is hoped that a new account will be opened.

'Where is the threat to government when NGOs aim to fill gaps that the government needs filling?' asks Farouky.

WHAT IS THE POTENTIAL OF PHILANTHROPY IN THE ARAB REGION?

‘What gives hope for the future for the Arab region and elsewhere facing the same constraints is that philanthropy is not just something the wealthy do,’ says Atallah Kuttab. ‘The rise of crowdfunding and the increasingly wide reach of the internet mean that anyone with access to a computer can be informed about and contribute to any cause they are interested in anywhere in the world – provided they are allowed to locally. Also, the growth and spread of forms of community philanthropy, of which the most notable is the community foundation, is increasingly drawing local money and support to local issues. In both cases, the sums of money involved, or other assets such as time and skills, might be modest but they can still be significant – and they could grow.’²⁰

What is interesting about this comment is that Kuttab is identifying as especially promising for the future two aspects of philanthropy that are not yet well developed in the Arab region. The other area that he is particularly enthusiastic about, along with several other contributors to this report, is social investment, ‘the blurring between for-profit and not-profit and the formation of social enterprises’.

THE POTENTIAL FOR SOCIAL INVESTMENT AND SOCIAL ENTERPRISE

‘No matter how pessimistic one is,’ he says, ‘one remains hopeful that the increasing blend of profit and not-for-profit activities (social business, social investment, etc) might provide a wider space for philanthropy than at present as within this new field the current controls on civil society will not apply and the more favourable regulations applicable to business will.’ Apart from the greater latitude for action because the for-profit sector is less scrutinized, it will increase the money available for addressing social causes. He also sees it as providing ‘a window for shaking off the negative situation we are in now’ and allowing philanthropy at least to touch on ‘edgy issues’ – such as empowerment through support for social entrepreneurship, employment and increased income – before it triggers objections by governments.

Even if support for social entrepreneurship and employment doesn’t deal with issues like human rights and social justice issues directly, it can have indirect effects on rights, says Kuttab. He cites Khabil Alkhudair’s work with Glowork in Saudi Arabia, mentioned earlier, which has brought jobs to 26,000 women. ‘Having a job is empowering and will make women more assertive and demanding of more.’

²⁰ Atallah Kuttab, ‘Return on Investment: Philanthropy in the Arab Region’.

Alkhudair sees great potential in social enterprise. ‘Social enterprise could be the next wave of job creation, the solution to unemployment.’ There is huge unemployment in the Arab world, he says, though not so much in the Gulf – though unemployment is very high among women in Saudi Arabia. ‘In Egypt, where it is very high, social entrepreneurship will help. I hope it will grow. People like the idea of working in a social enterprise; they feel they are giving back just by working.’

Clare Woodcraft also sees ‘a massive opportunity’ if the enterprise ecosystem can acquire support. ‘The biggest failing of the region is the inability to create jobs. There is huge potential to fast-track innovation, to create a consumer market driven by growth.’

Connecting with youth

For Naila Farouky, a crucial feature of ‘the small, but rapid-growth community around social enterprise’ is that it is ‘nurturing, embracing and connecting to youth’. Given the size of the youth population, ‘the future of Arab philanthropy may not be in more foundations but instead in a youth population with a sense of social purpose and the ability to create their own businesses that are both financially viable and able to resolve a social challenge at scale.’

She also sees the widespread interest – both regionally and globally – in combating the current rise in radicalization as an opportunity to ‘collaborate and engage in innovative ways to provide alternatives to the Arab region’s youth and to create more long-term, sustainable models of giving and impact’. Egypt has a huge youth population and huge economic issues. ‘Young people are unable to finish their studies, get work or get married – the three things people want.’ This has spurred a wave of innovation, especially in the 2011-15 period, evident in Tunisia and Libya as well as Egypt.

One initiative in this area is the AFF’s youth coalition, launched in November 2016. ‘We’re looking for institutional funding for AFF to run the initiative,’ says Farouky, ‘then looking for money for a pooled fund to support initiatives around youth employment in the region. So far there is no initiative in the region that pools donor funds from across the region.’

What is needed for social enterprise development?

‘The enterprise ecosystem is very fragmented: one country might have capital, another training, another regulation,’ says Clare Woodcraft. ‘No one country has a complete functioning system. Unfortunately countries don’t combine to create a complete ecosystem, despite common language, culture and demographic.’

Others agree that creating a complete ecosystem is key to the success of social enterprise in the region. Each of the organizations supporting social enterprise focuses on different aspects of the ecosystem, says Reem Khouri, from training social entrepreneurs to investing in them to providing mentorship, etc. ‘But the fact

remains that many of these efforts are in silos and do not lead to a collective impact in advancing social entrepreneurship and innovation. A collective impact approach would ensure that all organizations work towards a common agenda, use common impact measurement and ensure that their activities are reinforcing rather than redundant and repetitive.’

Alkhudair also emphasizes the role of government, at least in Saudi Arabia. ‘Government should take part,’ he says, ‘and encourage multinationals to contribute *zakat* funds to social enterprises. Everything has to come top down. People like to see government pushing for it.’ Local businesses could also play a key role in supporting start-ups and social enterprises as they understand local needs and local customs better than any outside donors are likely to.

Making impact investing a reality

Teresa Chahine also stresses that ‘greater cooperation between social enterprise incubators, aggregators, donors and investors is needed to ensure that social enterprises in the Arab world receive appropriate financing, management support and exposure to successful models from other regions of the world so that they can advance from grant funding to impact investment. ... Alfanar and its peers must work together over the coming ten years to build a virtuous value-creating ecosystem that takes change agents to scale, sustainability and beyond.’²¹

Attitudes among social entrepreneurs may also need to change before impact investing becomes a reality. In a study of the appetite among social enterprises in Lebanon for financing beyond grants, Alfanar observed an interest in loans but also a reticence to take them on owing to lack of understanding and confidence. ‘Much work is still needed to prepare social enterprises in the region for investments requiring both social and financial returns.’

WHAT ROLE COULD FOUNDATIONS PLAY IN DEVELOPMENT OF THE REGION?

While a survey of foundations from the Arab region²² showed that they are currently slightly less engaged with the SDGs than those from the rest of the world, there is still a good level of support for them. The majority of Arab foundations are actively gearing their activities towards achieving the SDGs, and over 90 per cent say they want to do so (a higher rate than that of the global survey, which was 80 per cent) and almost a third (32 per cent) plan to play a ‘leading part’ in the SDGs. How fit are

²¹ Myrna Atallah and Teresa Chahine (March 2015) ‘The beginnings of venture philanthropy in the Arab World’, *Alliance*: <http://www.alliancemagazine.org/analysis/the-beginnings-of-venture-philanthropy-in-the-arab-world>

²² Kuttab et al, ‘Are you SDG ready? Arab philanthropy and the Sustainable Development Goals’.

Arab foundations to put these intentions into practice? ‘The advent of Arab foundations that are adopting more progressive and high-impact models than the traditional, simply “cheque-writing” grantmaking foundations means there is potential to catalyse the professionalization of the sector and instigate a paradigm shift,’ says Naila Farouky. But only a small proportion of foundations are making this shift, she says, mostly in GCC countries, where transactions are easier and regulations less restrictive. ‘There’s also a lot of money there and a lot of talented people who are very business oriented, many of whom are shifting into the philanthropic space.’

What is needed for foundations to fulfil this role?

‘A change of mindset would be needed to start seeing philanthropy as a powerful tool for development and innovation,’ says Natasha Matic. Responses to the survey on Arab philanthropy and the SDGs show that Arab foundations tend to have a limited vision of partnership with civil society. ‘Many of the responses revealed a top-down view of the relationship between philanthropy and CSOs, suggesting that CSOs are simply a means of executing programmes or for local outreach. Few responses perceived CSOs as “an integral part of the development model and approach to problem-solving” and “the main actor in monitoring the implementation of the agenda 2030”.’

‘Philanthropy could play a much bigger role if foundations and individual and corporate donors were more strategic about their giving,’ says Matic, ‘if they were willing to partner more, and if they were more willing to take risks and actually lead and drive change rather than just support the usual issues.’

Collaboration is a central issue. Natasha Ridge mentions the potential benefits of greater collaboration between philanthropic institutions in the UAE. ‘AFF is fostering and working towards this, but even more can be done,’ she says. Noha El-Mikawy stresses the need to ‘push the frontiers of collaboration with the state’ and to have a clear understanding of the role the different sectors should play. She advocates ‘rules of engagement in public life that underline state responsibility for development as the main duty bearer, the duty of private wealth to contribute as a partner in sustainable development, and the value of independence of action for private wealth in order for it to be able to responsibly finance innovative, daring new solutions, providing models for replication and scale up by the state.’

Foundation laws that govern the processes of giving and clarify the duties of the state and private capital could go a long way in developing a framework of accountability, she says, while ‘regular reporting of activities, amounts invested and areas of investment could provide transparency and an opportunity for trend tracking and trend analysis’.

Ridge advocates a greater culture of evaluation; more information on philanthropy so philanthropic organizations can ensure they are operating in the areas most in need;

and more sharing of knowledge and information, so foundations can know more about what works and what does not, and learn from one another.

Rania Hamoud's prescription for corporate philanthropy is very similar. If it is to maximize its impact, she says, 'it needs to link its contributions to evidence-based research'. She also mentions other factors such as building trust, effective partnerships, and policy and regulatory frameworks.

WHAT POTENTIAL FOR COMMUNITY PHILANTHROPY?

'In an enabling environment,' says Marwa El-Daly, 'community philanthropy could be the backbone for community change.' As quoted above, Atallah Kuttab also sees promise in 'the growth and spread of forms of community philanthropy'. 'The principle of communities owning the agenda and contributing assets is a sound one,' he says, 'and informal giving to communities does happen.'

Local family funds, for example, 'could evolve into more formalized community philanthropy organizations with better legislation'. These funds exist at village level, with diaspora in the Gulf, Latin America and elsewhere contributing. They have no legal structure, but this doesn't matter because of the level of trust. 'Even without legal changes, family donors could push families to make funds more transparent and structured with clearer strategies. They could then attract more contributions. (In fact people give money readily without knowing what it's for!)

If community philanthropy is to develop, says El-Daly, 'it needs to be aware of its strengths as it was in the Arab Spring period. It needs to be organized in order to be able to lobby for policy change and support programmes that respond to the root causes of poverty and community problems. To achieve its full potential, it simply needs the space to accumulate knowledge, study and assess communities and their surrounding market, widen its outreach of partners and donors, and fundraise creatively.' Greater public understanding and support for the idea of community philanthropy organizations undertaking development-oriented initiatives rather than purely charitable ones will be needed as well as, crucially, an enabling legal environment.

WHAT POTENTIAL FOR PROGRESSIVE/SOCIAL JUSTICE PHILANTHROPY?

Atallah Kuttab and Nabil Qaddumi both take a rather pessimistic view. 'For the foreseeable future, I think philanthropy in our region will continue to focus on provision of services and to shy away from the edgy issues,' says Kuttab. 'I was more hopeful in 2013, but not now it seems.' 'It is a continuous struggle to get out of

the comfort zone of relying on the state to provide for its citizens, and to focus instead on delivering equitable societies and opportunities,' says Qaddumi.

Both see social investment as holding out promise. 'There is talk in the private sector about "social investment", which can bridge the gap between civil society and the state, and make all work for a just and prosperous society,' says Qaddumi.

Samar Haidar outlines two positive roles for the philanthropy sector. First, 'endorsing good corporate practices, and encouraging corporate donors and high net worth individuals to hold themselves accountable to the communities they support (just as they require from these communities, their beneficiaries).' Second, supporting grassroots organizations with core funding 'to enable them to build on their capacities and boost their communications and fundraising efforts'.

Noha El-Mikawy suggests that foundations should be more directly investing in building a new discourse in support of inclusive and rights-based social justice policies. 'This is one important role not yet played by philanthropy,' she says. 'The role of critical thinking and watchdog monitoring of commitments to inclusion and justice continues to be controversial. When civil society plays that role, it does so at high risk of persecution. Philanthropy, therefore, hesitates to invest in it.

'What is missed, therefore, is the feedback loop. Inefficiencies do not reach policy circles; the lessons learned from having tried something in one community or in one project do not inform sectorwide or nationwide initiatives.'

The problem, says Marieke Bosman, 'is that civil society often ends up just providing services that complement or replace the state, rather than playing its fuller, more effective role, which includes advocacy, research, etc.'

If philanthropy is to achieve this role, says El-Mikawy, 'what is needed is a sense of trust and confidence in the partnership between state institutions and society at large, and philanthropy specifically; a willingness on one side to respond to criticism with corrective measures and the skill on the other side to criticize constructively yet candidly; and professionals who can transform field experience and lessons into policy-relevant messages.'

In similar vein, Kuttub emphasizes the need for 'harmony between efforts by philanthropy, civil society, businesses and government to build an equitable society' (though he is not optimistic about achieving this in the short term, 'we should try for the medium term'). Qaddumi's view is remarkably similar: 'What would be needed is frank dialogue between civil society, business and the state about the programmes and measures needed to build an equitable society. This is happening in small doses, and on specific causes like the environment,' he says, 'and education to some extent. But there is still a lot to be done.'

Haidar stresses the need for capacity building among local philanthropy institutions. They should be encouraged, or 'invited', to look more at the root causes of social

concerns and to craft joint long-term strategies to address them; to adopt a human rights-based approach internally as well as with the communities they serve (ie to engage their beneficiaries in the design of their programmes, be transparent about their sources of income, etc); and to undertake more lobbying work to advocate for an enabling legal environment for philanthropy in the Arab region.

‘Local philanthropy institutions, individual philanthropists and the business sector need to take more risks in supporting social justice and human rights work in the Arab region,’ she says.

On a positive note, the Ministry of Planning in Egypt, in an unprecedented move, is actively organizing roundtable discussions and forming committees from the civic sector and the government on themes relating to the 2030 SDGs. One of these is called the Social Justice Group. ‘This might be a chance for philanthropic organizations to lobby for social justice philanthropy and take this as an opportunity for educating people about it,’ says Marwa El-Daly.

WHAT POTENTIAL FOR INDIVIDUAL GIVING?

‘There can be few places where the gap between the potential for giving by individuals for social causes and the reality is greater than in the Arab region,’ says Kuttab. ‘When considering the potential funds for giving for social causes, 2 per cent of country GDP seems to be plausible. This is where it stands in Saudi Arabia, UAE and the US. In Muslim countries, the guideline for *zakat* is 2.5 per cent of one’s accumulated income over one year.’²³

What is the potential to channel traditional giving to social causes? Abdallah Absi hopes that GivingLoop will be able to tap into *zakat* giving. ‘While giving is obligatory in Islam for those who are capable, not many people put a lot of thought into how effective their giving is. GivingLoop will make it easy to compare non-profits based on their impact data.’ Masr El Kheir, an Egyptian organization based on the *zakat* spending of millions of Egyptians, has already been mentioned.

Crowdfunding

There seems to be general agreement that not much online giving is happening at the moment. Despite this, Absi is optimistic about the prospects for GivingLoop. ‘There’s a lot of money out there but people are only doing impulse giving,’ he says. ‘There is potential for people to give money in months when they’re not giving. \$260 billion is given annually in the US.’ He sees younger people as the main target for this kind of fundraising – ‘baby boomers and millennials (though the older generation have the money).’

²³ Atallah Kuttab (September 2015) ‘The rich diversity of global philanthropy’, *Alliance*: <http://www.alliancemagazine.org/feature/a-philanthropic-map-transcending-traditions-beginning-anew>

Technology can make it really easy to discover non-profits, he says, and the younger generation are comfortable with credit cards and technology aware. But they are also harder to please. If they are going to give monthly donations, they want to see regular monthly reports; they want to be convinced that the organizations they support are having an impact. 'It's all about creating trust between non-profits and donors, which is now lacking,' says Absi.

Kuttab sees the potential for crowdfunding but emphasizes that the controls by banks on where you can give money are very restrictive, especially if the NGO is outside the country. AHRF did a sponsored run in Beirut, he says, 'and that worked because it was just friends, and runners gave sponsor money to AHRF as individuals. The financial system was not involved.'

'There is clearly enormous dynamism in the field of Arab philanthropy,' says Noha El-Mikawy in conclusion, 'and it seems inevitable that it will expand despite the challenges' – a sentiment that would probably be shared by all those consulted for this report.

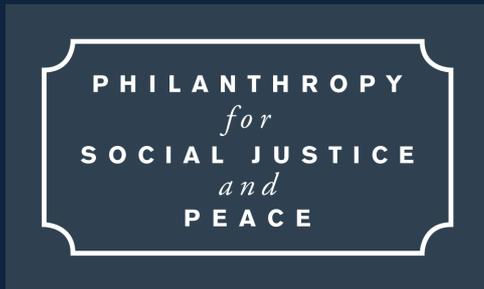
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- Clare Woodcraft, former CEO, Emirates Foundation, UAE
- Hania Aswad, Oxfam country director – Egypt, based in Tunisia now; formerly director of Naseej, Jordan
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- Marwa El Daly, founder and chairperson, Waqfeyat al Maadi Community Foundation, Egypt
- Nabil Qaddumi, businessman and philanthropist
- Naila Farouky, CEO, Arab Foundations Forum
- Natasha Matic, chief strategy officer, King Khalid Foundation, Saudi Arabia
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Published by Philanthropy for Social Justice and Peace

in association with *Alliance*, Arab Foundations Forum,
John D Gerhart Center for Philanthropy, King Khalid Foundation,
Philanthropy Age, SAANED and WINGS

March 2018



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