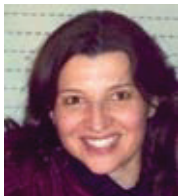


# Arab philanthropy: from social giving to social change?

Atallah Kuttab, Natasha Matic and Noha El-Mikawy

A surge in Arab philanthropy by a new generation is challenging views on wealth and approaches to impact. Arab philanthropy is not a unified ecosystem of coordinated parts; it is a diverse and complex combination of sources of funding, intermediaries and beneficiaries, which varies greatly depending on which part of the Arab world we are talking about – the Gulf Cooperation Council (GCC), North Africa (Maghreb) or the eastern Mediterranean (Levant or Mashreq). However, 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*.

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*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 *waqf* land, with revenue from such land spent on social services for the poor. The history of *waqf* is rich with achievements in social services including education and healthcare and in many cases dealing with inequities in society. For different reasons *waqf* have declined over time, both as a concept and in practice. Governments have always considered *waqf* as public property and tried to control them. The first successful effort was the Ottomans' *waqf* law of 1863 and creation of a ministry to manage it. The mechanism it introduced is essentially the one that is in place now, where custodians in most cases are replaced by a ministry to manage what remains of *waqf*. As a result, there are now many fewer new *waqf* being established and large areas of *waqf* have been expropriated.

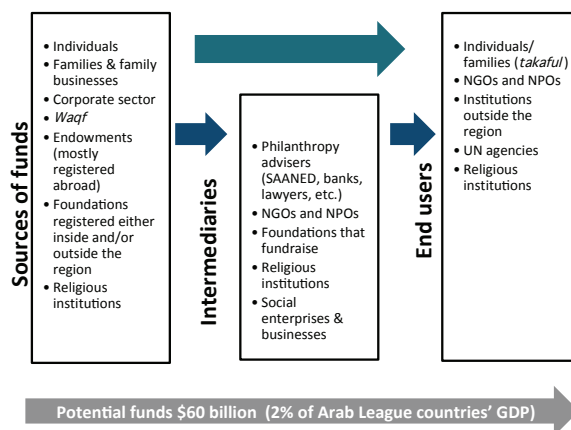
A healthy tension now exists between global practices and evolving patterns of philanthropy on the one hand and the Arab world's own heritage of giving on the other. While other regions of the world, notably the US, use tax exemptions to create incentives for the giving of private wealth for social good, in the Arab region this is not common due to the underdeveloped nature of taxation systems and unfavourable fiscal laws.<sup>1</sup>

In contrast, the Arab region demonstrates at least three main motivations for the giving of private

wealth for social good. One is traditionally established and that is giving as a religious duty. Another is giving to solve social problems – a problem-solving attitude characterizes entrepreneurs who often gain a lot of satisfaction from creating solutions to problems using the same skills and mindset that helped them make money in the first place. A third motivation, much less prevalent in Arab philanthropy and philanthropy in general, is wanting to effect social transformation, defined as the change of norms and values, rules, policies or socioeconomic and cultural dynamics. In the case of religiously driven giving, no sustained change is achieved in the lives of people, while in the case of problem-solving and social transformation, the objectives are more complex and less directly achieved. In these cases, private wealth has to take more risk, be more strategic, and build partnerships, none of which is without challenges.

Overall, Arab philanthropy can be described in a framework containing these three elements: supply (sources of funds), demand (end users) and infrastructure (intermediaries).

## Arab philanthropy | ecosystem



If we look at the supply and demand side, we witness very different practices in social giving, depending on the country, most of which are not producing sustained social change. In Tunisia, for instance, almost all philanthropic money currently comes from foreign sources, which could be used to delegitimize efforts by civil society at social transformation. In Saudi Arabia, almost all philanthropic money is local and locally spent. It will be important to document the similarities and differences in the various countries of the Arab region so that the local diversity is captured and understood.



Children in Abyan, Yemen watch women bringing water from a well, built through donations of external funds and citizen volunteering.

SAANED

### Grantmaking to NGOs or direct programming?

Many new Arab philanthropists believe giving needs to be more strategic and connected to creating change and have expressed some willingness to experiment with new models of programming and collaborating, particularly with government. However, the old 'charity' mentality still prevails in many countries.

Two trends for solving social problems are for private endowed foundations to make grants to civil society organizations with direct contact with people on the ground, or to implement programmes directly, using their own professional staff (the latter is prevalent not only in the Arab region but elsewhere as well, for example in much of Europe, Latin America, Africa and China). In the Arab region, effecting social change directly as implementers of programmes rather than as grantmakers to NGOs on the national or local level is the norm; grantmaking is the exception.

There are 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. Also contributing to the reluctance of Arab philanthropy to make grants to NGOs 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

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to the unwillingness of private capital to partner with NGOs.

### Relationship with government

Putting private wealth to work to solve social ills has often meant building schools and hospitals in places where the government cannot provide basic social services; enhancing employment and business opportunities for the poor; building houses for young couples in poor neighbourhoods at affordable rates; or investing in research that has the potential to provide diagnostic evidence on, if not solutions to, social problems. In many of these areas and more, private givers engage with governments to receive approval (for example, the Welfare Association building schools and hospitals in Palestine) or to achieve scale (for example, the Sawiris Foundation in Egypt partnering with government to improve livelihoods in the slums).

On the face of it, this partnership between governments and private wealth seems profitable for all concerned: governments endorse private wealth's plans to solve social problems and private wealth receives the blessings of officialdom, at the least, and a guarantee for the scaling up of small achievements, at most. In reality, this partnership is more problematic. Government approvals of things as clear cut as a medical centre can take years. Private foundations, no matter how independent they are of the corporate business interests of the founder, tend to stick to projects that promote the provision of services, avoiding those 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. ▷



The Fikra project in Fernana, Jendouba district, north-west of Tunis, helps rural women increase their incomes.

FIKRA

### Philanthropy for social change?

Through the course of history, private wealth in the Arab region has not only provided the poor with immediate necessary services but also paved the way for social change. Though not necessarily revolutionary, compassion and wanting to do good has often opened the door to a more equitable society. One such example is Cairo University, which was started with private wealth. It famously gave a blind young man of humble social background, Taha Hussein, the opportunity to get a university degree and thus a chance to receive a PhD in France; he then returned to become a towering figure in Arab literature.

An interesting practice in social impact investing coming from Saudi Arabia is using philanthropic organizations' wealth to create income in support of regular programmes by building market outlets for poor farmers, decent housing for poor young families, and local health centres and pharmacies.

Another nascent trend in the Arab region is the growth of intermediary infrastructure entities that collect from private donors to incubate social enterprises or to re-grant to smaller local NGOs and artistic groups. In addition, we are witnessing the emergence of crowdfunding and other new forms of giving which are making giving accessible to people who had not previously been considered donors. These practices are still new and it will take time to see their social impact. However, from Dubai and Riyadh to Amman and Cairo, philanthropists seem to be looking into

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### Is it good enough to stick to 'safe' programmes?

If we go back to the example of Taha Hussein, providing one young man with an equal opportunity despite his triple disadvantage (poor, from a rural area and disabled) is by all measures a great achievement. Had this incident seeded a nationwide policy of affirmative action for the disabled, one would have been talking of private wealth for social transformation.

Incubators of social enterprise certainly provide an opportunity for a few people to improve their own livelihoods. If private wealth equalled support for rights-advocating NGOs that look at the structural roots of socioeconomic inequality, it would be employed for social transformation beyond safe areas. The reality, however, is that most private wealth in the Arab world shies away from support to rights-based advocacy NGOs.

By the same token, most Arab private wealth goes into supporting projects or single outputs; rarely does it support the long-term, sustained and institutionalized demand for systemic change towards more equitable societies. Naguib Mahfouz's novel *Awlad Haretna* is a marvellous literary statement about the imperative of private wealth for public social change, an imperative still waiting to be realized. @

1 Except for the December 2013 constitution in Egypt, which explicitly allows the establishment of *waqf*, existing legislation does not differentiate between NGOs and foundations. As a

result, and except for some foundations established by royal decree, most Arab foundations register in the US or Europe to protect their endowments.