

# From Charity to Change: Trends in Arab Philanthropy

## EXECUTIVE SUMMARY

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

*From Charity to Change: Trends in Arab Philanthropy*, provides a preliminary overview of Arab philanthropy in eight countries of the region including: Egypt, the Hashemite Kingdom of Jordan, Lebanon, Palestine, the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia and Kuwait. The purpose of the study was to document the varying forms of institutionalized philanthropy that currently exist as well as provide recommendations for how philanthropy can become more effective.

For the purposes of this study, the research team developed a working definition of *philanthropy* as the institutionalized pooling and distribution of private resources with the goal of building capacity, sustainable financing and expertise for long-term societal benefit. In terms of data collection, authors drew upon semi-structured interviews with influential members of royal families, key Arab philanthropists, executive directors of foundations both old and new, business leaders, journalists, government officials, members of the civil society and experts in the field.

Results of the study indicate that institutionalized philanthropy is rapidly growing in the region. Traditional religious motivations for giving remain strong, and both modest and wealthy citizens contribute to the welfare of those who are in need. Governments are recognizing the potentials in allowing greater civic participation, and more leaders from the private sector see the importance of socially investing their wealth. While still incomplete, this study forms the first attempt to offer a mapping of the landscape of private giving in the Arab region.

Based on the data collected, a number of broad trends were identified. Among the most important is a rise in citizen activism among successful and affluent business leaders, who are bringing innovation to the usual targets of philanthropic giving. They also provide leadership through organizing their giving to be institutionalized, sustainable, and increasingly, to be

strategic. This is displayed in the rise in the number of endowed foundations established in the region over the past decade, with examples such as the Sawiris Foundation in Egypt established in 2001 to the Mohammed bin Rashid Al Maktoum Foundation established recently in May 2007 in the UAE. Philanthropy is increasingly a transnational sector as well. In places where state policies or international politics are not conducive to the establishment of foundations at home, philanthropists find ways to register institutions abroad to operate effectively in the region.

Another key trend is an increase in public-private partnerships. Arab governments are recognizing the advantages of joint efforts with private philanthropists and corporations to address local challenges. An interesting phenomenon worth noting is what we have named 'public-private partnership foundations,' an example of which is the Emirates Foundation based in Abu Dhabi, UAE. These initiatives are based on the financial contributions of both a governmental or quasi-governmental entity and private donors who agree to conditions for supporting causes that maximize the impact of both.

Smaller-scale collective giving at the level of communities and public support of social causes are also increasing at this time. That is reflected in the increase of community foundations and their effectiveness in mobilizing local energies to solve local problems. Community – based philanthropy is initiated by multiple donors who pool their financial resources together for a common local purpose. This type of philanthropy attempts to foster solidarity and civic participation within a community by addressing its most pressing social needs. Examples of mobilizing broad resources at the local level include the King Hussein Cancer Foundation in Jordan, Wakfayit El Maadi (El Maadi Community Foundation) in Egypt and Dubai Cares in the UAE.

Corporate philanthropy is becoming a major force for social change and exists in all countries covered by the study. The nature of corporate giving, however, takes on different forms. Some companies give through Corporate Social Responsibility (CSR) units while others establish separate independent entities all together.

An interesting form of institutionalized philanthropy found in a number of countries covered is what the Gerhart Center has come to term "*shilla*" foundations. In this model a group of two or more entrepreneurs pool their resources together and address a common social cause. The oldest example identified in this category is Palestine's 24-year-old Welfare Association which distributed 1,200 grants worth USD 90 million to fund 1,307 projects between 1983 and 1996. More recent examples include the Egyptian Food Bank and Ruwwad in Jordan which was spearheaded by ARAMEX in Jordan.

With the philanthropic sector becoming more institutionalized, proactive, entrepreneurial and influential, expectations regarding the return on social investment have similarly been on the rise. This has meant that in order for civil society groups to gain access to the newer sources of funding they needed to undergo a transformation in their practices and internal governance.

Non-governmental organizations in Jordan, Egypt, Palestine and Lebanon, where large and relatively active civil societies exist, are becoming more transparent. They are under pressure to do a better job of measuring impact and reporting on their successes and failures. There is still a long way to go in terms of improving the standards of CSO work, but change is taking place. More philanthropists are now working in partnership with CSOs and offering management and other services, as opposed to carrying out projects themselves.

Another major finding is the degree to which legal frameworks for private initiatives can enhance or hinder the work of philanthropy. In nearly all contexts, civil society legislation is far too restrictive to unleash the full participation of citizens in the development of their societies. Nationalization of assets or interference with the boards of private organizations stays in the public memory and inhibits those who might otherwise build up effective institutions within their home countries. Relying on Emiri decrees or other exceptional legislation to establish new foundations is a stop-gap measure. These practices need to be replaced by reforms to the existing laws that draw upon best practice from other successful national models.

Institutionalized philanthropy is gaining ground in the Arab world. Charitable giving is being augmented by giving for development, change, and social inclusion. The increase in wealth is bringing with it parallel increases in giving and in awareness of the need for civic participation and for creating sustainable social change.

To complete the picture presented in this report, subsequent studies will need to expand coverage to include additional countries, Arab Diaspora philanthropy and emerging pan-Arab foundations. Further analysis is also needed to answer the large questions about impact that philanthropy has had on its target communities. Our more modest aims in this first report were to point to major categories of giving and to highlight important emerging trends. While the study finds great variance among the countries covered, Arab philanthropy is experiencing a renaissance everywhere and at an accelerated pace.