



**Better Knowledge, Better Giving:
The Need for Philanthropic Data in the Arab Region**

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Background

Around the world, institutionalized philanthropy is growing and gaining visibility. The Middle East is no exception; the region has witnessed a steady increase in the number of charitable foundations over the last two decades. In addition, there is increasing emphasis on being strategic and effective in the use of philanthropic capital. There is also considerable attention being paid to developing clear indicators which demonstrate that such funding contributes to lasting, positive impact.

Yet the growth and impact of philanthropy are limited, in the Arab region and globally, by the lack of reliable information on philanthropic capital and its deployment. In most countries, neither governments nor private organizations collect or make available data on philanthropy and social investment. Religious and cultural traditions, political sensitivities, and individual preferences for anonymity further limit the public sharing of information on giving. In addition, in many countries the legal policies that regulate charitable activities make it difficult to even identify philanthropic institutions let alone track their activities. Moreover, the limited data that does exist is not comparable across countries, as it derives from disparate study frameworks, methodologies, and definitions. While the global philanthropic sector increasingly provokes interest and inquiry, it defies easy definition and lacks necessary data.

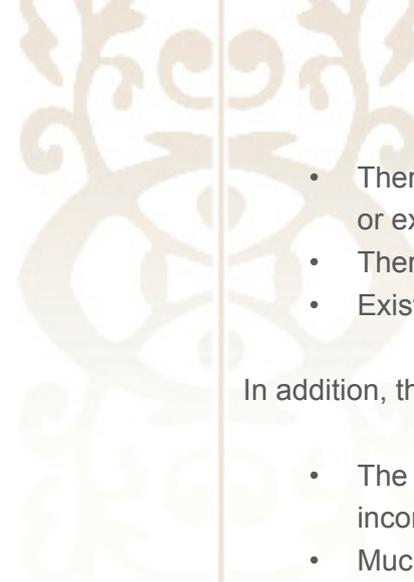
A recent study, *Global Institutional Philanthropy: A Preliminary Status Report*, released by Worldwide Initiatives for Grantmaker Support (WINGS) and The Philanthropic Initiative, Inc. (TPI) provides an initial attempt to collect existing philanthropic data. The study was conceived as exploratory rather than either comprehensive or representative. It is based primarily on responses to an electronic survey distributed to 147 WINGS members in 55 countries. Thirty two responses from 24 countries and the Arab region were returned. The survey from the Arab region was completed jointly by the Arab Foundations Forum (AFF) and the John D. Gerhart Center for Philanthropy and Civic Engagement.

In an effort to avoid the pitfalls of legal classifications, the study's typology included six broad categories of institutional philanthropy based on operational/functional definitions: independent foundation, corporate foundation, community foundation, host-controlled fund, government-linked foundation, and multi-purpose fundraising institution. Each category was defined in such a way as to provide latitude for local variations in institutional types while at the same time allowing for comparable analysis.

The survey comprised five sections which explored the characteristics and operations of philanthropic institutions around the globe. They included: the environment in which philanthropy operates, institutional forms and operating models, philanthropic assets, institutional expenditures, and information resources.

The WINGS/TPI study cited the following key obstacles to data collection and analysis:

- There is no reliable philanthropic data in many countries.
- Where data does exist it often relies on a small sample size or response rate and may not be representative.

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- There are no agreed upon standards or norms for institutional definitions, asset valuation, or expenditure accounting.
 - There are few baseline studies that allow analysis of increases or decreases over time.
 - Existing data sets are seldom updated.

In addition, the report underscored the limitations to its own methodology and analysis:

- The number of survey responses was limited and many of the respondents provided incomplete answers.
- Much of the information gathered was subjective.
- There was inconsistent use of definitions and typology. Some survey respondents used the WINGS definitions and typology; others used their country's legal classification.
- Availability and reporting on quantitative data was extremely limited.
- Some respondents were only able to provide information on one segment of institutional philanthropy (e.g., community foundations) rather than the entire sector.

Despite the generalized and specific limitations to the study's data and analysis, it offers an important reference point for global philanthropy. This brief paper summarizes some of the study's key global findings, highlights its information on the Arab region, and illuminates the need to develop a far more comprehensive regional knowledge base to serve as the cornerstone of a regional philanthropic sector that can not only support but help lead the way to a peaceful, prosperous, and equitable future.

Global Context and Trends

The WINGS/TPI study includes overviews of the world's major regions -- Sub Saharan Africa, the Arab Region, Asia, Europe, Latin America and North America -- and individual profiles of 24 countries. It emphasizes the rich diversity of philanthropic pathways and traditions while also noting the common themes and trends from the survey respondents. Among its key observations:

- Cultural traditions, religious norms, political histories, and economic conditions have profoundly shaped the charitable sector in individual countries and regions. The unique philanthropic heritage of each region is critical to understanding the contours of the current landscape and to appropriately linking new institutionalized forms of philanthropy with long-standing practices and traditions.
- Institutional philanthropy is on the rise around the globe. While the factors influencing this growth vary from region to region, the key forces are generally: the enormous increase in global wealth; the opening-up of political space; the shifting roles of the state, market, and civil society; the increased visibility of philanthropy and its influential leaders.
- Associated with the growth of institutional philanthropy, there is a shift, albeit gradual, away from traditional charitable giving toward more strategic giving aimed at achieving significant social change. There is a growing focus on the causes of social ills, not merely on their symptoms. While this trend is generally perceived as positive, it is important not be dismissive of charitable giving. Rather, dialogue must be inclusive of a range of giving goals and approaches.

- Collaboration is key to broad and lasting impact. Solutions to entrenched and complex challenges will require cooperation and coordination between sectors. The philanthropic sector should seek to coordinate their activities with the government and private sector as appropriate to attain greater effectiveness and sustainable change.
- Challenges to philanthropic growth and effectiveness abound, but are not insurmountable. The principle obstacles include an unfavorable legal and tax policy environment, the lack of reliable philanthropic data, perceptions around the appropriate roles of philanthropy, a lack of trust and transparency in the sector, and the difficulty of demonstrating the societal impact of philanthropic investments.

The Arab Region

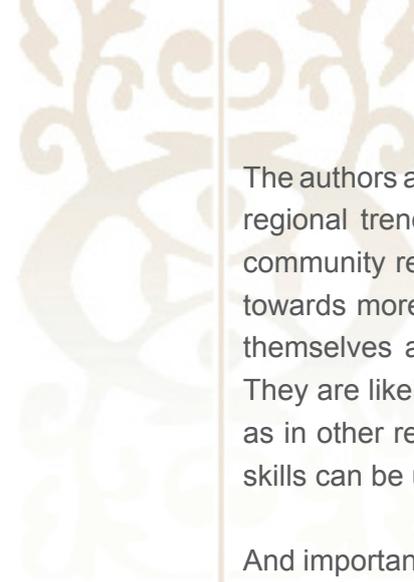
Given the dearth of the philanthropic information on the Arab Region, the WINGS/TPI study is based on one survey response summarizing information collected from several countries in the region rather than individual responses on different countries. The survey was jointly filled by the John Gerhart Center for Philanthropy and Civic Engagement and AFF with input from several of AFF's members.

The growth and development of philanthropy in the region is emerging in a wide range of national contexts. For example, in Palestine the long-term absence of a functioning government has led to a proliferation of non-profits providing basic social and welfare services. In contrast, in Egypt the government has strongly limited the activities of private social actors for over 50 years.

The surge in the number of foundations established in the region over the last ten years encouraged the establishment of AFF in 2007. Starting with only four core foundations, AFF has expanded into a network of over thirty four regional foundations. Support for this expanding philanthropic community will continue to be provided by AFF, the Gerhart Center for Philanthropy and Civic Engagement and SAANED for Philanthropy Advisory and Services Arabia.

The WINGS/TPI survey noted several trends in Arab region philanthropy. The first trend is that philanthropic activities in the Arab region are highly influenced by religious traditions. Much modern-day philanthropy continues to be associated with or is the product of ancient religious giving obligations. For Muslims, traditional practices include zakat, sadaqqa and waqf, which is similar to an endowment in which revenue or property is preserved for philanthropic purposes. For some Christians, religious giving takes the form of ushur or tithe which is giving 10% of one's income to the poor.

A second trend, described more fully by Barbara Ibrahim and Dina Sherif in *From Charity to Social Change: Trends in Arab Philanthropy*, is that Arab philanthropic actors are structuring their giving through more institutionalized models to achieve greater impact. This marks a transition from individual generosity and charity to more strategic modes of giving within the region. This transition includes the establishment of new models such as grantmaking foundations, corporate philanthropy, social investment ventures and other models of collective giving. Ibrahim and Sherif describe how new trends have resulted in a "philanthropic renaissance" characterized by more diverse modalities of giving.



The authors also identify the changing philanthropic role of the business community as an important regional trend. Ibrahim and Sherif explain that during much of the 20th century, the business community remained aloof from public life. Recently, there has been a shift by business leaders towards more involvement in addressing critical issues. Business leaders increasingly envision themselves as partners with the government and civil society rather than independent actors. They are likely motivated by several factors with elements of both altruism and self-interest. And as in other regions, some business leaders believe that their commercial sector experience and skills can be used to strengthen the operations and impact of non-profit organizations.

And importantly, collaborative philanthropic approaches are occurring across not only sectors, but borders as well. Arabs in the Western diaspora have been active in establishing foundations to serve people and support organizations in their home country or region. There have also been creative initiatives generated by the interface between civil society, public advocacy and corporate social responsibility.

Obstacles and Challenges to Philanthropy

The WINGS/TPI report identifies several key obstacles and challenges which constrain the practice and growth of philanthropy around the world:

- An unfavorable legal and regulatory framework for philanthropy.
- Lack of reliable data and information.
- Levels of trust and transparency in the sector.
- Public perceptions regarding the role of philanthropy in relationship to the role of the public sector and government.
- The difficulty in demonstrating the impact and effectiveness of philanthropic giving.

For many countries, the lack of reliable data and information is perceived as one of the most critical obstacles to effective philanthropy. Around the world, there are calls for more robust and reliable data on giving. The TPI/WINGS study notes that, “Better data and analysis have the potential to lead to increased philanthropic capital, more effective giving practices, a more favorable policy environment, and a stronger civil society.”

Interestingly, it appears that in the Arab region, despite the paucity of reliable philanthropic data and knowledge, many foundations do not see a need to improve the knowledge base. When asked, most Arab foundations attending a recent WINGS conference said that “lack of reliable data and information” or “lack of organized information” is not a challenge for their work. Any future efforts to collect data will be difficult unless foundations perceive a value in better sector data/information, are willing to share data on their own activities, and begin a dialogue on optimum ways to represent and disseminate data.

While not the focus of this paper, it is important to note the significant obstacles put forward by the legal system in the Arab region and around the world. While some countries have a relatively favorable legal environment, the majority of survey respondents noted multiple legal and tax impediments which limit the growth, activity, and potential impact of philanthropy. Of particular note are issues around legal identities of philanthropic entities, the regulation processes,

government intervention and oversight, and tax policy. In the Arab region specifically a key issue is that the law regulating charity work does not differentiate among various kinds of institutions (e.g., foundations and NGOs) or among various forms of foundations. This ambiguity often leads to uncertainty regarding e.g., permissible activities, allowable partnerships, and the nature of tax treatment and is likely a disincentive to create philanthropic institutions.

Moreover, foundations themselves do not necessarily seek clarity on the issue of a specific legal identity. Indeed, several foundations simultaneously undertake the activities conventionally associated with NGOs, operating foundations, and grant-making foundations. If countries believe that it is advantageous to have clearer distinction among types of charitable organizations, future legal policy will need to answer myriad questions such as: How do we define a foundation? How do we define an endowment? How do we define other assets of a foundation? For family foundations, are the assets of the foundations and that of the family clearly segregated?

Furthermore, legal regulations often limit the potential impact of philanthropic giving. In many Arab countries, philanthropic organizations are not allowed to involve themselves in political activities or any activities that are seen as threats to “social cohesion.” It was also reported that in all countries, giving is encouraged if channeled through government or semi-government entities.

Global Efforts to Develop Philanthropic Knowledge

To transcend current limitations on philanthropic practices in the Arab region and maximize its impact, it is useful to look at existing global philanthropic efforts. There are several global initiatives that aim to advance our knowledge of philanthropy – some of which the Arab region might draw inspiration from and others of which the region might wish to participate in.

- The Global Philanthropic Capital Project (GPCP) is a global initiative to strengthen the impact of philanthropy around the world by providing reliable, accessible, and comparable philanthropic data. A coalition of leading experts, many of whom have led national and regional data collection efforts, is working together in an unprecedented effort to create a system and a methodology that will provide quantitative data on institutional philanthropic capital and its deployment. The project will provide a more robust understanding of levels of philanthropic capital, knowledge of local philanthropic forms, and information on where and for what purposes institutional giving is invested. In so doing, the GPCP will support more strategic decision-making by philanthropic practitioners, other social investors, and policymakers in order to advance the unique role that philanthropy plays in addressing socio-economic challenges worldwide. The project’s secretariat is TPI and its pilot phase is coordinated by TPI and the Salzburg Global Seminar (SGS).
- The Foundation Center, based in New York, has created a platform, Philanthropy In/Sight, for visualizing information about U.S. and global philanthropy. This platform currently holds information on some 102,000 foundations and 2.4 million grants. Most of the information is on U.S. foundations, but it is systematically adding information on grantmaking in many other countries. Philanthropy In/Sight demonstrates that it is possible to capture philanthropic data and display it in such a way to illuminate its global dimensions.

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- Global Philanthropy Leadership Initiative (GPLI). In May 2009, the Council on Foundations (COF), the European Foundations Center (EFC), and Worldwide Initiatives for Grantmaker Support (WINGS) convened a leadership group to discuss the issues and opportunities in philanthropy brought about by its increasingly globalized context and to identify specific issues that collective global leadership could help to address. A task force was appointed to focus on the following three areas:
 1. Improving the legal and regulatory environment for philanthropy in a global context.
 2. Developing models for improving and increasing collaboration in philanthropy in a global context.
 3. Identifying key opportunities to engage with policy makers/multi-lateral organizations.

Conclusion

It is little surprise that data concerning philanthropic sector activities in the Arab Region is limited. For the reasons articulated above, such data in most world regions is inadequate. Yet optimistically, in much of the world, there is a clarion call for more empirical data on institutional giving that can lead to improved philanthropic practices, a more favorable policy environment, and greater impact.

There are two principal sources of such data: the government and foundations (and more indirectly, other civil society organizations). To date, most Arab regional governments have not facilitated public access to data nor, more importantly, have they encouraged institutional giving. As for the foundations, few appear to summarize their own data and even fewer make it available to the public, and there appear to be no plans to improve documentation at the sector level in the near future.

The lack of data inhibits the growth and effectiveness of the philanthropic sector within countries and across the region. Limited transparency limits trust. Open information could demonstrate the value of philanthropy, encourage a more effective policy environment, help identify effective philanthropic strategies and collaborative opportunities, and ultimately be a harbinger to a more just, productive, and peaceful society.

Works Cited

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