

Return on investment: philanthropy in the Arab region

Atallah Kuttab (www.saaned.com)

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*¹.

Across the globe, and the Arab region is no exception, the strong tradition of giving spanning several hundred if not thousands of years, has often been disrupted by governments that considered the welfare of their citizens as their sole responsibility and, therefore, took control of the philanthropic resources that existed including endowments, lands and property. During the last 25 years, a renewal has been taking place and a surge in philanthropic organizations is being witnessed. While this renewal shows many similarities in different countries, there are also many specific differences, and it is this diversity that makes global philanthropy rich.



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Return on investment and assessing philanthropy's contribution

Investment is more than just money. Assessing the effectiveness of philanthropy remains problematic. Two things seem clear: first, money spent is a poor indicator of impact. Nor is money the only thing philanthropy brings to the solution of social problems. Second, however rich a foundation or an individual philanthropist, the part they can play in service provision is a minor one in comparison to that of the state. It is worth considering if philanthropy's most significant role may not be in providing money for this or that initiative but in building on the assets of a community and creating solidarity. In any event, if we are to give a truer account of philanthropy's contribution, we need to find better ways to assess its impact, and these need to take into consideration the voluntary work and horizontal giving that are prevalent in many parts of the world.

Leveraging – grantmaking to NGOs or direct programming? 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 to the unwillingness of private capital to partner with NGOs.

Whatever are the reasons, it is argued here that direct programming is limiting in its reach. Not working through NGOs on the ground is a missed opportunity for better leveraging and efficiency directly affecting the return on investment for social change.

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Leveraging – relationship with government.

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 that leverage their resource, particularly with a government.

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. 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. If foundations stick to straightforward service provision, they are likely to have the government's approval. However, if they involve themselves in more contentious 'political' issues like human rights, they are likely to incur government hostility. In Saudi Arabia, for example, referring to a 'sufficiency line' for a decent living rather than a poverty line is more acceptable. Similarly, a programme by Chinese foundations to feed rural children was safe, and even supported by the state, so long as it was portrayed as simply meeting a need; if it had been clothed in the language of rights, the story would have been very different.

There is no doubt that leveraging of resources by partnering with governments would lead to more efficiencies and return on investment. However, if cooperation is restricted to services and does not deal with structural issues, the benefit will be limited.

Case of impact assessment of the programs of two foundations in Saudi Arabia

SAANED for Philanthropy Advisory is assisting in setting a system of impact assessment for two foundations in the Kingdom of Saudi Arabia as a step to measure the return on investment. One foundation is a grantmaker working across the country and the other is implementing its own programmes in only one city. For both to invest in measuring impact of their programs and, therefore, be able to measure the return on investment is already unusual in the region. Both foundations are playing a leading role in developing local best practices and be transparent on what they are able to achieve with their investment.

The first step was to agree on the theory of change and decide on few key top level performance indicators. It was not easy to decide at what level impact measurement is done. In the case of the grantmakers would it stop at the level of grant recipient organizations? Or how would the foundation working directly with citizens attribute benefits in society to their work? This is work in progress and in its early stages but exciting to see that these two foundations are pursuing such goals.

Where is the future...?

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.

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. 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. 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.

Finally, the mix of profit and non-profit is creating lots of change in both the philanthropy and the business sectors. The language of social investment (the very term investment) should not mislead us into creating a dichotomy between for-profit and not-for-profit activities. There are many examples where the two are combined. Social investment is an emerging field whose shape cannot yet be clearly discerned, and more time and exploration are required before judgements can safely be made about it. What we do know is that this blend of sectors is bringing to the forefront the emphasis on measuring return on investment not just in monetary terms, but also in terms of transformation in the lives of people that social investment brings about.

¹ *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.*

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Atallah holds a Ph.D. from the Imperial College of Science and Technology, University of London. He spent three years working in engineering consulting in the private sector and ten years in education, which included planning, teaching, and research at Birzeit University in Palestine and at Heriot-Watt University in Scotland. Dr. Kuttab was a Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) technical advisor for informal sector employment in Zambia for 3 years, and served with Save the Children for 11 years, most recently as Middle East Regional Manager, covering operations in Palestine, Egypt, Lebanon and Jordan. His management specialty areas are in staff management, fundraising and in forging private sector/ non-government sector relationships to further development efforts.

In the period 2005-2011, he was Director General of the Welfare Association, the lead foundation supporting Palestinians primarily in Palestine and Lebanon. He is a Founding Member of Arab Human Rights Fund, Founding Member of the Arab Foundations Forum and since October 2015 Chairman of the executive committee of the Arab Reform Initiative. He is also a member of the Editorial Board of Alliance Magazine, member of the Board of Resource Alliance, member of the Working Group on Peace and Social Justice, Founding Board member of the Worldwide Initiatives for Grantmaker Support (WINGS), and since January 2013 as Chairman of the Board of WINGS.

PHILANTHROPIC TRADITIONS

Exactly a month after the Paris attacks, my Arab-speaking cab driver dropped me off at the airport and made a point of wishing me Merry Christmas. Shukran. Shukran kteer, my heartfelt thanks.

I spoke the next day about international philanthropy to the board and international staff of *The HALO Trust*, the global humanitarian mine clearance charity. Every year in December they gather to share knowledge and to make plans for the year ahead. In many countries around the world, landmines and other explosive remnants of war keep people from their homes, contributing to the refugee and migrant crisis. They block the way to progress, sustainable livelihoods and economic development, sometimes years after the conflict. So when, preparing for my talk, I reread one translation of a 9th-century description of 'sadaqa', the Islamic principle of voluntary charitable giving, and found a reference to removing harmful things, I heard the past calling out to the future for action.

Allah's apostle said:

"There is a Sadaqa to be given for every joint of the body (as a sign of gratitude to Allah) every day the sun rises. To judge justly between two persons is regarded as Sadaqa, ... and, (saying) a good word is also Sadaqa, and every step taken on one's way to offer the compulsory prayer is also Sadaqa and to remove a harmful thing from the way is also Sadaqa." Muhammad al-Bukhari, Sahih al-Bukhari.

We know, thanks to abundant research on the subject, that giving makes individual people happy. The commonalities in our traditions, and our collective caring for those in need, could and should help us to embrace our common humanity and common future, happily together.

Islamic tradition:

For those who give in Charity, men and women, and loan to Allah a Beautiful Loan, it shall be increased manifold (to their credit), and they shall have (besides) a liberal reward.

Qur'an, Sura 57 (Al-Hadid), ayah 18.

Judeo-Christian tradition:

He that hath pity upon the poor lendeth unto the Lord; and that which he hath given will he pay him again.

The Bible, Old Testament, Proverbs 19:17.

Lucy Blythe, Director, Philia International. December 2015

Note regarding quotations: There are many translations of the original texts. I am neither an Islamic nor a biblical scholar, and I read neither Arabic nor Hebrew, so I apologize for any inaccuracies.