THE IDEA AND PRACTICE OF PHILANTHROPY IN THE MUSLIM WORLD
The Issue Paper Series

Strengthening Basic Education through Institutional Reform (PN-ACR-350)

Strengthening Education in the Muslim World: Summary of the Desk Study (PN-ACT-009)


Governance in the Muslim World (PN-ADB-211)

The Idea and Practice of Philanthropy in the Muslim World (PN-ADD-444)

Poverty Reduction Strategy Papers: How Do They Treat the Private Sector? (PN-ACX-270)

This paper is available from USAID’s Development Experience Clearinghouse (DEC). To order or download, go to www.dec.org and enter the document identification number (see front cover) in the search box. The DEC may also be contacted at 8403 Colesville Rd., Ste. 210, Silver Spring, MD 20910; tel 301-562-0641; fax 301-588-7787; email docorder@dec.cdie.org.

Editorial, design, and production assistance was provided by IBI—International Business Initiatives, Arlington, VA, under contract no. HFM-C-00-01-00143-00. For more information, contact IBI’s Publications and Graphics Support Project at 703-525-2277 or pgsp@ibi-usa.com.
THE IDEA AND PRACTICE OF PHILANTHROPY IN THE MUSLIM WORLD

Jon B. Alterman
Center for Strategic and International Studies

with

Shireen Hunter
Center for Strategic and International Studies

Ann L. Phillips
U.S. Agency for International Development

PPC Issue Paper No. 5
Bureau for Policy and Program Coordination
The findings and conclusions in this report are those of the authors and do not necessarily represent the views of USAID.
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>v</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>vii</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Philanthropy in the Muslim World</td>
<td>3</td>
</tr>
<tr>
<td>Recommendations for Engagement</td>
<td>11</td>
</tr>
<tr>
<td>Conclusion</td>
<td>13</td>
</tr>
<tr>
<td>Bibliography</td>
<td>15</td>
</tr>
<tr>
<td>Annex</td>
<td>17</td>
</tr>
</tbody>
</table>
Foreword

USAID has been working with Muslim populations for decades. As part of a broader U.S. Government effort, USAID established an intra-agency working group that consulted outside experts as well as scholarly literature to enhance our own knowledge of how to engage more effectively in predominantly Muslim countries. The result is a series of studies that focus on features essential to the internal dynamics in the Muslim World. They include

- *Strengthening Education in the Muslim World* (June 2003)
- *Governance in the Muslim World* (April 2005)
- *The Idea and Practice of Philanthropy in the Muslim World* (September 2005)

Together, the papers provide a clearer picture of the commonalities and differences among Muslim countries. In particular, they highlight the variation in the role of Islam in different regions and countries. Individually, each explores a major dimension of state-society relations. Recommendations for assistance priorities and tactics flow from these analyses.

The papers compile existing research to increase understanding and stimulate discussion. They are not statements of official U.S. Government policy.

Andrew S. Natsios
USAID Administrator
July 2005
Executive Summary

This philanthropy study is part of a broader USAID effort to better understand the Muslim world. Although philanthropy enjoys less attention than political and economic themes, it is important because it harnesses enormous material and human resources as well as organizational capacity that might be employed more directly to promote development. Equally noteworthy, philanthropy—its attendant institutions and practices—provides a valuable window into the dynamics and values of Muslim societies. Deeper insight into these elements can help U.S. actors expand partnerships to individuals and organizations that exercise significant influence in their communities but too often have been overlooked by official U.S. assistance.

This study explores three dimensions of philanthropy in Muslim societies: the varying degrees of autonomy from or subordination to the state; the types of charitable giving and preferred objects of charity; and the potential role of philanthropic organizations in reform and development. Taken together, philanthropy in the Muslim world offers new avenues for more effective U.S. engagement.

USAID commissioned Jon Alterman, director of the Middle East Program at the Center for the Strategic and International Studies, to write this study. He convened experts on philanthropy in Islam and regional specialists to discuss current practices and the possibilities for U.S. engagement. The result is this compilation of analyses by seminar participants and other leading scholars. Recommendations that flow from these findings are presented for discussion and consideration, but they do not constitute official USAID or U.S. Government policy. Key findings and recommendations are listed below:

- Charity is one of the five pillars of faith in Islam and is obligatory. As such, it channels enormous wealth, both material and human.
- The practice of philanthropy and accompanying institutional arrangements vary significantly across the cultural zones of the Muslim world.
- Muslim foundations established for the public good (waqf khayri) are major providers of hospitals, schools, and other services.
- Muslim foundations established to shelter family wealth (waqf ahli) could constitute an untapped resource for
development if their governing rules were liberalized.

- Muslims tend to favor direct charity to an individual recipient over channeling their donations through an established institution. Among institutions, religious charities are preferred. Western-style NGOs are mistrusted; they are regarded as businesses rather than charities.

- The modern state has encroached to differing degrees on the autonomy once enjoyed by philanthropic organizations in Muslim societies. Some states nationalized philanthropic foundations, others established ministries to regulate them, while others exerted control by determining who can organize them and for what purposes.

- Obstacles to expanded cooperation between the United States and Muslim charities exist on both sides. Nonetheless, U.S. actors should expand their circle of partners to include mainstream clerics and religious organizations engaged in philanthropy.

- The U.S. Government and NGOs should consider increasing levels of support given to more mainstream Muslim charities rather than relying so heavily on predominantly Western NGOs. Strengthening the governance and transparency of Muslim charities should be an integral part of this assistance. Assistance should also take the form of matching funds that require charities to maintain and deepen their societal support.

- The U.S. Government should support the restoration of greater autonomy for Muslim charities, along with reforms that liberalize rules that govern them. In exchange, foundations should improve the transparency of their operations.

- The U.S. Government and NGOs should sponsor regional discussions among Muslim charity personnel, with particular attention to sharing experiences of activities that provide public goods and promote development.
In recent years, the U.S. Government has sought new modes of interaction with nongovernmental institutions and organizations in Muslim-majority countries. This heightened activity is partly the consequence of a perception that traditional civil society institutions tend to be weak in such countries. It also reflects a fresh appreciation for the value of expanding U.S. interlocutors and partners to include mainstream religious leaders and organizations, particularly given the mistrust with which Western-style NGOs are generally regarded.

Philanthropy has a long and vital history as an indigenous phenomenon in Muslim culture. Whereas social scientists’ notions of how civil society is constituted and interacts with state institutions are deeply grounded in the Western experience, philanthropy in Muslim communities is a long-standing tradition. Both the idea and practice of philanthropy in Muslim communities are influenced by religious norms. Understanding the context can help identify opportunities and pitfalls in interacting with this sphere.

No reliable figures exist for the magnitude of philanthropic giving in Muslim communities, but it is estimated to total between $250 billion and $1 trillion annually. This estimate takes into account approximations of per capita giving in some countries, per capita incomes in Muslim-majority countries, religious injunctions to donate at least 10 percent of one’s income to charity, and other factors.

This study examines the idea and practice of philanthropy in the Muslim world to discern new opportunities, avenues, and approaches for U.S. Government interaction. One of the study’s primary goals is to provide baseline knowledge of philanthropy in the Muslim context. This knowledge can identify opportunities to strengthen nongovernmental Muslim-oriented philanthropic organizations, suggest approaches to increase transparency in that sector, and help such organizations expand independence from state control. The second goal is to generate new ideas for U.S. Government activ-
ity through leveraging the activities of extant groups, identifying best practices, and suggesting new areas of operation.

Several obstacles to effective engagement by the U.S. Government should be acknowledged at the outset. First, the idea of governmental aid to or other cooperation with Muslim philanthropic organizations raises some legitimate concerns. The principle of separation between church and state enshrined in the U.S. Constitution leaves many uncertain about the legal parameters governing support for religious organizations. Further, in the current climate many Americans feel that Muslim organizations propound messages inimical to their values and hostile to their interests. The investigation and shuttering of prominent Muslim charities in the United States after September 11, 2001, due to direct and indirect ties to terrorist organizations, have reinforced this reluctance.

Conversely, many Muslim organizations are equally reluctant to work with the U.S. Government, which significant numbers view as hostile to Muslims and to Islam. This view rests partly on disagreement with U.S. foreign policy and partly on criticisms of U.S. domestic security responses to the September 11 attacks. Both criticisms are widespread in Muslim societies, as public survey data attest.

Nonetheless, the possibility of U.S. engagement is worthy of investigation for a number of reasons. President Bush and members of his administration have clearly identified the dearth of political openness in Muslim-majority countries—especially in the Arab world—as a condition that contributes to terrorism and civil strife, thereby harming U.S. national security. In addition, stronger nongovernmental or quasi-governmental organizations in Muslim-majority countries can help promote economic development, good governance, democratization, education, and healthcare. Finally, a better understanding of the social contexts in which USAID operates can help inform ongoing Agency activities, whether or not these seek to involve religious organizations.

Experts on philanthropy in Islam and on specific regions within the Muslim world were consulted for this study. Two seminars were convened to discuss the history and current practices of philanthropy and the possibilities for U.S. assistance. A common thread of the presentations was the essential role that philanthropy plays in Muslim societies and its ability to harness tremendous wealth and human resources. The shared charitable obligation of all Muslims, however, is transposed into a rich spectrum of practice and belief that varies over time and space and is inherently dynamic. This study synthesizes analyses by the seminar participants and other leading scholars to identify opportunities and constraints for U.S. assistance. The recommendations that flow from these findings are presented for discussion and consideration, but they do not constitute official USAID or U.S. Government policy.

---

1 Quasi-governmental refers to organizations that depend upon government funding but act independently from the government. In the United States, the National Endowment for Democracy, the International Republican Institute, the National Democratic Institute, and the United States Institute of Peace are just a few examples. Europeans have similar foundations, including the Westminster Foundation in Great Britain and, in Germany, the Friedrich Ebert, Konrad Adenauer, Friedrich Naumann, Hanns Seidel, and Heinrich Boell foundations.

2 See the annex for a list of seminar participants.
Philanthropy binds Muslims to each other. In Muslim conceptions of faith and community, humans are linked to each other through their obligations to God.

Philanthropy in the Muslim World

Philanthropy is a central tenet of Islam, and many Muslims regard charity as a form of worship. It is one of the five pillars of the faith (along with prayer, belief in God and the Prophet Muhammad, fasting during Ramadan, and pilgrimage to Mecca). What is perhaps less well understood outside Muslim communities is the way in which philanthropy binds Muslims to each other. In Muslim conceptions of faith and community, humans are linked to each other through their obligations to God. A charitable act is therefore neither merely an act of faith nor merely an act of community. It is the building of community through faith, and the building of faith through the deepening of community.

This idea is further elaborated in the Islamic concept of takafful, or the responsibility of each Muslim for every other Muslim. Charity is thus as much an act of obligation as an act of piety.

Though no legal barriers to including non-Muslims as beneficiaries of the Muslim practice of charity have ever been established (Kuran 2001, 16), a distinction is made between types of charity and recipients. Obligatory charity (zakat) aids Muslims, while voluntary charity (sadaqa) may go to non-Muslims.

The emphasis on charity perhaps contributes to Islam’s emphasis on the idea of social justice, both as a societal ideal and as a government responsibility. There is no expectation of equality of opportunity, but Islam expects leaders to feed the hungry, heal the sick, and house the orphan and widow, and expects all Muslims—be they rich or poor—to contribute to such efforts.

Because these principles are familiar to non-Muslims, one might reasonably ask whether they are particular to Islam, shared by all religions, or simply a universal expression of the better side of human nature. After all, every religion appears to have some charitable component, and many secular individuals are just as charitable. As such, is a more general phenomenon masquerading as a particularistic one?

Without trying to settle this issue, the fact is that Muslim-majority societies view such impulses predominantly as religious, and they are manifested in predominantly religious ways. This means that these charitable impulses can be treated as religious phenomena, even if they are more universal in their essence. Indeed, doing so gives activities of this kind an authenticity and local
flavor that help ease their acceptance and dissemination.

Finally, because there is wide variation in the understanding and practice of Islam, what is under examination here is not one practice but many: from handing a loaf of bread to a beggar to putting money in a collection box to building a network of schools. How each person carries out and understands his or her acts of philanthropy will vary substantially, not only from one person to another but for the same individual from time to time.

**Structures of Philanthropy**

**Variations in Practice**

It is not surprising that an elaborate set of rules and institutions govern philanthropic work in Muslim communities, given philanthropy’s long history and central role in Muslim faith. Despite a widespread presumption within Muslim communities that Muslim practices have been consistent from time immemorial, those rules—like many aspects of Islam—have differed greatly over time and space. Hakan Yavuz of the University of Utah suggests that there are seven distinct zones of Islam: Arab, Iranian, Turkish, African, South Asian, Southeast Asian, and diaspora (or non-Muslim majority countries). Across these zones, the practice of Islam varies substantially.

One expression of this diversity is found in schools of jurisprudence. The rules governing religious charitable donations and obligations vary, depending on which of the four primary schools of Sunni jurisprudence are followed (Hanbali, Hanafi, Maliki, and Shafii) or which branch of Shi’a Islam. One’s obligation to such a school’s principles is generally by custom rather than fiat. In many countries, several different schools of jurisprudence may be in practice side-by-side, although one school tends to dominate. The literalist Hanbali school of jurisprudence is the dominant one in Saudi Arabia, for example, while the more flexible Hanafi school is more prevalent in Central and South Asia. Maliki Islam, closely tied to what were thought to be the practices of Madina, is prominent in North Africa, West Africa, and the Sudan. The Shafii school, with its emphasis on confirmed traditions of the Prophet and diminution of the role of the jurist’s personal judgment, dominates in Egypt, Iraq, and Southeast Asia.

There are also differences between Sunni and Shi’a jurisprudence and within Shi’a jurisprudence itself. The most significant differences between Sunni and Shi’i law have to do with spiritual and temporal leadership of the Muslim community, which was at the core of the Sunni-Shi’a split in the first Islamic century. Sunni schools of law are grounded in the rulings of imams and the legal compendia of early jurists, while the Shi’ite or Jafari school allows ayatollahs to serve as sources for law, sometimes breaking with precedent to address new issues. As such, many analysts regard Shi’ite law as the more dynamic and open to change.

Differences between schools are of sufficient practical importance that a Muslim visiting Saudi Arabia is likely to be asked the school of jurisprudence to which she or he adheres. What is considered “properly Islamic” in one context may not be considered so in another. For example, a ruling by a North African jurist of high qualifications may be considered nonbinding—or perhaps erroneous—by a Central Asian cleric. Broad claims that “Islam demands” one practice or outcome instead of another are unlikely to hold across all geographical areas. The closer one gets to the complexity of actual practice, the more local distinctions are likely to be manifest.

That said, one of the emerging tendencies in modern Islam is a trend toward homogenization and orthodoxy, one driven by a combination of communi-
cations technology, travel, and proselytizing efforts from the Arabian Peninsula. Some emerging religious leaders have regional or global audiences, and their proclamations on what is and is not Islamic extend far beyond their own cities or countries. The broader reach is assisted by the fact that schools of jurisprudence actually agree on roughly 80 percent of law. Differences tend to be found in details rather than in principle. For example, schools differ on the penance required for intentionally breaking the Ramadan fast.

The effects on philanthropy are potentially far-reaching. First, it is increasingly possible to establish philanthropic causes of truly regional scope. These can go far beyond telethons for Palestinians or Iraqis, a staple of Arab satellite television in the 1990s, and can command hundreds of millions of dollars in annual contributions. Second, practices of philanthropy are likely to become increasingly uniform as popular regional religious authorities (such as television cleric Yusuf Qaradawi or religious talk show host Amr Khalid) present views of “proper” Islam that delegitimize the imprint of local customs. A revolution in the structure of Islamic jurisprudence seems unlikely, however; the four major schools of Sunni legal interpretation show few signs of weakening in the face of increased communication.

In addition to individual giving, Islam has an elaborate pattern of institutional religious foundations called *waqf* (pl: *awqaf*). Foundations can be endowed by individuals, families, or institutions, and they often have income-producing activities attached. For example, rent from commercial stalls surrounding a mosque may help maintain it.

Not all *awqaf* have served strictly religious purposes, however. A study of Turkish *awqaf* founded in the eighteenth century showed that less than one-third were clearly religious while almost one-half provided secular services (Kuran 2001, 13). The religious linkage was also diluted in the nineteenth century, when non-Muslims were no longer prohibited from establishing *awqaf*. Although exceptions had been made for wealthy non-Muslims, the practice increased substantially when the prohibition was lifted (Kuran 2001, 15). The change not only increased the number of *awqaf* but may have magnified their function of protecting family wealth.

Awqaf are of two principal kinds. A *waqf khayri* furthers the public good by establishing hospitals and clinics, schools, baths, and other such institutions. A *waqf abli* resembles a family trust in the West; it serves as something like a tax shelter and mechanism for transmission of wealth from one generation to the next. Sometimes endowments are established by women to shield their wealth from their husbands and their husbands’ families. Government officials have also established *awqaf* in times of political instability as a way of protecting assets from confiscation should they fall from power.

It was thus perhaps inevitable that charitable institutions would come into conflict with increasingly powerful modern states. Not only did foundations shelter their incomes and assets from state control, but they provided social services, such as schools and clinics, that increasingly positioned them as competitors to modernizing states and their bureaucracies for public allegiance. This tension was common even where foundations were filling a gap left by the state’s inability to provide services. For example, during the Ottoman Empire, poverty may have been a public policy problem, but the state had few instruments to coopt charities or compel them to share the burden.

**Not only did foundations shelter their incomes and assets from state control, but they provided social services, such as schools and clinics, that increasingly put them at odds with modernizing states and their bureaucracies.**

In the early twentieth century, many states responded to the perceived competition by nationalizing *awqaf*, often establishing a ministry or office to administer their affairs in accordance with the local civil code and state interests. In so doing, they extended state control into what has come to be thought of in the West as the heart of civil society, eliminating a source of independence and potential political opposition.3 In

---

3 State encroachment into private spheres was not unique to the Muslim world, of course. In Western Europe, emerging states pursued different strategies to subordinate the church following the Thirty Years War.
**Waqf, Religion, and State**

No single relationship between religion, endowments, and state institutions has prevailed in Muslim-majority countries, although modern states have generally sought to exert control over the religious sector. That impulse has increased over time.

In Egypt, the government nationalized religious education in 1958 at al-Azhar University, the world's oldest university and Sunni Islam's foremost seat of learning, following a millennium of relative independence. Since 1961, the Egyptian president has appointed the head of al-Azhar and the mufti (or head jurist) in the country, replacing a pattern of clerical elections. Beginning in 1981, the Ministry of Awqaf began implementing a plan to bring every mosque and informal prayer circle under ministry control, giving the government assets and the ability to appoint employees, but also the responsibility of paying salaries. The government controls perhaps 60,000 of the 80,000 mosques in the country, and has aggressive plans to control the balance.

In Indonesia, the Ministry of Religion was established to oversee religious education, the publication of religious materials, the hajj (pilgrimage), and public celebration of holidays. During the last 20 years, government efforts to train clerics have been stepped up. The government manages ownership of waqf properties, funds mosques in the country, and has heightened efforts to oversee religious donations, sermons, and mosque activities. In the post-Suharto era, the ministry has attended more to administrative tasks rather than the ideological watchdog function it performed under the New Order. The ministry, one of the few not decentralized under the Regional Autonomy Law, still regulates all schools.

In Malaysia, each state has a separate Islamic council to administer zakat. Each council is responsible to its respective state government, but relies on the federal Islamic Religious Department for support. The Prime Minister’s Department also has an Islamic Affairs Division that acts as an administrative coordinator. The resultant model is a mix between local autonomy and centralized control.

In Uzbekistan, Czarist control followed by state-enforced secularism did away with most Islamic institutions. In post-Soviet Uzbekistan, institutions of local rule called mahallas are resurgent, and have been vested with neotraditional religious meaning. In the meantime, the Uzbek government has appropriated Islamic terms to give legitimacy to institutions that bear little resemblance to their orthodox Islamic counterparts.

Muslims in South Africa are an important minority in the country’s population. The bicentennial of the unbanning of Islam and religious freedom was commemorated in May 2004 with considerable fanfare. The National Awqaf Foundation of South Africa led the observances, underscoring the connection of South African Muslims to the whole umma, or Muslim community.

In Guinea, religious life is fairly decentralized. Most Guineans fulfill their charitable obligation by giving money, food, or livestock directly to needy people and/or to their local mosques. Nonetheless, the government has a ministerial-level secretary of state for religious affairs who has numerous responsibilities. These include managing donations made to Guinea by wealthier Muslim countries, assigning imams to mosques, helping to organize the hajj to Mecca, and informing the public about religious holidays and charitable obligations under the Koran.
the process, states brought under control substantial assets (sometimes as much as 15 percent of a state’s wealth), which could be directed toward supporting state interests.

**Formal Versus Informal Institutions**

Though the elaborate formal structures governing philanthropic giving in Muslim-majority societies may convey the impression that Muslims systematically favor formal institutions over informal ones, this is not the case. Individual philanthropic acts are far more likely to directly connect the giver and recipient than to be funneled through a formal institution. A 10-year study of philanthropy in Thailand, Philippines, Indonesia, and India shows that individuals are the main recipients of philanthropy, followed by religious organizations and other voluntary organizations (Baron 2003). Widespread distrust of formal, Western-style foundations reinforces this proclivity. Many in Muslim-majority societies reportedly see foundations and NGOs as businesses rather than philanthropic institutions. They are therefore inappropriate recipients of zakat. Philanthropic enterprises that enjoy credibility are those run by religious figures because they are presumed to be trustworthy. Such organizations allow one to fulfill the religious obligation with confidence that donations will be channeled to a worthy cause. Other Muslims are less concerned about the use of their donations, arguing that their responsibility ends with fulfillment of the obligation to give, and that foundations have to account for their use of funds.

**Objects of Philanthropy**

While the mechanisms of Islamic philanthropy may vary from region to region and time to time, recipients of philanthropy have been relatively consistent.

*Mosques:* Not surprisingly, the establishment of a mosque is a principal form of traditional philanthropy. In this, Muslim traditions bear a close relationship to those of medieval Christendom, when rulers and other wealthy patrons contributed heavily to the construction of houses of worship. While this practice is now less common in Christian countries, heads of state in the Muslim world (such as the late King Hassan II of Morocco) and religious adherents (such as those faithful to the late Ayatollah Khomeini of Iran) have supported the building of massive mosques that serve as living memorials. More modest efforts are also common. The frequency of Muslim prayer reinforces the desirability of a large number of widely dispersed mosques. Moreover, the physical requirements of a mosque are quite modest. These factors generate an ongoing need for mosques that the average Muslim can support through charitable giving.

In a city or town, Friday prayers tend to draw large crowds to the main mosque, which is also the center of community life and a focal point for political discussions. In addition, a mosque often provides a locus for basic services, such as the provision of healthcare, food, or clothing for those in need.

*Schools:* As in Western societies, schools in Muslim communities are frequent

---

**The Fethullah Gülen Movement: A Profile**

At a time when outsiders tend to regard most Islamic networks with suspicion, the Fethullah Gülen is seeking to establish itself as a voice of charity, knowledge, and moderation. The Turkish movement has its roots in Sufi, or mystical, Islam, and counts among its adherents an impressive array of Turkey’s intellectual elite.

Recruiting through personal contacts and operating largely through a series of study circles, Gülen’s followers seek to perfect themselves and their society through study, works, and personal probity. Through its efforts, the movement has established newspapers, television and radio stations, student dormitories, cultural centers, and publications.

Adherents have been especially active among Turkish communities in Europe and Turkic-speaking communities in Central Asia. Gülen’s followers have founded more than 200 schools from Tanzania to China, with most located in the former Soviet Union.

The movement has not escaped suspicion, however. While outwardly purporting middle-class values and comfort with the role of the Turkish military, some regard it as engaged in a long-term effort to infiltrate Turkish institutions and subvert the secular state. Supporters counter that its networks are self-correcting ones that promulgate liberalism and tolerance, and its followers have never been implicated in acts of violence.
recipients of philanthropic funds. In some cases, schools are intimately tied to mosques. One example is Cairo’s millennium-old al-Azhar Mosque, which is connected to a university that teaches religious and nonreligious subjects and is also linked to programs for younger people who are not yet in university. In other cases, schools supported by philanthropy are freestanding institutions; a school receiving Muslim charity is not necessarily a religious school. There are a wide variety of religious schools as well. The term madrassa, now connected in the Western public mind with extremist education, is merely the Arabic word for school.

_ Hospitals and Clinics:_ The provision of medical care has been a priority in Muslim communities since medieval times, and political or military leaders have often endowed hospitals in their names or in the names of their families. Some of the popular support for organizations such as the Muslim Brotherhood, Hamas, and Hezbollah is due to the fact that they operate modern, efficient, low-cost clinics in needy areas.

_ Support for the Poor, Women, and Orphans:_ Islam has a tradition of caring for women and orphans. Though Islam traditionally frowns upon adoption by nonrelatives, it has a well-developed tradition of caring for the disadvantaged. Many Muslims take pride in the fact that no one is hungry in their communities, even if prosperity remains out of reach for most.

_ Aid to Communities in Distress:_ The concept of _takafful_—that every Muslim is responsible for every other Muslim—extends to an international solidarity. Palestinian, Chechnyans, Bosnians, Kashmiris, and other Muslim communities under stress are thus popular recipients of charity. To outsiders, this can appear to be support for the “bloody borders of Islam,” where Muslim minorities (or near minorities) on the fringes of Muslim-majority areas are often in conflict with non-Muslim populations. Within the Muslim world, however, the problems of these communities reinforce a perception of Muslims under siege, and support for them remains a potent rallying cry.

_ Informal Activities:_ Muslim philanthropic activity is not limited to these formal practices. Some of the most developed and impressive activities of Muslim philanthropic groups that are far more informal have a great effect on peoples’ daily lives. Informal activities can be distinguished by their ad hoc and highly localized nature, considerable improvisation in the provision of services, and lack of permanent space.

In many cases, formal Muslim philanthropic groups carry out informal activities. One such activity is responding to natural disasters such as earthquakes and floods. Muslim charities have earned acclaim for their performance in such circumstances, often providing more rapid and effective responses than government agencies with the same tasks. Their quick provision of emergency aid to victims of the tsunami that hit Indonesia and Sri Lanka in December 2004 is a recent example.

Another informal activity is assisting with matchmaking and marriage arrangements. As the cost of marriage rises and youth unemployment increases, the need for assistance in finding a spouse and paying for a wedding becomes more acute. Many Muslim charities have leapt into the breach, not only connecting potential partners, but assisting with marriage costs and presiding over less costly weddings.

### Constraints on Philanthropic Activity

Philanthropic enterprises in Muslim communities face several constraints, only some of which are of their own making. The most important is state encroachment on their activities. The popular perception in many predominantly Muslim countries is that states have simultaneously failed to create just societies and blocked political change, thus increasing the potential political importance of the nonstate sector. In countries such as Egypt, nongovernmental actors note that while they enjoy freedom of speech, their freedom of action is highly constrained. Where juxtaposed against only partly successful governmental efforts, the delivery of more efficient or effective services by NGOs poses a political challenge that extant governments may be keen to derail. The consequent government encroachment on such activities can take many forms. One is the nationalization of _awqaf_ and other philanthropic institutions to bring them and their substantial assets under state control. In such cases, Muslim philanthropic institutions serve the interests of the state—or perhaps the state’s notion of what the interests of Muslim institutions should be.

A related form of state control is the state appropriation of legitimate reli-
When this happens, the government takes over religious institutions, or religious institutions remain intact but are brought under the control of state institutions. Either way, the state is the authority on what is officially legitimate from a religious perspective. Starting in the early twentieth century, many Middle Eastern states began appointing a mufti to act as the highest religious authority in the land (the title is derivative of the word fatwa, or religious edict). As noted earlier, the Egyptian state appoints the head of al-Azhar, the preeminent religious training institution in the country. A potential consequence can be to delegitimize religious institutions linked to the government, especially where the state itself is viewed as illegitimate. In such circumstances, radical views gain popularity as the only ones untainted by connection to the state.

A third form of state control is the determination of what forces can organize, for what purpose, and in what numbers. Such control is often exercised through local or state security forces or through the domestic intelligence apparatus of the state. The relative balance of power between the state intelligence apparatus and religious groups varies greatly from country to country, and can be hard to discern from outside. Similarly unclear is the extent to which orthodox religious groups enjoy support within the state apparatus. On the whole, states tend to give wider leeway to activities that appear devoid of political content. They also grant significantly wider berth to activities that do not involve known political opposition figures. Finally, many governments try to formalize informal activities to gain greater knowledge of and control over them.

Compared with restrictions placed on relationships between secular institutions and Western philanthropic or governmental groups, states have taken a relatively lax approach to the inflow of money to support religious institutions. They thus have a significant advantage over secular institutions and a far freer ambit for their activities. States have begun to revisit this issue because of the misuse of funds to support extremist groups, but religious charities are highly resistant to what they view as a part of a larger pattern of state encroachment on their prerogatives.

Policy and Programmatic Implications

Because philanthropic organizations manage substantial material and human resources and have significant institutional capacity—all of which are potential assets for development—the U.S. Government should consider more active engagement with this sector. Moreover, given the generally high public regard in which these organizations are held for being “clean” of corruption and serving the community well, their ability to promote development and reform should not be overlooked. Indeed, philanthropic activities in Muslim communities are at the nexus of political power, state prerogative, and social action. Furthermore, many philanthropic efforts dovetail with and, in some cases, replicate ongoing U.S. Government efforts in Muslim communities. Though limiting U.S. Government interaction to only secular institutions is possible, thinking creatively about working with Muslim religious institutions provides greater opportunities for more effective assistance.

Many philanthropic efforts dovetail with and, in some cases, replicate ongoing U.S. Government efforts in Muslim communities.

A fourth form of state control, also common in non-Muslim countries, is the introduction of government-organized NGOs. Such organizations fill the space in society for public groups engaged in positive social change, and they embrace such issues as poverty alleviation, education, and care for women and children. Often operating under a form of royal patronage or the equivalent, they are especially prevalent in a country such as Jordan. The groups represent a cooptation of issues and individuals under the penumbra of the state, making the emergence of non-state institutions harder to justify and accomplish. Because these NGOs are often elite institutions, they can appear to foreign funding organizations as the public face of nongovernmental activity in such countries, even if they are not bona fide NGOs.

The reputation that Muslim charities enjoy stands in sharp contrast to public views of their own governments in many countries. See Governance in the Muslim World, USAID, April 2005, for a more detailed discussion.
There are many obstacles to such engagement, however. The first challenge is to define a potential U.S. Government role in such activities. This is no simple task if philanthropy is essentially about a community of believers united through their obligations to God. The U.S. Constitution mandates the separation of church and state, setting parameters for governmental involvement with religious organizations. By contrast, Muslim societies seldom subscribe to a strict separation; even secular governments have learned that they cannot govern effectively without the legitimacy that Islam provides.

Legal limitations on the U.S. Government notwithstanding, American society may be best placed among developed nations to appreciate Muslim preferences to integrate faith into many aspects of public life. Survey data regularly show Americans to be the most religious among advanced, industrialized societies. Moreover, expressions of faith are included in prominent national symbols and government rituals. The Bush administration’s Faith-Based Initiative is a recent example of the U.S. Government expanding its support to religious organizations for their charitable works—similar to what is being proposed here for U.S. assistance in the Muslim world. Thus, the real obstacle may not reside in differences over the proper role for faith in public life, but rather in mistrust and limited understanding among the Muslim, Judaic, and Christian faithful.

A second obstacle is widespread suspicions of the U.S. Government. Many people in Muslim-majority societies view the United States as a malevolent power, not only indifferent to their suffering but actively abetting it through its support for their own oppressive governments and neighboring countries with hostile intent. Muslim organizations may not want to work with the U.S. Government or even private U.S.-based organizations. Overcoming these suspicions will be a slow and uncertain process, and only partly successful for the foreseeable future.

A third obstacle is the limitations on qualified partners because of the U.S. Government’s accounting and reporting requirements. Understandably, a relatively high threshold of transparency for organizations receiving U.S. Government funding is required to prevent public money from being squandered or misappropriated. But if such regulations effectively prevent the U.S. Government from working with all but small elite organizations in capital cities, they undercut several key U.S. policy objectives. The tradeoff between the need for accountability and achieving policy objectives needs to be made and acknowledged, rather than focusing on maximum accountability without regard for its programmatic effects.
Recommendations for Engagement

**Activities at the State Level**

Government-to-government interaction is one arena for engagement. A diplomatic agenda should work toward the following goals:

*Reduce constraints on informal partnerships:* Many governments have overly onerous restrictions on foreign government interaction with local NGOs. Such restrictions hinder international cooperation through religious channels in favor of activities that are easier to monitor and influence. In practice, local religious groups often maintain covert ties to underground, increasing the possibility of nefarious activity under the guise of philanthropic activity. The U.S. Government should work with recalcitrant governments to give philanthropic organizations and activities more freedom, in return for greater openness about funding sources and activity.

**Activities at the NGO Level**

Some of the most promising philanthropic activities occur in the nongovernmental sector, although, with the exception of religious charities, such institutions remain weak and diffuse. The U.S. Government could help strengthen a broader range of NGOs in several ways:

*Sponsor regional discussions on NGO success stories:* NGO leaders could learn from best practices and successes in other countries. If such programs had primarily a regional—rather than a U.S.—face, they could come across as authentic grassroots success stories.

*Provide matching funds:* When NGOs get much of their money from overseas, they fail to develop roots in their own societies. Providing matching funds and challenge grants will drive newer NGOs toward fundraising in their own societies, giving them a sense of legitimacy and authenticity that is now lacking.

*Build autonomy for charities while boosting transparency:* The secrecy that some philanthropic activities seek drives them overseas, but Western donors are prohibited from interacting with them. To the extent these groups are effective in delivering services to broad publics, they represent an alternative to a formal partnership with Western countries. The U.S. Government should seek broader freedom for interaction with a wide variety of groups on a range of issues.

The U.S. Government should work with recalcitrant governments to give philanthropic organizations and activities more freedom, in return for greater openness about funding sources and activity.
Establish NGO service centers: Expanding the flexibility of U.S. Government entities serving in a particular country to fund local organizations and activities that have significant indigenous support will help improve the effectiveness and sustainability of programs in host countries.

Support informal initiatives: Some of the most promising, creative, and entrepreneurial work in religious communities is informal. U.S. policy should seek to discover and reward such work.

Activities with Clerics and Religious Associations

In the Muslim world, religious leaders are opinion leaders. Clerics’ views, therefore, influence the success of U.S. efforts to engage politically, diplomatically, and programmatically. Engagement with clerics could be fostered in the following ways:

Increase efforts to engage with clerics in-country: Most political officers are trained to work with political rather than religious figures. Greater outreach to clerics could help inform posts of key aspects of public attitudes and shape policies and programs that better conform to local realities. USAID outreach to clerics in Bangladesh and to Muslim NGOs in Indonesia are examples worth emulating.

Work with Muslim charities to improve governance: Provide support to mainstream Muslim charities in exchange for greater transparency and work with them to improve governance.

Promote tours among like-minded clerics and support regional intrareligious dialogue: The loudest voices in public religious discourse are often the most extreme, and they enjoy many channels for the exchange of ideas. Opportunities for mainstream religious voices to discuss public policy issues would help leaven public discourse and provide a forum for moderate ideas.

Arrange tours by U.S. NGOs to explain faith-based charitable work in the United States: A successful U.S. tour would expose interested parties to new modes of state-civil society interaction and highlight ways in which state and non-state activities can coexist, rather than compete. At the same time, such efforts would help ameliorate negative views of the United States, which is perceived by many religiously oriented people in the Middle East to be atheistic and hostile toward religion.
Conclusion

Communities in Muslim-majority states are going through historical processes of contestation. States are struggling to maintain control in the face of broad processes of urbanization, modernization, and the spread of communications technologies. The latter is especially important in the Middle East, where a common Arabic language can help establish transnational ties among the region’s 22 countries.

Effective U.S. engagement in Muslim societies will require new partnerships. In this dynamic environment, constructive relations with certain elements of the religious community would be helpful. Many significant nonstate actors have a religious orientation, and many of their activities are primarily philanthropic. Religious institutions have a prominent role in demarcating what is permissible and desirable in local contexts. Successful U.S. partnerships with such institutions are essential to help build trust and accelerate development.

Finally, effective partnerships would lend support to U.S. objectives of democratization and development in the Muslim world. They could bolster responsibility and transparency among religious philanthropic organizations and help them gain greater autonomy from state authorities that are often judged to be overbearing, if not repressive. In turn, increased autonomy for foundations and liberalization of laws governing them could unleash a potent force for economic and social development.


Kuran, Timur. 1986. The economic system in contemporary Islamic thought:


Annex

Seminar participants
Jon Alterman
Director, Middle East Studies Program,
Center for Strategic and International Studies

Mumtaz Ahmed
Professor, Hampton University

Mohammed Ayoub
Professor, Temple University

Don Emmerson
Professor, Stanford University

Shireen Hunter
Director, Islam Program,
Center for Strategic and International Studies

Mustafa Kamal Pasha
Professor, American University

Amira Sonbol
Professor, Georgetown University

Tamara Sonn
Professor, College of William and Mary

Quintan Wiktorowicz
Professor, Rhodes College

Hakan Yavuz
Professor, University of Utah
The U.S. Agency for International Development (USAID) is an independent federal agency that receives overall foreign policy guidance from the Secretary of State. For more than 40 years, USAID has been the principal U.S. agency to extend assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms.

USAID supports long-term and equitable economic growth and advances U.S. foreign policy objectives by supporting:

- economic growth, agriculture, and trade
- health
- democracy, conflict prevention, and humanitarian assistance

The Agency’s strength is its field offices located in four regions of the world:

- Sub-Saharan Africa
- Asia and the Near East
- Latin America and the Caribbean
- Europe and Eurasia