

Emerging Trends in Social Justice Philanthropy in Egypt

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Executive Summary

This paper explores the emerging trends in social justice philanthropy in Egypt at a time of evolving perceptions and practices of giving. To provide context and comparison, the paper reviews the development of social justice within the field of philanthropy in the United States. The heart of the analysis is an exploration of how social justice concepts and practices are expressed within institutional philanthropy in Egypt, particularly the emergence of funding streams for social justice-related programs and causes. The paper is based on interviews conducted in 2009 with forty-one individuals representing twenty philanthropic institutions and twelve nongovernmental and other donor organizations.

Social justice philanthropy in the United States evolved slowly over the first seventy years of the twentieth century and rapidly expanded during the last thirty-five years to include the development of alternative philanthropic institutions, the incorporation of social justice ideas back into large, mainstream foundations and the emergence of new collaborative practices by professionals across a range of institutions within the sector. Social justice philanthropy has grown from a loosely defined set of values to a sector accounting for twelve percent of all of the grants made in the United States.

In Egypt, the philanthropic sector has expanded recently beyond the range of charitable practices which characterized its Christian and Muslim heritage. Diverse institutional forms are emerging – corporate, family, operating, partners, religious and community-based are among those noted in a recent study.¹ Despite a long history of institutionalized giving and a high level of individual charity deeply rooted in religious values and practice, the concept of ‘social justice’ has a plethora of meanings and is only rarely applied to describe philanthropic activity. There is no commonly agreed upon definition of social justice philanthropy, and activities that might carry this label elsewhere are conducted using other Arabic rubrics. Thus, as a relatively new branch of giving, it is wrestling with core questions of how to structure philanthropic support, what types of organizations or programs to support and how to operate effectively within the complex legal landscape.

The interviewees shared their thoughts on a number of key issues: the value of institutionalizing charitable giving, the desire on the part of new foundations to have a measurable impact, frustration at the state of the NGO sector, the high level of distrust of NGOs as vehicles for social change, the difficulty of operating within the legal environment, the distinction between philanthropy and development, and the need of the professional staff to have greater access to professional development and networking opportunities.

The current dynamism in the field of philanthropy in Egypt has characteristics that lend themselves well to optimism for the emergence of social justice philanthropy. The interviews reveal a high degree of experimentation and creativity, resulting in a gradual movement from charity to strategic philanthropy -- an essential step towards looking at the root causes of social concerns and developing ambitious approaches to addressing them. The motivation of professional staff and their willingness to work directly with potential grant recipients to design and implement projects is a positive trend towards closer collaboration with people working

directly in the field. This early inclusion of practitioners into the development of grantmaking strategies should be cultivated and translated into more levels of the grantmaking process. Moreover, the commitment of the general population to contribute *zakat* (obligatory Muslim charitable giving) to social safety net concerns is an incredible national asset. Foundations should encourage the development of a more diverse charitable infrastructure with the capacity to direct those donations where they are most needed, thereby freeing foundations to support advocacy and social change work that will address the root causes of injustice.

The interviews revealed that the greatest barrier to expanding the effectiveness of NGOs and diversifying the philanthropic sector are the restrictive legal and political environments. Foundations must begin to identify opportunities to convene as a sector, develop an analysis of how to create greater openings for reform and establish a higher threshold for taking risks. Philanthropy in Egypt should avoid becoming like some international aid organizations in their tendency to focus solely on quantities of aid: the number of people fed or the number of schools built. Instead, foundations have a critical role to play in leveraging change in government and aid investments; this can be done by incubating innovative projects and investing in issues that are too risky or overlooked by charity, aid and the government. Local philanthropic institutions can be the quiet support for courageous change agents by publicizing and promoting the philanthropic sector, convening and strategizing with peers, taking more risks, working to loosen restriction on NGOs and foundations and actively encouraging further growth in both individual and institutional giving.

Research Design

The findings in this paper are based on forty-one interviews conducted between March and September 2009. A majority of the interviews were completed in Cairo in April and May of 2009. The average interview lasted one hour and they were all recorded and transcribed. The interviews include representatives from twenty philanthropic institutions and twelve non-governmental and other resource organizations. Twenty-five of the interviews were with individuals working in Egypt, one based in Lebanon, one in Palestine and one in Jordan. Five of the interviews were with individuals in the European Union and the remaining eight interviews were with individuals in the United States. Twelve of the philanthropic institutions are based in Cairo and three of the philanthropic institutions are located Lebanon, Palestine and Jordan respectively. Six of the philanthropic institutions are based in United States with an interest in philanthropic development in the region; one is in London and one in Brussels. Ten of the non-governmental and resource organizations are based in Cairo, one in Brussels and one in San Francisco. The interviews were complemented by additional desk research. Given the sample size and the relatively small philanthropic sector in Egypt, the text does not attribute individual interview subjects with the interview passages used throughout the paper. Identifying characteristics of a grantmaking program, foundation or NGO have been removed where required to maintain confidentiality. A complete list of individuals, philanthropic institutions and non-governmental and resource organizations is contained in Appendix A.

About the Author

Molly Schultz Hafid works as a Program Officer at the Unitarian Universalist Veatch Program at Shelter Rock, where she is responsible for the Democratic Participation, Civil and Constitutional Rights and Community Organizing program areas. Prior to the Veatch Program, she worked as the Director of Grantmaking Programs at a progressive social justice foundation committed to combating the root causes of economic and social injustice. She managed a portfolio that included grantmaking to community organizing and advocacy groups, redevelopment and recovery grants in the Gulf Coast region (following Hurricanes Katrina and Rita), the Seasons Fund for Social Transformation (a Ford Foundation initiative) and management of the individual donor-advised fund program. Ms. Hafid has also worked as a Program Manager of Strategic Partnerships at a philanthropic affinity group and as the Acting Deputy Director of a progressive foundation in New York City. She has held positions as a director, grant-maker and development professional for nonprofit organizations in New York City, San Francisco, Chicago, Vermont and Ohio.

Ms. Hafid serves on the boards of several philanthropic and nonprofit organizations including the Neighborhood Funders Group and the Progressive Technology Project. She is also the co-chair of the Working Group on Labor and Community and an active member of the Social Justice Infrastructure Funders, the Funders Committee on Civic Participation, Grantmakers Concerned with Immigrants and Refugees and Philanthropy New York. Ms. Hafid has presented at professional conferences including the Council on Foundations, Neighborhood Funders Group and Interfaith Funders and been invited to be a panelist and guest lecturer at New York University, the New School for Social Research and the City University of New York Graduate Center on topics related to social justice philanthropy.

Ms. Hafid has an undergraduate degree in Anthropology and Literature from Antioch College in Ohio and a Masters of Public Administration with a specialization in International Nonprofit Management from the Robert F. Wagner Graduate School of Public Service at New York University. Ms. Hafid's graduate thesis was *The Role of Charitable Capital Flows in Building Civil Society in the Middle East and North Africa*. This research paper builds on that research and was completed as part of a research fellowship at the John D. Gerhart Center on Philanthropy and Civic Engagement at the American University in Cairo.

Social Justice Philanthropy: A Working Definition

Social justice philanthropy has deep roots in many places but emerged as an institutional commitment under that label in the United States over the last thirty-five years. It combines liberal values of participation, pluralism and access with a commitment to changing the underlying structural forms of inequality in society. Foundations practicing social justice philanthropy believe “there are a set of overarching, progressive principles that must be deeply and consciously held by the majority of the public for our ultimate vision for social and economic justice to be realized... That vision includes participatory democracy, an economy that is more equitable with robust private and public sectors, and a public consciousness that values inclusion and cultural pluralism. This vision can only be realized when the public embraces the values of interdependence, mutual support, pluralism and equality and can link those values to specific market and policy designs... policy changes are vital and concrete steps forward, but... achieving deep, profound social change requires more than just policy reform. A shift in values is the long-term goal.”²

In 2009, the Foundation Center, Independent Sector and the National Committee for Responsive Philanthropy (NCRP) summarized these values into the most current definition of social justice philanthropy as: *the granting of philanthropic contributions to nonprofit organizations based in the United States and other countries that work for structural change in order to increase the opportunity for those who are the least well off politically, economically, and socially.*³

The Evolution of Social Justice Philanthropy in the U.S.

Early American Foundations

When considering the evolution of the concept of social justice philanthropy in the United States, we have to look back to beginning of the twentieth century and the origins of some of the oldest and largest foundations in America. Foundations established before 1950 account for the largest share of current social justice funding -- nearly 44 percent of grant dollars. The Ford Foundation, W.K. Kellogg Foundation, Rockefeller Foundation, Robert Wood Johnson Foundation and Annie E. Casey Foundation each made over 50 million dollars in social-justice related grants in the last year reported. Foundations established in the 1950s and 1960s provided 16 percent of the social justice grant dollars, while those established in the 1970s and 1980s provided just 11.2 percent of current social justice grant dollars. Since 1990, 233 foundations that make social justice-related grants have been established, the largest of which are the Bill & Melinda Gates Foundation, the California Endowment and the Open Society Institute, representing 26.8 percent of social justice grant dollars.⁴

Even earlier, however, the notion of alleviating social ills in order to strengthen national character and encourage active citizenship had occupied the minds of early American philanthropic institutions from shortly after the Civil War to the first half of the 20th Century.⁵ The ethos of these foundations, particularly the Carnegie Foundation and the Rockefeller Foundation, was deeply informed by the entrepreneurial spirit and corporate background of the donors. The involvement of Andrew Carnegie and John D. Rockefeller in the development of their philanthropic institutions coincided with the scaling back of their involvement in the day-

to-day operations of their businesses. Among the many ideas animating the creators of early American foundations, a strong underlying motivation was the belief that there was a difference between charity to those in need and using wealth to solve social problems.⁶ These early American foundations were established in perpetuity as general purpose foundations in recognition that the vast wealth these individuals had accumulated should be used for social good and that there would be social problems in the future that they could not predict.¹⁷ The early advisors to these new philanthropic institutions were the trusted business associates and “practical men of affairs” who understood the world of business. As the scale of their philanthropic endeavors expanded, so did their need to reach out to advisors with academic backgrounds who would educate them and their business colleagues on the areas in which they were trying to have an impact.⁸

The evolution of the American foundation “has to be understood, not simply according to what might have been intended at its creation, but also in terms of what it has evolved into. It is the stages of foundation development that require further investigation: from the original management of philanthropy by donors and their appointed surrogates, to the management of foundations by trustees initially selected by the donors and then by one another, delegating part of the management to staff, to the later development of professional foundation management.”⁹ Foundations established in the first part of the twentieth century shared a desire to engage government and shape public policy as the more efficient way to create lasting change.¹⁰ This marked a departure from previous charitable norm because “the new general purpose foundations did not see their role as providing assistance merely to ameliorate the plight of needy individuals. In looking for the root causes of social and economic distress and in conceiving of their philanthropy as ‘scientific,’ they adopted new methods, especially in their interactions with government.”¹¹

The Expansion of Expertise and Community Engagement

In the early forties, the Ford Foundation joined the growing American philanthropic sector and by 1956 it announced plans to give away over \$500 million dollars over 18 months; more than the Rockefeller and Carnegie foundations grantmaking budgets combined.¹² The Ford Foundation described their strategy to give away such a large sum as follows: “The success of any program will not depend solely on the urgency of the problem we seek to solve, or on the wisdom of the program’s general approach, but upon finding the right projects headed by the right men [sic] at the times that offer the most strategic opportunities.”¹³ This signaled the beginning of a perceptible shift in the funding strategies of the philanthropic community. They had previously devoted significant resources to identifying a problem through funding research and policy development followed by grants to organizations to work on those issues. This coincided with an increased role of the government in providing the basic social services they had helped to establish (libraries, public housing, schools etc...). The philanthropic community, led by the Ford Foundation, started to support model projects that sought to move beyond one social concern, such as education, and seek to address a wider range of factors contributing to social inequality. It was during the late-fifties and early sixties that foundations began to

ⁱ Much has also been written about the influence of the 1935 Federal tax laws and the Socialist threat at the turn of the century. These forces are often cited as creating incentives for the large industrialists to establish foundations with their vast wealth in an effort to address the needs of the poor and working-class. A full examination of these topics is beyond the scope of this paper.

consider perspectives from outside of their professional staff and academic experts. There began to emerge “a strong conviction that minority and impoverished communities should have a way of expressing their views in the making of policy. The phrase ‘maximum feasible participation’ entered the vocabulary as the programs sought to engage local communities in the policymaking and planning activities.”¹⁴

The origin of the movement for social justice philanthropy was in this conscious shift away from simply providing material goods towards engaging community members in developing and implementing solutions to social concerns. The tacit acknowledgement of the legitimacy of community participation in public policy interventions combined with the large-scale social movements of the 1960s and early 1970s opened up the previously insulated and largely elite philanthropic sector to challenge and debate from some of the earliest of advocates for social justice philanthropy. By 1976, the National Committee for Responsive Philanthropy was founded with the mission to “promote philanthropy that serves the public good, is responsive to people and communities with the least wealth and opportunity, and is held accountable to the highest standards of integrity and openness.”¹⁵ Shortly thereafter, in 1979, the Funding Exchange was established, marking the beginning of institutionalized social justice philanthropy.

The Funding Exchange is a national membership organization of publicly supported foundations established after five foundations around the country started experimenting with community-based philanthropy. The model they developed was a partnership between donors and community members. It was a significant departure from the donors, trustees, advisors and experts prominent in early philanthropic institutions. The vision from the start was to emphasize the value of community expertise and to support organizations led by and for the people most impacted by the social concerns in their community. The main innovation was the development of the Community Funding Board model whereby donors would contribute support which was awarded by a “community-controlled” allocation process. One of the early supporters of this model at the Liberty Hill Foundation noted that “many of the [organizations they were supporting] had just barely gotten their 501(c)(3) status. They were meeting in someone’s living room...yet these [community funding] board members seemed to have an uncanny ability to discern which of these humble enterprises would become high-impact initiatives. The injections of \$500 to \$3000 grants made a tremendous difference to these tiny organizations, many of which had never received monies before.”¹⁶ One important note for this model of grantmaking is that from the very beginning the foundations developed a conflict-of-interest policy for their board members who are required to disclose their relationship with an applicant and leave the room during the deliberation over that grant.

The first of Funding Exchange foundations started in 1974 and the Funding Exchange network now has 16 member foundations around the country. The total annual grantmaking of the network is relatively small, around 15 million dollars, but the value of these foundations is not in the total dollar amount allocated but rather in the role they play in identifying innovative, community-initiated projects. The use of community experts, through Community Funding Boards, ensures the programs funded have a higher likelihood of being successful because they accurately reflect the needs and aspirations of the community. Many of the organizations who have been selected through the Community Funding Board are able to take a modest initial investment and grow in their size and influence. This allows for city, state and national policy

debates to be enriched by community expertise which results in more efficient and lasting public policy solutions.

In addition to the Funding Exchange, the late seventies, 1980s and early 1990s saw an explosion of new philanthropic institutions focused on social justice philanthropy. The Ms. Foundation for Women, the 21st Century Fund (for African Americans), the Peace Development Fund and the Tides Foundation, are a few of the largest. By the late 1990s and early 2000s, the concept of social justice philanthropy began to reintegrate back into the early American foundations as well as becoming a touchstone for new, large foundations. For example, the 2009 Foundation Center report on Social Justice Philanthropy recounts how the Atlantic Philanthropies “recently recast its longstanding mission of fostering lasting changes in the lives of disadvantaged and vulnerable people into what its president Gara LaMarche calls a vision of social justice that pays ‘particular attention to people and groups who are systematically disadvantaged by social and economic barriers that result in injustice and inequality.’ The Bill & Melinda Gates Foundation, the largest foundation in the U.S. believes strongly that ‘all lives have equal value,’ but does not frequently use the term ‘social justice’ to describe their work.”¹⁷

Social Justice Philanthropy Today: A U.S. Snapshot

American private philanthropy has grown from a few individual fortunes seeking to address social problems to a modern sector of over 75,000 foundations giving an estimated 45.6 billion dollars annually in the space of a century.¹⁸ Prior to 2002, there was no systematic reporting on the scale of social justice philanthropy. The exact number of “social justice” funders is difficult to estimate. What is known is that the field of social justice philanthropy is on the rise in the US, although it is still a tiny percentage of all philanthropic giving. The Foundation Center reports that “social justice-related giving rose nearly 31 percent in total dollars between 2002 and 2006, surpassing the roughly 20 percent increases in overall foundation giving. Actual grant dollars totaled 2.3 billion in the latest year, up from roughly 1.9 billion. As a result, social justice-related funding accounted for 12 percent of overall grant dollars in 2006, compared to 11 percent in 2002.”¹⁹

Three organizations, the Bill and Melinda Gates Foundation, Ford Foundation and W.K. Kellogg provided over one-third of all social justice grants or 1.5 billion out of 2.3 billion allocated in 2006; 21 of the top 25 social justice grantmakers were independent (including family foundations); corporate foundations provided 8.8 percent of social justice-related grant dollars; and, community foundations accounted for just over 5 percent of grant dollars for social justice grantmaking.²⁰ Over 25 percent of social justice giving explicitly supports public policy research and reform. Social justice funders were almost twice as likely as their peers to make international grants. International social justice support more than doubled between 2002 and 2006.²¹

This abbreviated history illustrates how philanthropy in the U.S. has grown from a few large endowments to a diverse sector with many models for philanthropic giving. The concept of social justice philanthropy has also evolved from “maximum feasible participation” to “community-controlled” grantmaking for greater equity, in a sector where both large and small foundation are making social justice-related grants totaling 2.3 billion dollars or 12 percent of overall grantmaking.

The Evolution of Social Justice Philanthropy in Egypt

Egypt's long tradition of individual giving and widespread religious endowment system present a very different context in which contemporary social justice philanthropy is emerging. However, there are several shared traits between American philanthropy and the philanthropic sector in Egypt. These include the high level of involvement by the founding donors, large fortunes accumulated by successful entrepreneurs, an interest in cost efficient models which can be replicated and the desire to have an impact on large social concerns. Additionally, the early American philanthropists were often men of faith. For these early philanthropist, however, the motivation to give was less of a religious mandate and more in response to the political pressure they faced (due to their unprecedented accumulation of wealth) that encouraged them to establish charitable foundations.

Egypt's private philanthropic sector was in a period of decline during the 50 years of strong state institutions after the 1952 revolution. New openings for private enterprise since the 1970s have slowly created an environment conducive to wealth formation and a renewed interest in civil society and philanthropy. This has led to the development of a remarkably diverse set of foundation-like institutions over the last ten years – corporate, family, operating, Shila/partners, religious and community-based. This relatively young sector has both religious and secular impulses, drawing on the long history of charitable endowments and a contemporary appetite for innovation. The sector is growing despite challenging legal and political limitations placed on both NGOs and foundations. It is in the innovation of philanthropic practices that Egyptian foundations are most likely to identify openings for a more expansive discourse on the social, political and economic reforms required to address the structural causes of Egypt's most intractable social concerns.

Philanthropy in Egypt

The John D. Gerhart Center on Philanthropy and Civic Engagement at the American University in Cairo uses the following working definition of philanthropic 'best practice': *the institutionalized pooling and distribution of private resources with the goal of building the capacity, sustainable financing, and expertise for long-term social benefit.*²² Much has been written on the forms of charitable giving for ameliorating immediate needs, so it will not be discussed in great detail. In general, most scholars define *zakat* and *sadaqa* as the core types of Muslim charitable giving and the *waqf* as the institutional form historically associated with charitable giving in Muslim countries.

- Zakat: the third pillar of Islam, the giving of wealth required of all believers. Often translated as 'alms' or 'charitable giving.'
- Sadaqa: 'benevolence' connoting voluntary charitable giving and beneficence of all types. It differs from zakat which is obligatory.
- Waqf (pl. awaqf): Literally to stop, confine, isolate, or preserve in perpetuity certain revenue or property for religious or philanthropic purposes. One of the oldest examples of an endowment.²³
- Ushur or tithing is the comparable concept of giving that is incumbent on Egyptian Christians.

It is estimated that Egyptians give more than 5.5 billion Egyptian Pounds (one billion US dollars) in *zakat* each year, by far the primary form of charitable giving.²⁴ Aside from the historic *awaqf* properties managed by the government, there are also over 400 foundations registered within the philanthropic sector in Egypt.²⁵ Detailed examples of these foundations and their different styles of grantmaking are profiled in the book *From Charity to Social Change: Trends In Arab Philanthropy*. This paper will focus across these different forms of institutions to identify the ways in which the concept of social justice is, and is not, taking root within the philanthropic sector in Egypt.

Definitions of Social Justice

There is no single definition of social justice within the literature on charity and Islam. Throughout the region, including Egypt, the concept is understood to be core to Islamic teachings:ⁱⁱ

Islam, a religion of peace through the submission to the will and laws of God, advocates the establishment of social justice in order to achieve peace. The Qur'an does not specify the basic feature of social justice, but outlines the purpose and objectives of human life and human beings, interrelationships and relationship to God. ...it includes interconnected divine obligations guiding the individual, social, and public lives of Muslims, mutual obligation of commercial and social contracts, treaty-based obligations as citizens of states, and tacit obligations living in a civil society. These obligations are the basis of human relationships in Islam.²⁶

Several other resources refer to the fair and equitable distribution of resources as essential to ensuring human dignity. For example:

- Social justice includes fair access to social goods and institutions and the protection of universal human rights norms (civil and political as well as economic, social and cultural rights) without any discrimination on the grounds such as religion, sex or gender, race or ethnicity.²⁷
- Social Justice...refers to a culturally legitimated normative orientation towards what is considered a fair distribution of wealth in society.²⁸
- Social justice...is understood and defined as the existence of opportunities granted to the most marginalized, least well-off and disadvantaged groups through establishing structural change policies and not simply top-down assistance from the rich to the poor. It should accordingly indicate equal and fair distribution of opportunities that allows for social mobility.²⁹

ⁱⁱ The term 'social justice' is also connected to Nasser's program to redistribute land and services which initially included building popular participation through local organizations throughout the country. These largely became statist vehicles for supporting Nasser's political agenda, thus failing to be sustained as "social justice" organizations. The historical use of the term during the Nassar era and the more recent rise in the use of the word justice in the name of political parties and Islamist organizations makes narrowing a definition of social justice exceedingly difficult. For these reasons, the discussion here focuses largely on broad religious concepts to create a starting framework to define social justice in relationship to philanthropic giving.

The Ford Foundation supports research and capacity-building around social justice philanthropy world-wide. In a survey the Foundation supported to measure attitudes of Egyptians around philanthropy, it was found that 83.8 percent felt that philanthropy can achieve social justice. Additional in-depth interviews determined that people were referring to support for development projects and not simply charity. The respondents “stressed the need to provide equal opportunities, the need for everyone to get his/her rights, and that social justice must be put not only on the philanthropic agenda, but on the country’s national plan.”³⁰ The survey also found a high correlation between social justice as a concept and Islam as a religion.³¹ A popular notion is that the “quality of charity is more important than the quantity.” And that, in order to “achieve righteousness people have to be able to give the thing one loves most to charity (3:92)...If a person or community achieve [sic] this stage there cannot be any social injustice.”³² Therefore, the concept of social justice philanthropy in Islam is both about how much ones gives and to whom as it is about the way in which it is given. Within this context I propose the following working definition of social justice philanthropy:

Social justice philanthropy seeks to create balance in human relationships through the institutionalized pooling of private resources which must be distributed in a manner which maximizes human dignity, removes barriers to self-sufficiency and creates structural changes that address the needs of the most marginalized communities and the least well-off individuals.

Defining Need

The fair and equitable distribution of resources requires institutions to prioritize giving in the places where there is the greatest need. Islam mandates that zakat be used “for the orphans, for the poor, and for the traveler, lest it become something that circulates among the rich among you.”³³ The eight categories of people who are entitled to receive zakat include: the poor, the needy/impoverished, zakat collectors (people who administer zakat), people who need to strengthen their faith or be made more compassionate to Islam, the enslaved (which has come to include those imprisoned who cannot afford to pay the fines imposed on them), overburdened debtors, people following the cause of Allah and travelers who are away from their homes and need money to return.³⁴ In recent years, there has been active debate over how to interpret this mandate in the modern environment and if it is possible to broaden the definition of who can benefit from zakat. For example, the category of ‘those engaged in the management of alms’ could apply to the development of modern philanthropic organizations; ‘freeing debtors’ could be used to support microfinance projects; entitlement of the wayfarer suggests a freedom of movement without discrimination and help for modern refugees. These interpretations are vulnerable in some circles to being labeled as ‘Western cultural imperialism’,³⁵ or as emphasizing “secular or man-made norms...which should not be allowed to override Shari’s principles that are ‘divinely ordained.’”³⁶ The result is that the more recent interpretations of zakat have not by and large made their way into the emerging discourse on the development of philanthropic institutions.³⁷

In Egypt, the majority of charitable support is still allocated directly to the traditional recipients of zakat by individuals, and not philanthropic institutions. The majority of Egyptians in a recent survey, 70.9 percent, prioritize charitable giving directly to help people close to them, including family and friends; only 26.6 percent would consider creating an endowment and 24 percent

would consider creating a charitable project.³⁸ Of those who would consider establishing a waqf or charitable endowment, the reasons included religious sanctions which will continue even after the donor dies (34.9), to spread Islamic teaching (26.2); reflect self-satisfaction (22.3), reflect a sense of social responsibility (11.6), and increase social status (4.8).³⁹ Of those surveyed, only 1.9 percent of people have ever established a *waqf*, an unfortunate reversal of centuries of charitable endowments.⁴⁰

The individual impulse to give is strong and the notion that it can and should be used as part of a broader pursuit of social justice is a central rationale. Many questions remain when looking to understand how these individual values will translate into development of philanthropic institutions in Egypt. How will the relatively new sector of foundations innovate within these longstanding philanthropic practices? What practices will cultivate the structural changes needed to address the most marginalized communities and least well-off individuals? What partnerships are possible between philanthropic institutions and across government, international aid, and private sectors? To address these questions, this paper will briefly return to the current grantmaking practices most common among social justice foundations in the U.S., followed by an in-depth look at the emerging trends in the Egyptian sector.

Current Practices and Challenges: United States

Go Big vs. Let a Thousand Flowers Bloom

The evolution from charity to social change requires foundations to slowly shift their focus from individual needs to changing policies and transforming institutions. Many social justice funders believe this is only possible by supporting organizations that:

- mobilize individuals around a vision of a better future;
- communicate a clear set of social values and beliefs;
- advocate for a more equal distribution of resources in society;
- cross social, political, cultural and religious differences to promote constructive change;
- challenge social inequalities by tackling root causes through institutional change; and,
- build community self-sufficiency by creating access to resources and opportunities.⁴¹

While there tends to be agreement on these core characteristics of social change organizations, there are still widely varying interpretations of how to best support them. At one end of the spectrum, the Bill & Melinda Gates Foundation, the Ford Foundation and W.K. Kellogg Foundation account for more than one-third of all social justice-related grants. The top 25 social justice funders account for more than two-thirds of all social justice-related grants. This is part of the reason why none of the 25 largest social justice grants, ranging in size from 50 million dollars to 6.5 million dollars, went directly to community-based organizations.⁴² Rather, they were allocated to national policy organizations, universities and nonprofit intermediaries. In contrast, grants for community organizingⁱⁱⁱ which embody many of the above characteristics,

ⁱⁱⁱ Community Organizing is defined by Korten and Fine, in Appendix A of their book *Change Philanthropy*, as “the process of building an increasingly broad-based, democratic organization typically rooted in disenfranchised communities, and bringing that power and collective voice to bear on the issues that affect those communities by engaging with relevant decision makers. Commonly, the goal is to build large, well-disciplined organization with membership, leadership, knowledge, vision, power, and capacity to make increasingly significant gains on vital

totaled only 73 million or 3.2 percent of social justice-related grantmaking.⁴³ Social justice philanthropy has experienced an upward distortion toward large grants (over five million dollars) directed to national organizations advocating on behalf of social, political and economic reforms that may, or may not, directly benefit disenfranchised communities. On the other side of the equation, half of the social justice grants made were under \$50,000, and the number of very large grants (over 5 million dollars) has doubled from 19 to 40; and these grants make up more than 20% of all social justice-related grantmaking.⁴⁴

It would be a serious oversight not to mention another approach towards grantmaking that occasionally overlaps with social justice philanthropy but it is still relatively new. The emerging trend of supporting “social entrepreneurs” and “social enterprises” has become a popular choice among Corporate Philanthropy, Corporate Social Responsibility (CSR) programs and Venture Philanthropy.⁴⁵ According to the Foundation Center, corporate foundations only account for 8.8 percent of social justice-related grants.⁴⁶ Separate figures on the value of corporate social responsibility and venture philanthropy or percentage of this support dedicated to social justice are not currently available. While a full review of the literature on corporate philanthropy, CSR and venture philanthropy are beyond the scope of this paper, it is likely that those streams of funding will increase as the movement toward a more responsible private sector grows.

Generating Shared Knowledge and Taking Joint Action

In the last few years program officers at small and large social justice foundations have worked to define the core components of the social justice infrastructure, to support authentic community-based leadership and to create structural change. One example of this approach is the work that nine social justice funders started in 2004 where they conducted group site visits to organizations in South and Central Florida. The funders talked with organizations in Florida and asked them what major obstacles they were facing and what infrastructure improvements might dramatically enhance the ability of social justice organizations to build power and transform the state. From these meetings, they identified six key needs they would seek to address: community organizing and electoral/enfranchisement work, particularly focused on metropolitan and rural areas; rapid-response research capacity, research support to organizing campaigns, and training for progressive legislators; media and communication capacity; development of local philanthropy to support increased infrastructure demands; leadership and strategy centers to foster and link visionary leaders in the state; and, the linking of state work with national campaigns. At the next meeting, the program officers and their institutions pledged a total of 1.8 million new dollars that they would contribute to groups in Florida. These funds were allocated in a way that was referred to as strategic alignment – each institution made grants to organizations that fit within the grantmaking guidelines of their institution. The program officers also financially supported regional meetings of grantees to discuss issues of common concern and to share best practices. These gatherings led to formal collaborations and strategic conversations as well as overall relationship building among a diverse set of social justice organizers. By 2006, the program officers involved had made grants in Florida totaling well over \$5.2 million dollars to organizations engaged in: immigrant community organizing; economic justice coalitions; a research center focused on supporting policy campaigns; and,

issues. ...Community organizing can be one part of an overall advocacy or public policy campaign strategy, but it is distinguished by the fact that affected constituencies – rather than paid advocates who attempt to represent the interests of such constituencies – are the agents of change (234).”

partnerships between unions and community groups.⁴⁷ This model is beginning to be replicated in four other states throughout the country.

Social Justice Grantmaking Practices

Despite widely varying institutional interests, the program officers involved in the Florida funding project shared several practices common among social justice funders in the U.S.:

- *Close consultation with the field* – The most effective foundation strategies often come out of consultation with thought leaders from the field. Consultation with academics, community members, local governments and NGO leaders help foundations develop a thorough understanding of the landscape they are looking to influence. This work allows the grantmaking strategy to account for the competing interests that are bound to manifest during any meaningful attempt to make a difference. By talking with the groups from the beginning and staying in touch throughout the process, foundations become partners in developing social change and not just a source of funding. Ideally, regular communication over time also allows foundations to develop trusting relationships which result in being able to receive meaningful feedback on what is working and what needs attention.
- *Providing long-term general support grants* – Social change philanthropy seeks to address the root causes of social problems so it takes longer than delivering services to individuals. When the goal is to eliminate the need for charitable services it can take 5, 10, and 15 years (or more.) These long-term grants tends to be more effective when they are general purpose and can be used by the organization to hire staff, pay for office space, upgrade their technology or take advantage of new opportunities.
- *Flexibility* -- The best social change organizations are creative, adaptable and willing to take risks. This may mean that the pilot project may fail or they may learn half way through the grant that taking a completely different approach will produce a more positive outcome. If a group is locked into a set of deliverables in a grant contract they will not have the ability to truly pursue the greatest possible social change outcome.
- *Support for capacity-building* – There may be a group based in an area or working on an issue important to the foundation; these groups may have the energy needed to work on big issues but they have not yet developed the internal capacity to sustain the long-term work needed to make an impact. Making additional grants and connecting grantees with quality technical assistance providers is an important aspect of social justice philanthropy. These interventions often include: professional development for the Executive Director, assistance developing financial systems, support for strategic planning to develop a five year vision for the organization and help to develop fundraising plans that include diverse sources of revenue.
- *Coordination with like-minded colleagues* – Every foundation receives more requests than it has the capacity to fund and everyone is looking for the most strategic allocation of limited resources. Coordination with like-minded colleagues is most productive when time is spent looking at social concerns where there is a shared interest, developing an analysis of what interventions could make a difference and then determining who has the capacity to fund the different pieces of the work. This type of strategic alignment among funders helps to create a multiplier effect where the grantees are able to work more efficiently because they have the resources they need and other organizations with complementary programs also have the resources required to be strong partners.

- *Taking risks and encouraging grantees to do the same* – Lasting social change means transforming social relationships. This means that funders must be willing to take risks and fund people and causes that may be unpopular. This doesn't mean only funding marginal voices; it means seeking out organizations who are working for social justice across race, class, language, religion and generations.⁴⁸

These cross-sector initiatives, where professional staff pursues collaborative opportunities with a diverse range of local, state and national foundation colleagues as well leading organizations in the field, is one of the most promising practices in social justice philanthropy in the U.S.

Current Practices and Challenges: Egypt

In Egypt, the newly-emerging institutions are addressing a host of issues related to effective philanthropy: core questions of how to structure philanthropic support, what types of organizations or programs to support and how to operate effectively within the complex legal landscape. The concept of social justice philanthropy is still a rather amorphous one that has not emerged as a distinct interest or set of practices within Egypt. However, the interviews with Egyptian foundations revealed several important areas that over time may prove valuable for continuing to refine the concept of social justice philanthropy within Egypt. The interviewees shared their thoughts on the value of institutionalizing charitable giving, the desire on the part of new foundations to have a measurable impact, frustration at the state of the NGO sector, the high level of public distrust of NGOs as vehicles for social change, the difficulty of operating within the legal environment, the distinction between philanthropy and development, and the need of the professional staff to have greater access to professional development and networking opportunities.

Informal Giving vs. Institutionalized Philanthropy

An essential starting point for examining the development of social justice philanthropy in Egypt is to look at why people give. A survey of individual Egyptians found that the motivations behind philanthropy included: tradition, religious duty, getting closer to God, reducing the number of poor in the society, cooperation with the government to reduce the number of poor and general economic and social benefit.⁴⁹ Among the Egyptian foundation representatives interviewed for the present report, the reasons offered for establishing philanthropic institutions differs some from the individual profile. Their responses emphasized having a greater impact, filling a gap, i.e. no one else was focused on the issues or area, accomplishing something concrete, and helping the community and creating new models of institutionalized support for community work. When asked specifically about the role of religion in motivating charitable giving, individual Egyptians responded that they were moved by three main reasons: a personal religious choice, doing charity for the sake of God and poverty eradication.⁵⁰ For Egyptian foundations, the reasons to give were broadly based in religious values but the interviewees framed their decision to start a foundation more as a desire to be a good citizen, share their wealth, care for other human beings and look beyond feeding people to how to encourage development. Several interviewees emphasized that it was important to them to see philanthropy as distinct from charity and international development projects. One observed that “many philanthropists have realized that giving money only for charity and relief aid does not solve any issues in the long-term. Just giving food to people who are hungry doesn't make them say “OK,

now we have enough food.” You have to help them reach the point where they do not need to beg for food. You need to solve the problems in the core and this is called strategic philanthropy and it is happening right now.”

The concept of social justice was directly mentioned in only two interviews with Arab institutions that operate philanthropic programs in Egypt but are not based there. However, the core social justice concept of understanding and addressing the root causes of the social problems came through in several interviews. For example, one respondent commented that “the foundation was a decision...to do giving more strategically...to consolidate so that we know who we are giving to and to know if we are doing it well or if it is just giving with no return.” Several others described an initial desire to deal with root causes by completely reforming sectors like education, services for children with special needs or employment. In each case, the ambition was tempered by an overwhelming sense of the scale of the problem and the inherent challenges of working with the government bureaucracy. The result was a more modest grantmaking program targeting a specific community, a segment of the population or a model program. One interviewee observed that this could be “a reaction to the fact that massive development initiatives did not work over the last 20 years. What have we done? What have we achieved? In the end, over 40% of Egyptians still live with less than a dollar a day. That is ridiculous with all the wealth in this country. I think then that the smaller units are about wanting to have an impact on something and being able to measure it.” For this reason and others, which will be detailed later in the paper, a majority of these newer philanthropic institutions that were initially motivated to fix large, structural issues have instead found more modest programs that are allowing them to learn about how to structure their grantmaking and identify models for future replication.

The emerging philanthropic sector in Egypt includes a range of individual and institutional approaches to addressing social concerns and identifying which actors to support in efforts to address those concerns. The sample was not large enough to attribute a set of characteristics to a particular type of philanthropic institution. However, every Egyptian institution interviewed had an exceptionally high level of interaction with their grantees/recipients. For some, the engagement came during the cultivation of the grant request and for others it was during the management and monitoring of the grant. In some instances, the high degree of engagement was a manifestation of where they were in their learning curve as new philanthropic institutions and for others it was central to their grantmaking philosophy. Here are several examples from family, corporate, operating, community and venture philanthropies:

- We felt that our best tactic, rather than acting as grantmakers, is to try and act on the priorities that people have told us are the most important to them.
- When we first started we had a few small programs...we didn't just give them money, we had a very close relationship with them...
- We worked together on coming up with a proposal that helped [the group] and I helped to get the legal part as pro-bono lawyers and helped to establish [the group] and agreed to fund the first four projects. I also agreed to help with volunteers.
- We were assessing a project...for an income-generating activity but it had operating costs. It sounded like a fantastic idea and what we did was draw on someone who had a business and marketing background to help us develop a business feasibility study.

- We are there when [the grantee] does the interviews for all the project [participants]. We attend all of the interview process...we ask questions, we are there, we are present, if we have comments for anyone, we tell the NGO.

One of the interviewees above indicated that their approach was a direct result of being a relatively new foundation and needing to be hands on while finding the right institutional partners. This foundation expects that as it settles on its partners and the parameters of the program, it will become more of a standard grantmaking institution. Another foundation noted that they have spent their first two years reviewing every proposal they receive and giving detailed feedback to anyone they reject. For the ones they are interested in, they work closely with the group as a way of learning more about what types of organizations and projects will work in the issue areas the foundation cares about. When asked about the future of this approach, the foundation noted a desire to expand but did not speculate on the sustainability of the current level of grantee engagement. Finally, another interviewee talked about the closeness of their relationship to their grantees as a core aspect of their grantmaking philosophy. When their grantees had been surveyed, it was one of the aspects of their relationship with the foundation that they valued. However, the foundation noted that the intensive nature of the relationship was a double-edged sword; it sometimes leads to a level of dependence that is difficult to break away from particularly when it is hard to secure other sources of funding for a grantee.

Funding Advocacy vs. Supporting Services: The Challenging State of NGOs in Egypt

Many of the foundations interviewed have a small cluster of grantees with whom they work. The organizations have either been selected through an open application process or developed to serve the programmatic goals of the foundation. They represent a small number of the total NGOs in Egypt. In general, the NGO sector is largely divided into two categories, NGOs engaged in “social mobilization” or positioned as critics of government policies and social concerns or NGOs who provide charitable support and assistance to communities.⁵¹ Many of the advocacy organizations in the region are run by middle-class individuals and funded largely by foreign sources of support. The primary rationale for supporting the work of advocacy groups are that they:

- work for fundamental, structural changes in the rules of the game;
- discipline the state and hold government officials accountable;
- sustain the public’s appetite for reforms;
- broaden of civil space and the protection of legal rights;
- articulate a compelling vision and agenda for reform;
- advance the ideas of transparency, representative government, and the rule of law;
- challenge intellectual, political, and cultural taboos that thwart progress;
- expose abuses of authority and seeking redress for them;
- publicize the failing of the political class;
- act as a source of new ideas and debates regarding key issues facing the country; and,
- lobby the government to pay greater attention to some pressing governance and democracy-related issues, which otherwise may be left not addressed.⁵²

In contrast, the small service organizations focus on social care, rural management or training and they tend to be located in rural areas or informal urban areas. These smaller, local organizations are generally directed by the local elite and rarely enter into a challenging relationship with government agencies. In fact, in many cases they may be reliant on the local government for a significant level of financial and staff support for their work. When asked to assess the problems facing their organizations, smaller NGOs cite the shortage of financial resources and insufficient donations as the top two problems. The lack of specialized accounting and administrative systems, the need for more specialized management, the lack of civic interest, state intervention and bureaucratic red tape were also identified as areas of concern.⁵³

In Egypt, state regulations place limits on foreign funding for NGOs, restrict the level of members' support, put barriers to producing revenue and limit public fundraising activities.⁵⁴ The Ministry of Social Solidarity has the right to control NGOs management of finances, approve all foreign funds to an NGO and set the level of membership fees. Some believe these fees are kept at a nominal level in order to limit the independent sources of income available to NGOs. For organizations that produce goods and provide services, there is often a government connection which may provide subsidized materials of an inferior quality resulting in a product which is not competitive. The programs barely cover the cost of operation and often operate at a loss. Finally, groups who wish to receive general support from the public must receive Ministry approval prior to any fundraising campaign. Some complain that the Ministry is slow to respond to these requests and the penalty is high for any organization found to be fundraising without approval. The exception is for organizations that can encourage people to donate their zakat funds. This source of funding is only available to religious or charitable organizations directly serving the poor and 81.1 percent of people give zakat directly to individuals while only 6.4 percent give through institutions and 8.3 percent give through both individuals and institutions.⁵⁵

The restrictions placed on all NGOs by the state, and further reinforced by the ways in which philanthropic support is allocated, result in a relatively weak NGO sector focused largely on the provision of social services. Simply increasing the number of NGOs or concentrating philanthropic resources within a sector will not produce the structural reforms required to create lasting social change.⁵⁶ Unfortunately, most NGOs, advocacy and service-driven local NGOs, cannot adequately self-finance; private support is usually directed to larger, well-established NGOs who function with the tacit approval of the state; and, there are restrictions placed on the level of "dues" or voluntary contributions an organization may collect⁵⁷. For these reasons, "what are called 'grassroots' organization in the West, are, in the Arab world, in direct contact with public authorities and the central administration at every level – even the most local."⁵⁸

Funding Organizations vs. Creating Programs

The interviews identified several additional obstacles foundations face in supporting NGOs. They were often characterized as too dependent on a single charismatic individual, trapped in the short-term cycle of service provision required by donor aid, understaffed with unprofessional staff and lacking the skills required to implement the programs foundations were looking to support. One interviewee noted that "NGOs are everywhere and they need a lot of support. Some of them do really good work, but they just need to professionalize and work at higher standards to be worth getting money from the private sector. Private wealth is different. When you take

money from the government or donor agencies, they all have certain amounts of money from the government or donor agencies they need to spend so they are not as skeptical. With the private sector, it is their money, their personal wealth; they don't want to see it go to waste and they don't want to just do charity anymore." Other interviewees suggested that it was the short-sighted approach of the private sector philanthropies, family and corporate, that reinforces a cycle of overinvestment in large, international NGOs at the expense of investing in and developing a cadre of well-trained NGOs. This perspective was characterized as "We know what is best. We have a model that works." The interviewee continued by asking "Why wouldn't it work in an NGO environment? They want to keep control of the money...and there needs to be an understanding within the operating foundations that they could be more efficient by tapping into and investing in the huge amount of NGOs throughout Egypt." The mistrust of NGOs was cited by several interviewees as being both deep in the individual mindset and within foundations. Some quotations set this tone:

- There is a renaissance of NGOs and civil society in Egypt and all because of what? Because international organizations, including the UN, have started lobbying on the importance of NGOs in developing Egypt...but what is really lacking is a structure. NGOs lack structure, ideology, resources; they lack everything. It is a very, very, very rare NGO that has a really strong ideology, a strong structure and people who are really committed and have the resources to do projects or research.
- Everybody is in it [the nonprofit sector] because they want to do good deeds and create change. The reality is that you need to know how much strength you have and what you have the capacity to perform...[the NGOs] have one person at the helm of an organization with a lot of good will and charisma and connections. They move the organization forward but...no matter how amazing the person is it cannot be sustained.
- I meet with a lot of NGOs who come to [the foundation] and ask "what do you want? You want MDGs? We have MDGs. Health? We work in health. Education? Poverty? Unemployment? We work on this. Just give us the money and we will do whatever you want." They might come to me and say they are going to do a project in a remote area and I will ask them, do you have any personnel who have visited there? Have they done a needs assessment? I think to myself...you come to me as a donor and you just want money to do something but what do you really want? Why did you originally start your NGO?

Only one interviewee commented on how engagement with the sector can open up new opportunities and help to identify stronger local NGOs who may benefit from investment and partnership from a foundation. This interviewee, who is based in the region and makes grants in Egypt but is not an Egyptian foundation noted that "We have tried to forge a pattern of relationship building and giving that is very respectful of local priorities and empowers people to act on their own behalf instead of doing the work for them." The approach just described takes a high level of professional staffing and was developed over a long period of time.

Foundations that decide they do not want to fund through a large, international NGO or invest in building smaller local NGOs often start and run their own programs. One interviewee observed that "people start operating foundations because they want to be able to control where their money goes. There is a lot of mistrust between civil society and the private sector...they want

to do good but they want to be in control...the whole concept of supporting others to do the good work doesn't exist here." In addition to operating foundations, there is also an increase in foundations and programs interested in social entrepreneurship and the highly-engaged venture philanthropy model. These programs focus on finding innovative people with creative ideas and providing them with stipends, international networking opportunities and hand-on technical support to develop their organizations. The champions of this approach talk about the work in the following ways:

- We see our value added as perpetuating a culture, a way of thinking, a way of acting, a type of citizenship. We are able to find people who are doing amazing work and give them the support they need to really meet the full potential of their program, have an impact in their community and create changes across the board.
- We did not want to tie ourselves to one specific sector or area of work...what mattered was supporting organizations with creative ideas in a variety of different sectors...we started to shift our focus to funding and non-funding support to organizations that were creative and needed start-up funding.

However, even for the small number of people participating in these fellowships or receiving venture philanthropy interventions, it was acknowledged that once the organization or idea has developed, the groups have no where to turn for continued support of their work. They either have to adapt their programs to the short-term opportunities favored by the international donors or continue to struggle as small, marginal NGOs working at a very limited scale. One of the advocates of the venture philanthropy approach characterized their role as "we will take the high-risk in the beginning and then once we have a proven track record then we will then open up our network to them and assist them with their development...so in a sense we are trying to make them eligible for, or more attractive to, other donors." There were several critics of this approach; one interviewee who works throughout the region and has seen it applied in Egypt and elsewhere in the Middle East and North Africa argues that "our job is not to focus on 10-20 [individuals]...to me the definition of innovation is too narrow...If you invest so many resources to make something work, it will be surprising if you don't get something positive out of it...the question always comes up, building a model with such intense resources, how replicable is it? I am always nervous about the efficiency models from the private sector because at the end of the day it is effectiveness that matters. We want to do the right thing and not only the thing that is the more efficient."

Amidst the emerging models of philanthropic giving, there are a few institutions experimenting with more community engagement including a community foundation and a community endowment. In one instance, the lead funder asked community members "what their top priorities would be and what types of projects are working in their area." In the case of an experiment with a community endowment, or waqf, the level of community engagement is partially understood through the pursuit of community contributions "we wanted to be sustainable from the beginning. So the space we use invites entrepreneurs to use it and we have an art center and these are covering the direct cost of the place. People come and they pay and they know that the profits will go to funding development work and that we will endow fifty percent of their profits." Aside from these promising examples, there was little optimism that Egyptians would embrace a model of philanthropy that relied on a high level of community

participation. One person observed that “if at the community level there is no connection to link an individual’s motives for giving and volunteering to having a contribution on society and the development of their community, then we cannot expect to have much of an impact.” Another interviewee noted that “I don’t see [community-controlled] philanthropy working as well here simply because there is more apathy. You have to have a sense of citizenship.”

None of the Egyptian foundations indicated an interest in a more general approach to investing in the NGO/Civil Society sector as a long-term strategy to address underlying social inequality. One local foundation interviewee, who was highly critical of the NGOs sector, acknowledged that “Philanthropy has a very quick response but at the same time is quick to forget. To do sustainable projects...you have to have patience and commitment and see when the project shows up and has some benefit. Then people will thank you forever.” The few people who commented on the importance of investing in civil society development were not working in Egyptian foundations, rather for foundations located in the region with grantmaking interests in Egypt. Their comments highlight possible future elements of a more intentional social justice orientation:

- Our role is to support useful initiatives, enable them to survive, to become sustainable; there would have been for years and years to come different voices, alternatives voices who would have made life more interesting and more complicated. In the best of worlds, if political change comes about, they would be the people who pick up the pieces and build something new on the basis of those experiences.
- We have to take the risk. We are not going to get democracy, rule of law, and respect for human rights in the region for free. We have to take risks, you have to hit the wall sometimes and make some mistakes.

Challenges: Legal, Policy, Purpose and Staffing

The weak NGO sector is a much more complex concern than simply the level of training available to NGO professionals or the types of support available from foundations. The highly restrictive legal environment severely limits the types of philanthropic institutions that are developing as well as what types of organizations they are willing to support. One interviewee, based in the region with active grants in Egypt, observed that “What is exciting is that there are independent sources of funding emerging. Now, they are not all independent...in fact there are a lot of foundations that are free standing but are still closely associated with a family or an individual or a government. So are they really independent?”

Every foundation interviewed has had challenging interactions with the Ministry of Social Solidarity. For most foundations, the obstacles are most present when they are looking to establish the foundation. At least half of the foundations interviewed were registered as foreign organizations operating in Egypt and held their assets in Europe. Several of the corporate and family foundations were registered as charities in Egypt but do not have endowments. The community foundation interviewed is registered as such in Egypt but holds the endowment at a bank in Europe. One of the foundations based on the waqf (endowment) model has managed to get an exemption allowing them to create an endowment but has been proceeding very slowly. The Private Sector Partnerships/Shila Foundation included in the interviews supports the organization through the annual donations of the business partners and relies on individual zakat

and corporate contributions to support the delivery of services. The question of where to register the foundations or hold their assets was a concern in the early stages of development but did not seem to occupy much thought once the foundation had been established and began operating programs. One interviewee noted that “there is a lot of bureaucracy and it takes a long time to get approved and get the permit. Now there is hardly any interaction between us and the government. It is the NGOs who are required to get approval from the Ministry to receive our funds. We are registered as the operating branch of a foreign organization.”

Other interviewees shared examples of the way in which a foundation strategy for larger scale change would often bump up against government bureaucracy and need to be reconfigured to avoid serious confrontation. One foundation described the challenge they faced when looking to develop an ambitious grantmaking strategy focused on education reform “the program was conceived to be a complete package of academic, social services to the kids and families, health services etc...we tried to start with public schools but we quickly learned it would be too difficult to get permission from the different Ministries...So we partnered with an organization working in one slum area with two schools.” Another foundation was very clear about their relationship to the government “As long as we stay away from elections and politics we are on the safe side...but when government puts an issue on the agenda then [we] go looking like crazy to find an NGO to fund an awareness campaign on that issue... [we] look and see what is on the agenda of government and then work on it...HIV/AIDS is taboo, drugs and human trafficking are taboo.” Another interviewee made a point that because the constituency s/he was working with was politically unpopular; s/he kept their assets in Europe because “if the ministry decides they don’t like what we are doing they can seize our assets.” One interviewee talked about the challenges of developing more community-based foundations “you have a government official and they have the right to stick them on the board...to move [community foundations] in Egypt, we need to make sure we have the backing of the government and even if it is at the community level then we need to make sure that someone within the local council sits on the board.” Finally, another interviewee noted that “we did a lot of advocacy with the Ministry of Social Solidarity...and by opening the door, we are hoping others [community-based giving institutions] can develop...you can’t have change other than that, you have to open a way and it grows in other directions.”

Foundations in Egypt are operating in a landscape made more complex and crowded by the presence of international donors funding development projects throughout the country. Despite a high number of the professional staff having a background working for development projects, not a single foundation talked of consultation or collaboration with international donors. Several of them still utilized their networks to gain information about prospective grantees or to try and encourage former colleagues to support their grantees. When asked about this relationship most foundations expressed sentiments similar to this individual “there are quite a lot of donor projects working in [this area]...and there is enormous resentment because it is being handled so poorly. The distribution of funding has been done badly and many people were left out completely.” The other concern was the impact of international donor support on creating several large well-funded organizations which may be sustained past their effectiveness at the expense of helping to build new organizations. One interviewee observed “a donor may be attached to these leaders and they trust them. They believe the people they know are better than the evil they don’t know. If they have known the person for ten years and he has delivered, then even if his standard is

lowering, his outreach is still better than someone they don't want to risk a relationship with." Aside from the frustration with the quality of projects supported by development aid and the ways it skews the development of NGOs, another foundation emphasized that they still need to take note of where these funds are being allocated and adjust their work accordingly, a practice that did not surface in any other interviews. The interviewee suggested that "there are billions and billions being spent...and our millions pale in comparison to USAID or the World Bank. So it is part of our job to keep track of what other people are up to and to be smart about what we are doing in relationship to others active in the field."

There are also considerable variations on the use of the concepts of development and philanthropy. They are both viewed in opposition to charity but there is a lack of consensus about the characteristics of development versus philanthropic support for social concerns. The following are several examples from across the range of foundation types on the differences between philanthropy and development programs:

- Whenever development aid is directed somewhere you know they want something in return. Whether it is consultants or equipment that is bought from the mother country or social, economic or political things...[it is important] to have a formal entity that directs money for social development and not charity.
- We see ourselves as trying to focus on sustainable development. We do make quite a few hardship grants and medical care grants but fundamentally we see ourselves as about development in the long-term.
- Philanthropy is not development and they claim it is development. It is not. It is a myth. There is a misunderstanding and people start to credit the whole idea of development. They think that if they go to a school and donate [supplies] or go to a remote village and donate money...that they can walk away...I wish we could focus more on development and less on philanthropy.
- We have some criteria...among these is that they should be development projects, not charity. They have to have some sort of potential for a sustainability model...I think there is a shift that we see with many business people who traditionally would give charity are now thinking about how to support development.

It was also noted by several interviewees that the foundation sector lacked an independent spirit and that this was contributing to the slow pace of reforms in Egypt. Local foundations do not take enough risk and fund groups who are challenging inequality and injustice within Egypt and the result is that the groups engaged in those activities remain small and largely funded by foreign donors. This dynamic diminishes the credibility of reform-minded individuals and organizations and continues to put them at great risk. One interviewee, who works in the region, cautioned that this is "a very young sector." The interviewee continued the assessment by noting that "some of the work these foundations do is mixed. Some are more successful than others. Some of them, like young foundations starting up anywhere, remain rather unprofessional and unfocused in their work; scattered here and there, dominated by family members or corporate actors for whom the most important thing is getting stuff named after them...I expect the sector to take its time to develop organically and to grow more professional and more effective in its impact over time." One approach recommended by this foundation is to fund a range of organizations from well-established entities such as government supported universities to human

rights organizations; by balancing the grantmaking portfolio between safer and riskier grants a foundation is able to fund some social change efforts while remaining relatively insulated from government intervention.

One final area influencing the development of social justice philanthropy in the region is the background of the professionals working at the different institutions. Every individual I interviewed was completely committed to finding and supporting innovative solutions to serious social concerns. The majority of the individuals interviewed had previously worked for a development agency or donor aid funded program. Several had worked in the private sector and several had experience working for other Western foundations. The following topics were identified as professional development needs: foundation law, financial management, board development and management, effective foundation governance and fundraising training.

The foundation staffs were also asked about the degree to which they networked with other foundation colleagues. Several individuals mentioned specific colleagues at other institutions they would talk with on a semi-regular basis but there are no regularly scheduled or structured opportunities for foundations to network, share resources or strategize with colleagues working on similar issues. The Gerhart Center at AUC and the Arab Foundation Forum, Amman, were specifically mentioned as helpful resources but there was no other ongoing, local conversation among foundations.

Looking Forward: The Opportunity for Social Justice Philanthropy in Egypt

The relatively new field of philanthropy in Egypt, with its diverse institutional forms, has characteristics that lend themselves well to optimism for the emergence of social justice philanthropy. First, the interviews revealed a high degree of experimentation and creativity. The engagement of the donors to move from charity to strategic philanthropy is an essential step towards looking at the root causes of social concerns and developing ambitious approaches to addressing them. The motivation of the professional staff and their willingness to work directly with potential grant recipients to design and implement projects demonstrates a willingness to engage with practitioners. This early inclusion of practitioners into the development of grantmaking strategies should be cultivated and translated into more levels of the grantmaking process. NGOs should be encouraged to engage constituents in their program development and foundations should continue to work directly with NGOs to build their capacity to increase local involvement. The willingness of the general population to contribute zakat to social safety net concerns is an incredible national asset. Foundations should encourage the development of a more diverse philanthropic infrastructure with the capacity to direct those donations where they are needed most, freeing foundations to support advocacy and social change work that addresses the root causes. The already existing experiments with community-based philanthropy which involves communities in donating money and determining where it should be allocated should be encouraged and replicated.

The greatest barrier to expanding the effectiveness of NGOs and diversifying the philanthropic sector identified during the interviews were the restrictive legal and political environments. Foundations must begin to identify opportunities to meet as a sector, develop an analysis of how to create greater openings for reform and establish a higher threshold for taking risks.

Philanthropy should not go the direction of some international aid organizations and focus solely on the number of people fed or the number of schools built. They should instead focus on how to leverage changes in government and aid investments by incubating innovative projects and investing in issues that are too risky or overlooked by charity, aid and the government. One interviewer suggested that “things are changing; many, many [human rights] NGOs underground are not pushing for regime change. That is what they always say ‘we are not political, we are not here to take over power, we are not here to topple regimes, we want to change the systems by peaceful means and, if possible, with the cooperation of the authorities.’ Change does not need to be a civil war or a military coup; it can be done softly.” Local philanthropic institutions can be the quiet support for these change agents.

In conclusion, there are a few recommendations that could help to cultivate the promise of social justice philanthropy in Egypt:

- **Publicize and Promote the Philanthropic Sector.** Develop more platforms for foundations to publicize the sector and promote the importance of philanthropy. It is understandable that many foundations prefer not to talk openly about their work. However, similar to a Chamber of Commerce or Business Association, foundations should find ways to promote their work in the aggregate in order to encourage others to be more philanthropic while avoiding any one foundation appearing to be too “public.” Creating opportunities to talk about the grants being made, and the ways in which they are being made, will continue to feed the conversation about the role of philanthropy as an act of faith, community and good will. Being open about philanthropy as a sector ensures that no single foundation faces undue scrutiny while helping to establish the field as transparent and accountable.
- **Convene and strategize.** Egyptian foundations should work with the Gerhardt Center and the Arab Foundations Forum to convene, on a semi-regular basis, and to generate shared knowledge about the areas in which they are trying to have an impact. These meetings could include briefings on where international aid is being allocated as well as foundations sharing their lists of grantees. This information could provide the basis for beginning to develop a shared analysis of where there are missing gaps that could be uniquely addressed by the philanthropic sector instead of each foundation conducting an individual analysis and then creating their own project.
- **Take more risks.** Support groups who take difficult positions. Consider creating pooled funds or supporting regional funds like the Arab Human Rights Fund. These structures can allow for anonymity while also helping to address deeper structural concerns. It does not need to be the sole focus of any one foundation, and in fact it is not advisable for a single foundation, to be associated with this type of work. If a majority of foundations allocated 10% of their annual grantmaking (not their endowments or profits) to riskier, social justice oriented organizations, it would begin to create a wave of resources and momentum behind groups looking to create more social, political and economic openings.

- **Loosen the Restrictions.** Work as a sector to develop a long-term strategy for reforming the laws governing associations and charitable giving. It will be difficult but it could be an opportunity to collaborate with a wide range of NGOs. The slow pace of development for social justice philanthropy is not completely a matter of how much money is devoted to which types of organizations. It is also a question of loosening the legal framework to allow for a greater diversity in the ways that groups can go about doing important social justice work.⁵⁹
- **Grow Giving.** Continue to broaden the contemporary definitions of who is eligible to receive zakat and to support the development of a wider range of organizations capable of distributing it in a manner which enhances social justice. At the heart of the definition of social justice philanthropy is the concept of human dignity. This should guide the development of institutions that engage community members and recipients as partners and leaders in the solutions for their communities; an area that may require training for those who give as well as those who receive. It has been suggested that the issue of who is eligible to receive zakat, and how it should be given away, will be solved by continuing to work “by the sustained advocacy of our views in the hope of winning public support for it [social justice], rather than expecting it to be authoritatively resolved through theoretical analysis.”⁶⁰

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APPENDIX A: INTERVIEW LIST

Individuals

Ehaab Abdou*
Judy Barsalou*
Sarita Beges
Vera Dakova ^
Nick Deychakiwsky
Ahmed Fouad*
Hillary Gilbert*
Fouad Hamdan*
Christopher Harris
Tagrid Hassabo*
Maha Helali*
Hanaa Helmy*
Maged Hosny*
Magda Iskander*
Mahi Khallaf*
Eberhard Kienle*
Jamie Kim
Attallah Kuttab*
Shannon Lawder^
Jeanette Mansour
Marwa El Daly*
Amira Abd El-Khalek*
Hany El Miniawy*
Emad Mubarak Abd El-Raheem*
Hisham El Rouby*
Hibaaq Osman*
Moez El Shohdi*
Reem Mehanna*
Nada Mobarak*
Nora Lester Murad*
Emma Playfair^
Tarek Ramadan*
Sara Refaat*
Nadia Roumani
Sevdalina Rukanova^
Alaa Saber*
Sarah Sabry^
Archana Sahgal
Reda Shoukry*
Ranwa Yehia*
Zeina Zaatari

Philanthropic Institutions

Al Alfi Foundation*
Alfanar*
Arab Foundations Forum*
Arab Human Rights Fund*
Arab Women's Fund*
Ashoka Fellow*
Center for Arab American Philanthropy
Charles Stewart Mott Foundation, Flint,
Michigan Office
Charles Stewart Mott Foundation,
London Office
Community Foundation for South Sinai*
Dalia Association*
Doris Duke Charitable Trust for
Islamic Art
EFG Hermes Foundation*
Egyptian Food Bank*
European Foundation Center
Ford Foundation, Cairo Office*
Ford Foundation, New York Office
Global Fund for Women
Sawaris Foundation for Social
Development*
Synergos, Cairo Representative*
Synergos, New York Office
Vodafone Egypt*
Waqfeyet al-Maadi al-Ahleya*

NGOs and Resource Organizations

ADVANCE*
Appropriate Development, Architecture
& Planning Technologies*
Association for Development and
Enhancement of Women*
Association for Freedom of Thought and
Expression*
Association of Development of
Environment CDA*
Care with Love*
Center for Development Services*
Civic Engagement Fund for Arab,
Middle Eastern, Muslim, and South
Asian (AMEMSA) Communities

NGOs and Resource Organizations (cont'd)

CIVICUS, Cairo Representative*

European Foundation Centre

International Development and Supportive Consulting*

Nahdet Mahrousa*

*indicates organizations or individuals based in Egypt.

^indicates organizations or individuals based in the European Union

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- ¹ Ibrahim and Sherif, *From Charity to Social Change*
- ² Not an Affinity Group: Lessons so far from the Social Justice Infrastructure Funders Group. Since, 2002, an group of program staff from national foundations has been meeting to discuss the role that private philanthropy can play in supporting a nonprofit infrastructure capable of promoting progressive social change in contemporary America. The passage quoted in the text is from the 2005 meeting of this group which is now referred to as the Social Justice Infrastructure Funders.
- ³ Lawrence, *Social Justice Grantmaking II*, 4 – Prepared by Independent Sector for the Social Justice Philanthropy Advisory Committee. The book *Change Philanthropy* expands slightly on this definition to include investments and staff expertise in addition to philanthropic contributions. Korten and Fine define Social Justice Philanthropy as *leveraging grantmaking dollars, as well as other foundation resources such as endowments and staff time, in order to support structural change that enhances opportunities for those who are the least well off politically, economically, and socially.*
- ⁴ Lawrence, *Social Justice Grantmaking II*, 31
- ⁵ Reconstruction Reference – Smith, 2; Turn of the Century – Karl and Katz, 1
- ⁶ Karl and Katz, 5
- ⁷ *Ibid.*, 7-8.
- ⁸ *Ibid.*, 28
- ⁹ *Ibid.*, 28
- ¹⁰ Smith, *Foundations and Public Policy Making*, 4
- ¹¹ *Ibid.*, 5
- ¹² *Ibid.*, 18
- ¹³ *Ibid.*, 18
- ¹⁴ *Ibid.*, 21
- ¹⁵ NCRP website
- ¹⁶ Korten and Fine, *Change Philanthropy*, 133
- ¹⁷ Lawrence, *Social Justice Grantmaking II*, 1
- ¹⁸ Lawrence, *Foundation Growth and Giving Estimates*, 2009 Edition
- ¹⁹ Lawrence, *Social Justice Grantmaking II*, xv
- ²⁰ *Ibid.*, 29
- ²¹ *Ibid.*, 35, 39
- ²² Ibrahim and Sherif, *From Charity to Social Change*, 3
- ²³ *Ibid.*, 197
- ²⁴ Atia, Arab Republic of Egypt chapter in *From Charity to Social Change*, 39
- ²⁵ Ibrahim and Sherif, *From Charity to Social Change*, 6
- ²⁶ Hasan, *Islamic Concept of Social Justice: Its Possible Contribution to Ensuring Harmony and Peaceful Coexistence in a Globalized World*, 168
- ²⁷ An-Na'im and Halim, *Rights-Based Approach to Philanthropy for Social Justice in Islamic Societies*, 20
- ²⁸ Ismael and Ismael, *Social Policy in the Arab World: The Search for Social Justice*, 26
- ²⁹ El Daly, *Philanthropy in Egypt*, 81
- ³⁰ *Ibid.*, 84
- ³¹ *Ibid.*, 84
- ³² Hasan, *Islamic Concept of Social Justice: Its Possible Contribution to Ensuring Harmony and Peaceful Coexistence in a Globalized World*, 176
- ³³ Bonner, "Poverty and Economics in the Qu'ran," 398
- ³⁴ El Daly, *Philanthropy in Egypt*, 63-64
- ³⁵ *Ibid.*, 5
- ³⁶ *Ibid.*, 17
- ³⁷ An-Na'im and Halim, *Rights-Based Approach to Philanthropy for Social Justice in Islamic Societies*, 8
- ³⁸ El Daly, *Philanthropy in Egypt*, 70-71
- ³⁹ *Ibid.*, 72
- ⁴⁰ The earliest appearance of institutionalized charitable giving was in the form of the waqf which is believed to have first appeared around 755 C.E. The first documented awaqf were believed to have been money or assets endowed for local purposes.⁴⁰ The eight and ninth centuries are considered a formative time in Islamic law during

which the structure of the waqf was more clearly restricted to becoming a vehicle exclusively to fulfill religious obligation. In the tenth and eleventh centuries, Islam spread and the waqf as an institution became a common form for holding family wealth and funding schools, hospitals, bridges, hostels, and wells.⁴⁰ During the twelfth and thirteenth centuries the Mongol invasion dissolved much of Islam's religious and political infrastructure. The waqf property continued to be exempted from taxation and government oversight was centralized. During this period the use of awaqf for establishing charitable and educational complexes was greatly expanded along with the practice of using this form of charitable giving to for more direct personal benefit such as personal monuments and mausoleums within charitable complexes.⁴⁰ With the rise of the Ottoman Empire, the waqf become more directly used for public purposes such as urban development based around the charitable and educational complexes and support for the development of new mosques and the spread of Islam. This history suggests both a central religious motivation for charitable giving and a long-standing involvement of public authorities in philanthropic activity.⁴⁰ In Egypt, awaqf were nationalized in the late 1950s and early 1960s and are now operated by the Ministry of Awaqf.⁴⁰

⁴¹ Shaw, *Social Justice Philanthropy: An Overview*, 7-8

⁴² Lawrence, *Social Justice Grantmaking II*, 35

⁴³ *Ibid.*, 42

⁴⁴ *Ibid.*, 35

⁴⁵ The Council on Foundations (COF) defines **Corporate Philanthropy** as the activities that companies voluntarily undertake to have a positive impact on society, including cash contributions, contributions of products and services, volunteerism, and other business transactions to advance a cause, issue or nonprofit organization. This could include: donating money and other corporate resources to social causes, the practice of companies of all sizes and sectors making charitable contributions to address a variety of social, economic and other issues as part of their overall corporate citizenship strategy; and it is usually a key component of a corporation's broader social responsibility and includes cash gifts, product donations and employee volunteerism. It serves as a major link between the corporation and its communities. COF defines **Corporate Social Responsibility** as the efforts of a company to obey the letter and spirit of the law; mitigate or remedy operational harm; and sustainable development of natural resources; achieve commercial success in ways that honor ethical values and respect people, communities, and the natural environment. Addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders. Ideally it includes consciously integrating strategies that seek to maximize the creation of environmental and social value within their core business models, operations and supply chains. **Venture Philanthropy** is defined by Social Venture Philanthropy Partners as focused on building stronger management teams and boards, investing in outcome assessment, improving product and service quality and delivery, and other strategic ways to improve effectiveness and increase scale. It requires a high level of involvement from both parties – the philanthropist and the nonprofit. It's a multi-year financial and human resource commitment and assumes there will be structural and attitudinal change within the nonprofit as a result of the relationship.

⁴⁶ Lawrence, *Social Justice Grantmaking II*, 1

⁴⁷ Quintana and Schultz Hafid, *Florida Funding Review for the Unitarian Universalist Veatch Program at Shelter Rock*, July 2008

⁴⁸ Lawrence, *Social Justice Grantmaking II*, x

⁴⁹ El Daly, *Philanthropy in Egypt*, 157

⁵⁰ *Ibid.*, 157

⁵¹ Ben Néfissa, *Introduction: NGOs and Governance in the Arab World: A Question of Democracy in NGOs and Governance in the Arab World*, 2

⁵² Denoeux, *Promoting Democracy and Governance in Arab Countries in NGOs and Governance in the Arab World*, 88

⁵³ El Daly, *Philanthropy in Egypt*, 258

⁵⁴ Abdelrahman, Maha, *Civil Society Exposed: The Politics of NGOs in Egypt*, 177-182

⁵⁵ El Daly, *Philanthropy in Egypt*, 163

⁵⁶ Ben Néfissa, *Introduction: NGOs and Governance in the Arab World: A Question of Democracy in NGOs and Governance in the Arab World*, 12

⁵⁷ *Ibid.*, 7-10

⁵⁸ *Ibid.*, 11

⁵⁹ An-Na'im and Halim, *Rights-Based Approach to Philanthropy for Social Justice in Islamic Societies* referring to Saad Eddin Ibrahim's critique, 34

⁶⁰ *Ibid.*, 26