

Need for Effective Mobilization, Institutionalization and Utilization of Philanthropy and Humanitarian Aid in OIC Countries

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**Paper presented at the International Conference on
Philanthropy for Humanitarian Aid
Universiti Islam Sultan Sharif Ali, Brunei Darussalam**

23-24 May 2017



PRESENTATION OUTLINE

- ❖ Introduction.
- ❖ Recent Conflict-Led Humanitarian Crisis in Muslim Majority Regions.
- ❖ Emphasis of Islam on Philanthropy.
- ❖ Current State of Development Assistance in the Muslim World.
- ❖ Role of Islamic Redistributive Institutions in Philanthropy and Humanitarian Aid.
- ❖ Conclusion.

INTRODUCTION

- **Humanitarian Crisis**
 - Wars, Conflicts and Terrorism.
 - Climate Change.
 - Food Deprivation, Poverty and Epidemics.
- **Current State**
 - Total humanitarian assistance reached \$28 billion in 2015.
 - Out of this, 77.9% (\$21.8 billion) came from government donors.
 - Only 22.1% (\$6.2 billion) contributed by private donors.
 - The 45% shortfall was recorded – the largest for the current decade.
- **Need for Comprehensive and Integrated Response**
 - Need to scale up efforts.
 - Humanitarian aid is funded by governments; but, philanthropy emanates from private donors.
 - Need to engage private philanthropists in mobilizing funds to scale up efforts.

INTRODUCTION

■ Humanitarian Crisis in Syria

- 11 million Syrians are on the run (UNOCHA) .
- Inside Syria, more than 6.3 million people are displaced.
- 13.5 million are still in need of humanitarian assistance.

■ Humanitarian Crisis in Yemen

- 21 million Yemenis are in urgent need of humanitarian assistance.
- 10 Million People are at Risk of Losing Access to Water.
- Over 12 million people are going hungry as wheat and other staples are in short supply.
- More than 15 million are without access to health care.
- According to OHCHR, as of 2016, over 600 health facilities have closed due to conflict.

■ Humanitarian Crisis in Myanmar

- In Myanmar, 1.3 million Muslim Rohingyas are living insecurely amidst persecution.
- In November 2016, Human Rights Watch identified 430 destroyed buildings in three villages.
- According to the UN, at least 30,000 people have been displaced by violence.

NEED FOR ACTION: EMPHASIS OF ISLAM ON PHILANTHROPY

- Qur'an urges believers to spend what they love in order to achieve righteousness (Al-Imran: 92), spend throughout their lives (Al-Munafiqun: 10) and the ideal is to spend whatever is beyond their needs (Al-Baqarah: 219).
- Allah says of the ideal believers in Qur'an: "And they give food, in spite of their love for it to Miskin (poor), the orphan, and the captive. (Saying): 'We feed you seeking Allah's countenance only. We wish for no reward, nor thanks from you'." (Al-Insaan: 8-9).
- Prophet Muhammad (pbuh) advised anonymity and secrecy in charitable giving such that the right hand does not know what the left hand is giving (Sahih Muslim).
- Qur'an urges Muslims to show kindness, generosity and benevolence to their fellow human beings. Allah says in Qur'an: "... Do good to parents, kinsfolk, orphans, Al-Masakin (the poor), the neighbour who is near of kin, the neighbour who is a stranger, the companion by your side and the wayfarer (you meet) ..." (Al-Nisa: 36).

NEED FOR ACTION: EMPHASIS OF ISLAM ON PHILANTHROPY

- Qur'an says in another place: "So give to the kindred his due, and to Al-Miskin (the poor) and to the wayfarer..." (Ar-Rum: 38).
- Feeding orphans and poor is regarded as highly virtuous acts (Al-Balad: 12-16) in Qur'an.
- Prophet Muhammad (pbuh) declared that the best charity is to spend (in charity) while you are healthy, aspiring, hoping to survive, and fearing poverty, and not delaying until death comes to you" (Sunan Abi Daud).
- Allah wants the believers to avoid miserliness (Al-Nisa: 37). Instead of enjoining miserliness, Islam urges Muslims to help one another in good acts and endeavours (Al-Maida: 2).
- In several Qur'anic verses, spending in charitable ways for the sake of Allah is compared to a good loan which Allah will repay with manifold increase (Al-Hadid: 11; Al-Hadid 18; Al-Taghabun: 17; Al-Muzammil: 20).

OFFICIAL DEVELOPMENT ASSISTANCE (ODA) RECEIVED IN SELECTED OIC COUNTRIES

Country	Net ODA (% of GNI)	Net ODA (% of Investment)	Country	Net ODA (% of GNI)	Net ODA (% of Investment)
Afghanistan	21.73	110.88	Lebanon	2.10	7.51
Albania	2.98	10.70	Malaysia	0.00	0.00
Algeria	0.05	0.10	Maldives	0.87	N/A
Bangladesh	1.24	4.56	Mali	9.72	52.64
Benin	5.21	19.98	Mauritania	5.02	8.43
Bosnia	2.18	18.50	Morocco	1.39	4.50
Burkina Faso	9.56	29.37	Mozambique	12.45	29.01
Cameroon	2.37	11.36	Niger	12.23	31.22
Chad	5.74	19.47	Nigeria	0.52	3.22
Comoros	11.55	42.30	Pakistan	1.32	9.03
Cote d'Ivoire	2.22	9.90	Senegal	6.57	27.23
Egypt	0.77	5.23	Sierra Leone	22.58	145.36
Gabon	0.74	2.35	Somalia	22.97	N/A
Gambia	12.38	54.87	Sudan	1.02	5.59
Guinea	8.65	60.86	Suriname	0.30	0.45
Guinea-Bissau	9.03	75.96	Tajikistan	4.44	24.04
Guyana	0.97	3.88	Togo	5.38	23.55
Indonesia	-0.01	-0.01	Tunisia	1.14	5.10
Iran	0.02	0.06	Turkey	0.30	1.65
Iraq	0.83	3.39	Turkmenistan	0.07	0.23
Jordan	5.80	24.27	Uganda	6.01	24.31
Kazakhstan	0.05	0.16	Uzbekistan	0.66	2.82
Kosovo	6.75	24.87	Gaza	N/A	69.65
Kyrgyz Rep.	12.15	33.69	Yemen	4.21	234.74

OFFICIAL DEVELOPMENT ASSISTANCE (ODA) RECEIVED IN SELECTED OIC COUNTRIES

- In poor and conflict-hit areas like Afghanistan, Sierra Leone and Somalia, the net ODA received as percent of total GNI is greater than 20%.
- In the case of Yemen, Sierra Leone and Afghanistan, the net ODA exceeds total gross capital formation. It might imply greater dependency on aid than on domestic investment led growth.
- Nonetheless, the OIC countries with greatest number of poor people like Bangladesh, Nigeria, Pakistan and Indonesia only receive 1.24%, 0.52%, 1.32% and -0.01% net ODA as percent of GNI.
- Poor and conflict hit areas require targeted aid and social investment to uplift themselves and be able to kick-start recovery and self-reliance.

NET ODA AND OFFICIAL AID RECEIVED IN SELECTED OIC COUNTRIES

Country	Net ODA + Aid (mln \$)	ODA + Aid Per Capita	Country	Net ODA + Aid (mln \$)	ODA + Aid Per Capita
Gaza	2,481	560.98	Niger	914	45.96
Jordan	2,677	352.43	Guinea	561	44.51
Kosovo	576	319.53	Turkey	3,410	43.34
Syria	4,330	234.04	Yemen	1,150	42.87
Guyana	165	214.84	Tajikistan	356	41.99
Djibouti	164	184.44	Uganda	1,622	41.56
Bosnia	631	165.69	Cote d'Ivoire	917	40.41
Afghanistan	4,801	147.60	Egypt	3,510	38.35
Lebanon	816	139.46	Iraq	1,389	38.13
Sierra Leone	882	136.68	Cameroon	842	36.09
Kyrgyz Rep.	651	109.29	Libya	207	33.03
Somalia	1,106	102.52	Togo	207	28.37
Albania	280	96.94	Chad	386	27.53
Comoros	74	93.55	Suriname	13	23.15
Tunisia	930	82.68	Sudan	867	21.54
Mozambique	2,096	74.92	Pakistan	3,584	18.97
Senegal	1,104	72.98	Bangladesh	2,412	14.98
Mali	1,233	70.05	Nigeria	2,437	13.37
Morocco	2,228	64.81	Uzbekistan	324	10.36
Gabon	111	64.27	Turkmenistan	35	6.44
Mauritania	257	63.25	Kazakhstan	88	4.99
Maldives	25	62.00	Algeria	156	3.92
Burkina Faso	1,115	61.57	Iran	77	0.98
Guinea-Bissau	109	58.92	Malaysia	10	0.33 ⁹
Benin	596	54.70	Indonesia	442	1.71

NET ODA AND OFFICIAL AID RECEIVED IN SELECTED OIC COUNTRIES

- In terms of absolute figures, Afghanistan, Syria, Pakistan, Egypt and Turkey received the highest assistance in absolute numbers.
- However, when we look at the assistance received on per capita basis, we find that OIC countries with greatest number of poor population receive very low assistance on per capita basis.

CONCESSIONAL DEBT (% OF EXTERNAL DEBT IN SELECTED OIC COUNTRIES)

Country	Concessional Debt (% of External Debt)	Country	Concessional Debt (% of External Debt)
Djibouti	94.5	Pakistan	51.9
Mali	88.8	Egypt	51.7
Burkina Faso	87.9	Kyrgyz Republic	44.6
Yemen	87.6	Sudan	40.5
Niger	85.4	Tajikistan	36.5
Uganda	83.1	Turkmenistan	33.4
Benin	82.2	Nigeria	31.6
Gambia	79.9	Uzbekistan	29.7
Comoros	77.2	Albania	24.9
Afghanistan	74.3	Morocco	20.8
Mauritania	73.3	Tunisia	20.8
Chad	71.1	Gabon	20.6
Senegal	69.4	Cote d'Ivoire	20.6
Mozambique	66.7	Azerbaijan	15.5
Syria	66.4	Bosnia	15.2
Togo	66.3	Algeria	14.9
Guinea-Bissau	65.6	Jordan	14.0
Bangladesh	65.5	Indonesia	8.9
Cameroon	63.5	Lebanon	2.8
Maldives	60.5	Turkey	2.8
Guinea	57.2	Iran	2.5
Guyana	54.7	Kosovo	2.0
Sierra Leone	54.6	Malaysia	0.9
Somalia	52.7	Kazakhstan	0.7

CONCESSIONAL DEBT (% OF EXTERNAL DEBT IN SELECTED OIC COUNTRIES)

- Countries with greater number of poor people like Indonesia and Nigeria get much less proportion of external debt on concessional terms.
- The percent of external debt sanctioned on concessional terms for Indonesia and Nigeria stands at 9% and 31% respectively.
- Bangladesh and Pakistan, the two other populous Muslim majority countries with greatest number of poor people are able to get 65% and 51% external debt on concessional terms.

INTEREST PAYMENT ON EXTERNAL DEBT (% OF GNI) FOR SELECTED OIC COUNTRIES

Country	Interest on External Debt (% of GNI)	Country	Interest on External Debt (% of GNI)
Lebanon	3.580	Maldives	0.431
Kazakhstan	2.132	Pakistan	0.428
Bosnia	1.657	Azerbaijan	0.363
Tunisia	1.556	Benin	0.288
Gabon	1.448	Niger	0.286
Turkey	1.408	Egypt	0.272
Mozambique	1.366	Mali	0.262
Tajikistan	1.343	Yemen	0.219
Jordan	1.333	Burkina Faso	0.202
Indonesia	1.266	Guinea	0.186
Mauritania	1.224	Sierra Leone	0.186
Kyrgyz Republic	1.217	Bangladesh	0.162
Senegal	1.108	Uganda	0.161
Morocco	1.107	Sudan	0.124
Guyana	1.107	Guinea-Bissau	0.103
Malaysia	1.032	Chad	0.087
Cote d'Ivoire	0.989	Nigeria	0.079
Kosovo	0.981	Algeria	0.067
Albania	0.673	Afghanistan	0.050
Gambia	0.647	Comoros	0.021
Cameroon	0.555	Iran	0.020
Togo	0.537	Turkmenistan	0.017

INTEREST PAYMENT ON EXTERNAL DEBT (% OF GNI) FOR SELECTED OIC COUNTRIES

- Countries with high incidence of poverty like Gabon and Mozambique pay as much as 1.5 and 1.4 percent of their GNI in interest payments alone on their external debt.
- Out of 46 countries analyzed, interest payments exceed 1% of GNI in 16 OIC countries. In at least 9 countries, the interest payments as percent of GNI exceed net ODA received as percent of GNI.
- These include Kazakhstan (-2.08), Lebanon (-1.48), Indonesia (-1.27), Turkey (-1.11), Malaysia (-1.0), Gabon (-0.71), Tunisia (-0.42), Guyana (-0.13) and Algeria (-0.01). The numbers in parentheses indicate the difference between the net ODA received as percent of GNI and the interest payments on external debt as percent of GNI.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- *Zakat* is a compulsory obligation in the faith of Islam to pay a certain part of surplus wealth to the specified beneficiaries every year.
- Every year, 2.5% of wealth subject to *Zakat* has to be paid by the Muslims to the eight specified heads of beneficiaries and causes.
- In Islamic jurisprudence, if a Muslim owns an equivalent monetary sum of *Nisab*, he has to pay 2.5% of surplus wealth above the *Nisab* every year.
- *Zakat* is an important institution in an Islamic economic framework for poverty alleviation and economic welfare.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- In institution of Zakat, the payer of Zakat and the receiver of Zakat belong to two different income classes.
- The payer of Zakat is a non-poor person with surplus wealth above Nisab.
- The receiver of Zakat is usually a poor person with no surplus wealth above Nisab.
- The threshold wealth of Nisab makes a distinction between the payer and the receiver and helps to achieve targeted wealth transfer to the people who are usually the poor people.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- *Zakat* can achieve the redistribution objectives more effectively and consistently since wealth fluctuates much less than income over the business cycles.
- *Zakat* system has an inbuilt mechanism to reach the right targets in terms of *Zakat* collection and disbursement.
- The accumulated wealth can be much more than the single period income, especially in the high net worth individuals of the society. *Zakat* targets accumulated wealth and transfers it to the poor.
- Oxfam (2017) reports that global wealth has reached \$255 trillion. It is enough to give \$1 a day to 767 million poor people for 910 years. A single year 2.5% *Zakat* on it will give \$1 a day to 767 million poor for 23 years.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- FAO estimates that food per capita availability has increased since the 1970s, but still close to 800 million people suffer from hunger.
- Unfettered Capitalism results in unmet needs as well as unused resources.
- *Zakat* helps in wealth transfer as well as wealth circulation in the real economy to enhance employment of labor and non-labor resources and provide sustainable incomes to the poor.
- *Zakat* could help in providing income support to the poor people who are food insecure due to lower and unsustainable incomes.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- Nearly 50 percent of the people living in extreme poverty are 18 years old or younger. A significant portion of our global population would not have a fair start to achieve socio-economic mobility.
- Proper nourishment, basic medicines and vaccinations are necessary to avoid ill-health, stunting and loss of capacities for independent productive living in adulthood.
- Unless effective redistribution happens, the purchasing power cannot be enhanced which is vital to afford even the basic necessities today, such as food, water and medicines.
- Effective administration and management of the *Zakat* funds can help in scaling up the benefits in terms of strengthening institutions to create synergistic effects.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- *Zakat* from endowment surplus households (those having higher wealth than *Nisab*) to the endowment deficient households can help in providing income support and affordability for skills enhancement programs.
- *Zakat* could also be used to provide funding for educational and health institutions, thereby contributing to human capital development which can provide decent work.
- *Zakat* could ensure circulation of wealth in the productive enterprise, thereby directing capital to go in the real sector of the economy rather than sitting idle in the hands of the wealthy individuals.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: WAQF

- Waqf is an important social institution in the Islamic framework. In the institution of Waqf, an owner donates and dedicates a movable or immovable asset for perpetual societal benefit.
- The beneficiaries enjoy its usufruct and/or income perpetually.
- Waqf can be established either by dedicating real estate, furniture or fixtures, other movable assets and liquid forms of money and wealth like cash and shares.

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: WAQF

- The cash Waqf can pool liquid donations in order to build institutions, such as schools, hospitals, and orphanages (Sadeq 2002).
- Cash Waqf can pool more resources and ensure wider participation of individual donors (Aziz et al., 2013).
- Waqf provides flexibility in fund utilisation as compared to Zakat since Zakat funds must be utilized for specific categories of recipients.
- The institution of Waqf can be used to provide a wide range of welfare services, such as educational institutions, health institutions, environmental preservation programs and financial institutions like Waqf based microfinance (Habib, 2007)) and socially driven banks (Mohammad , 2011).

ROLE OF ISLAMIC REDISTRIBUTIVE INSTITUTIONS: WAQF

- Alongwith income support and cash transfers, poor people also require skills and productivity enhancement in order to get out of poverty and achieve social mobility.
- The increased and improved provision of education and health infrastructure funded through Waqf can enhance the income-earning potential of beneficiaries.
- Real estate-based Waqf can generate proceeds through the rental of properties, which then can be used to finance social development needs. Cash and commodity based Waqf can provide interest-free loans (*Qard Hassan*) to the needy in sectors like education, health and agriculture.

CONCLUSION

- We looked at the state of development assistance, aid and concessional debt in selected OIC countries. We noticed that OIC countries with high incidence of poverty receive much less aid per capita than some of the other countries.
- There is need of effective planning and organizing trans-national humanitarian aid. We also discovered that in at least 9 countries, the interest payments on external debt exceed the net official development assistance.
- It is pertinent that with aid, the rich donors must provide concessional debt and forgo the outstanding interest payment from countries that are very poor. This could provide some relief to the highly indebted poor countries (HIPC) and make them get out of poverty and debt trap.



THANK YOU