

**FAITH-BASED ORGANISATION (FBO) IN
FRAGILE STATES: ANALYSING THE
HUMANITARIAN AID POLICIES OF
MALAYSIAN FBOs IN GAZA, PALESTINE**

**FEROOZE ALI BIN AHSAD AHMAD @ AZHAR
ALI**

UNIVERSITI SAINS MALAYSIA

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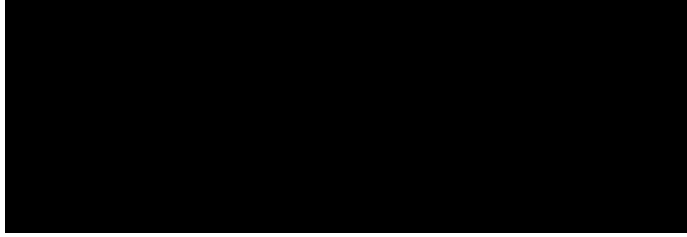
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MALAYSIAN FBOs IN GAZA, PALESTINE**

by

**FEROOZE ALI BIN AHSAD AHMAD @ AZHAR
ALI**

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DEDICATION

To my mother, Fathimah Bee Binti Abu Bakar, as I am sure without her unending love, patience and support, this Ph.D. will not see the light of the day. To that person who opens my inclination to politics - Allahyarham Azhar Ali Bin Mohd Hassan, my *Abah* (father). May Allah SWT bless his soul. My sister, Zeheera Ali, for her indirect advice and support. May Allah SWT bless us all as a family.

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Ferooze Ali
Penang
Malaysia

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LIST OF ABBREVIATIONS

ADA	Agricultural Development Association
AP	Aman Palestin
APG	Aman Palestin Gaza
COGAT	Coordinator of Government Activities in the Territories
CP	Cakna Palestin
DfID	UK Department for International Development
FBO	Faith-Based Organisation
FSPs	Fragile State Principles
HL	Haluan
HPAD	Hamas Public Affairs Department
ICAI	Independent Commission for Aid Impact
IFBOs	Islamic Faith Based Organisations
IUG	Islamic University in Gaza
MAPIM	Majlis Perundingan Pertubuhan Islam Malaysia
MC	Muslim Care
MFBOs	Malaysian Faith Based Organisations
MOA	Ministry of Agriculture
MOD	Ministry of Defence
MOE	Ministry of Education
MOJ	Municipal of Jabaliyah
MOARA	Ministry of Awqaf and Religious Affairs
MYC	MyCare
NCP	No Contact Policy
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance

OECD	Organisation for Economic Co-operation and Development
OPt.	Occupied Palestinian Territories
PCOM	Palestinian Cultural Organisation Malaysia
PGPF	Perdana Global Peace Foundation (PGPF)
POHA	Palestinian Orphans Home Association
PNGOS	Palestinian Non- Governmental Organisation
PSIR	Post-Secular International Relations
RBS	Referral-Based System

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**ORGANISASI BERTERASKAN AGAMA (FBO) DI RANTAU BERGOLAK:
ANALISIS POLISI BANTUAN KEMANUSIAAN FBO ISLAM MALAYSIA
DI GAZA, PALESTIN**

ABSTRAK

Penyelidikan ke atas aktiviti kemanusiaan Organisasi Berteraskan Agama (FBOs) di Gaza amat kurang diberi penekanan. Ini termasuk kajian terhadap elemen berdasarkan kepercayaan sebagai faktor yang mempengaruhi polisi bantuan FBOs di rantau bergolak tersebut. Penyelidikan yang dijalankan sejak 20 tahun ke belakang lebih tertumpu kepada modaliti bantuan dari penderma negara barat terutamanya sejak Perjanjian Oslo dimeterai pada tahun 1993. Kajian terdahulu mendapati penderma antarabangsa dari sektor ini mengenakan syarat politik dan ekonomi yang ketat sehingga mempengaruhi proses pengagihan bantuan kepada rakyat Palestin. Antara dampak dari pendekatan ini adalah ia mewujudkan proses pengagihan bantuan kemanusiaan yang tidak seimbang selain hubungan yang tegang di antara penderma dan penerima. Bagi mengisi jurang akademik yang dinyatakan, penyelidikan kualitatif berbentuk fenomenologi telah dijalankan ke atas tujuh Organisasi Berteraskan Agama Malaysia atau *Malaysian Faith-Based Organisations* (MFBOs) yang beroperasi di Gaza. Budaya MFBO berkait nilai altruisme Islam dan pendekatan pembiayaan berteraskan Islam (sedekah, wakaf dan zakat) telah diperhati, diterokai, dan dikaji dengan lebih mendalam. Dasar-dasar MFBOs juga telah dianalisa bersandarkan kepada Prinsip Negara-negara Bergolak (FSPs) yang dibangunkan oleh *Organisation for Economic Co-operation and Development* (OECD). Secara umumnya, prinsip FSP ini menggariskan amalan bantuan kemanusiaan dan pembangunan yang baik di rantau bergolak. Sehubungan itu, terdapat tiga hasil utama di dalam kajian ini. Dapatan

pertama mendapati wujudnya sentimen perpaduan / persaudaraan Islam yang diunjurkan oleh MFBOs terhadap warga Palestin yang menerima bantuan. Secara spesifik, kajian ini mendapati pihak MFBO telah memperlakukan/menyantuni mereka sebagai saudara seagama yang rapat dan akrab. Dapatan kedua memperincikan kaedah penggunaan sedekah sebagai modaliti pembiayaan bantuan MFBOs. Kajian mendapati dana bantuan MFBOs yang diperolehi dari penderma sedekah tanpa penama, dapat disalurkan kepada rakyat Palestin dengan tidak mengenakan sebarang syarat atau syarat yang kurang ketat. Ketiga, MFBOs didapati membentuk jaringan komunikasi dan kerjasama yang aktif dengan akar umbi dan Kerajaan di Gaza. Pendekatan ini kritikal selain menjadikan polisi kemanusiaan MFBOs secara tidak langsung sejajar dengan keperluan yang diutamakan oleh prinsip FSP. Secara keseluruhannya, hasil kajian adalah signifikan berdasarkan dua hujah utama; Pertama, polisi berdasarkan solidariti Islam selain dari pembiayaan bantuan fleksibel melalui sedekah menjadi pemudah cara kepada hubungan yang baik antara penderma dan penerima. Hubungan ini juga dilihat bersifat stabil dan demokratik. Kedua, ekologi kondusif yang terhasil menggalakkan penderma - penerima untuk bekerjasama secara praktikal bagi membentuk modaliti bantuan kemanusiaan yang selari dengan realiti pergolakan politik di Gaza.

**FAITH-BASED ORGANISATION (FBO) IN FRAGILE STATES:
ANALYSING THE HUMANITARIAN AID POLICIES OF MALAYSIAN
FBOs IN GAZA, PALESTINE**

ABSTRACT

Less research priority is given to Faith-Based Organisation donors (FBOs) activity in Gaza. This involves the effort to dissect the faith element as a potential influencing factor to FBOs aid policies within the fragile state. The dominant research over the past 20 years has been on Western state based donors' aid modalities after the Oslo agreement in 1993. Previous discourse highlighted the tight political and economic regulations by Western donors, which affected how aid is distributed and utilised by Palestinians. Studies also underscored the rather tense donor-recipient relationship arising from such an arrangement. To address the gap, a phenomenology in-depth qualitative research is conducted on seven FBOs from Malaysia or Malaysian Faith-Based Organisations (MFBOs) operating in Gaza. MFBOs culture towards Islamic altruism and their embraced Islamic aid financing practices are observed, explored and dissected. MFBOs policies are also analysed against the Fragile State Principles (FSPs). Principles are developed by the Organisation for Economic Co-operation and Development (OECD) for good aid practices. Three research outcomes are highlighted in this study. The first result pertains to the complex idea of Islamic solidarity projected by MFBOs towards Palestinian recipients and stakeholders. MFBOs see and treat Palestinian stakeholders as their close co-religionists. This aspect encourages a generally cordial relationship between MFBOs and Palestinians. The second factor revolves around the usage of sadaqah (a type of Islamic aid financing modality) as a tool by MFBOs. Funding sources specifically from those of anonymous

sadaqah donors, arrives with less or no attached conditions to the Palestinians. Thirdly, the research also discovered how MFBOs are empowered to form active communication and cooperation policies with the grass-root and governmental sector in Gaza. It is understood this specific form of engagement assisted MFBOs to fulfil the FSP requirements. The outcomes mentioned are significant for two reasons. First, it showed the combination between a solidarity-based policy towards recipient stakeholders and a flexible aid financing modality, facilitates not only a seamless donor-recipient relationship - but one that is stable and democratic. Second, this form of human ecology provides a practical leeway for donors and recipients to discuss and mould aid within Gaza's fragile reality.

CHAPTER 1

INTRODUCTION

1.1 Background

The concept “fragile states” is often used within the context of international aid to describe countries or regions facing humanitarian and development challenges associated with either ongoing or post-conflict situations. Several functional definitions are used to rationalise this phenomenon.

The World Bank observes such states as “sharing a common fragility in two particular respects, i.e., state policies and institutions” (Grono, 2010). Such dilemmas make affected countries vulnerable in their capacity to deliver services to their citizens, control corruption or provide for enough voice and accountability. They face risks of conflict and political instability. The working definition of the UK Department for International Development (DfID) on fragile and conflict-affected states includes countries where the government cannot or will not deliver core state functions such as providing security and justice across the territory and basic services to most of its people (ICAI, 2011).

While literature from the Organisation for Economic Co-operation and Development (OECD) characterised fragile states as states that are weak in governance and vulnerable to conflict as well as having differentiated constraints and opportunities in situations where there are also (1) prolonged crisis or impasse, (2) post-conflict or political transition, (3) gradual improvement and (4) deteriorating governance.

Despite having more than one definition for this concept, all analyses pointed to some form of critical states or failures of a government in mobilising its basic functions. However, this study also proposed that different definitions provide contextualisation on the different dilemmas that may exist within fragile states themselves. Understanding this aspect may help policymakers to identify issues and adapt relevant aid practices.

The OECD, for example, provided the key suggestions in engaging with fragile states from different levels through the Fragile State Principles (FSPs). Some of the FSPs involve approaches like (1) taking the local context as a starting point, (2) doing no harm, (3) aligning with local priorities in different ways in different contexts and (4) avoiding pockets of exclusion within each context (OECD, 2011).

These principles are meant for international donors, especially OECD members involved in development cooperation and peace and state-building efforts in regions deemed fragile. The underpinning aim for such policy suggestions is for members to maximise the positive impact and minimise any unintended negative effects of their international aid mechanism.

1.1.1 Assessing International Aid Policy in the Fragile State of Gaza

This research narrows its discussion of international aid policy within the context of Gaza as a fragile state. For the purpose of this research, Qarmout's specific research in Gaza is useful for two reasons. First, is his unique use of the FSP framework to analyse Western donors in the region. The second aspect is in his analytical assessment on the differences that exists between Western and Islamic based donors.

In the first fieldwork, Qarmout analysed the extent to which the FSPs of the OECD affected the preferences and actions of donors in providing aid. From reviews on literatures, Qarmout can be argued to be the principal researcher that utilised the FSP framework to analyse Western donors specifically in Gaza. Qarmout posited that compliances on FSPs should, in principle, be expected from Western donors, given their status as members of the OECD. In analysing the assumption, Qarmout studied the compliance of donors based on the four FSPs mentioned earlier: (1) the need to take the local context as the starting point for aid planning; (2) doing no harm through aid distribution; (3) aligning of aid policy with local priorities; (4) avoiding pockets of exclusion in aid provision.

There were at least three critical observations made by Qarmout (2017) especially through dissecting donors such as the United States (US), European Union (EU) and other European countries under the lens of the FSPs. First, Qarmout noted that major donors from this sector provide aid delivery strictly under the strict No-Contact Policy (NCP) in Gaza. The Quartet (European Union [EU], United Nations [UN], US and Russia) proposed NCP as a political condition aiming at halting any communication and cooperation with Hamas Government and its affiliated grass-root machinery. Under this specific rule, aid from Western donors is provided only to the Fatah-based Palestinian Authority (PA) or grass-roots organisations perceived to be neutral.

Sidelining the Hamas Government under the NCP protocol created a few issues in aid coordination. Western donors' key officials for instance are disempowered from seeking contact with Hamas Ministers. Third-party NGOs or individuals are usually employed by donors such as UK's Foreign and Commonwealth Office to communicate

with government officials for potential projects. Such interaction is done on personal basis.

This policy hinders a more meaningful bilateral conversation between decision makers in understanding the region's fragile scenario. Qarmout remarked this arm's length communication leads to lack of understanding and empathy between donors and recipients. There are various indirect impact out of this practice. For example, the emergence of duplicated projects. In other scenarios, projects funded were not parallel with the local context. During fieldwork, a Gaza Ministry of Interior official commented generally how donors' plans did not identify or respond to true community needs. A participant from the Ministry of Public Works mentioned Western-funded donors once refuse to re-construct houses according to the criteria set by the Ministry of Awqaf and Religious Affairs. While another government participant in Qarmout's fieldwork described how agriculture projects funded by USAID usually deviate from the local priorities.

Beland and Qarmout (2012) articulated the NCP policy limits any window of opportunity that Western donors could have in interacting with key parties for humanitarian projects. This includes Hamas government agencies that holds the local knowledge and administrative veto in Gaza. From a different angle, since the NCP pushes for aid delivery to be channelled exclusively to Fatah – this aspect in one way or other intensified the ongoing factional schism between Hamas and Fatah. Qarmout commented such phenomenon causes social and economic exclusion, apart from causing further harm to Gaza's political fabric.

The second observation made by Qarmout centres on the tendency of Western donors to provide short-term and immediate humanitarian needs as opposed to aid with a robust developmental component. He reported this approach caused aid dependency instead of empowering Palestinians to rebuild their economy and society through long-term development projects (Ibid, 119). In this context, projects grants are usually utilised to fund short term projects. Challand (2008) commented the short-term nature, of grants usually means the potential of such modality be less flexible and apart from having the inability to anticipate additional financing needed.

The third problem identified revolves around the interaction between Western donors and Gazan local non-governmental stakeholders, with which the former chose to work. Grass-roots NGOs stated that their discussion experience with certain donors was usually democratic initially but became questionable towards the end. This is specifically referring to the extent to which local inputs are taken into the final policy execution. In different contexts, grassroots recipients highlighted the strict conditions stipulated upon receiving assistance from USAID. In the case of the Agricultural Development Association (ADA), Qarmout reported this organisation was restricted from interacting with Hamas and its affiliated bodies for agriculture-related projects upon signing the contract with USAID. Similar argument was made by IRADA's respondent. The organisation specialises in rehabilitative education. The respondent narrated USAID tendency of insisting its agendas and objectives for rehabilitation education projects over IRADA's proposal.

Qarmout stated that the three aforementioned practices were collectively in conflict with the FSPs of the OECD. Therefore, Qarmout's findings concluded these principles did not have a bearing on some policies of the Western state-based donors. Most actors of concern are also members of the OECD.

The second phase of Qarmout's fieldwork revolved on the key varying factors between Islamic donors and Western donors in such fragile settings. Here, Qarmout dissected the potential primary distinctions in terms of agendas and aid conditionality between the two groups of funders.

In this specific study, the government participants in Qarmout's research singled out institutions such as Islamic Development Bank or countries like Malaysia, Turkey and Qatar as some key actors working in the region. Field data obtained on Islamic based donors contrasted those of Western based on few aspects. Participants argued Islamic donors are generally more open towards assisting the Gaza Government and Hamas-affiliated grassroots organisations in aid projects. They reasoned this outcome to Islamic donors lack of compliance towards NCP which in-turn allows them to interact actively with different stakeholders in Gaza.

Through his research, Qarmout similarly discovered that Islamic and Western donors utilised different path to identify and finance projects. A key example revolves around conditionality. Arab and Islamic donors applied no conditions during the selection of program beneficiaries and the procurement of materials. Islamic donors also funded humanitarian projects (with long-term development component) as opposed to Western donors which, as mentioned earlier, focused more on immediate humanitarian and relief projects. It was also observed that Arab and Islamic donors provided more control and authority to their partners on the ground. The interviewed participants perceived that Islamic donors gave more trust and empowerment to them in the day-to-day planning and implementing aid work in Gaza.

Observers other than Qarmout have similarly noted the differentiated paths taken. Villanger for instance stated that, Arab Islamic donors allows their recipients to choose their development path and not to be obstructed by what he argued as imperialist ideas from donor countries. On similar count, Villanger observed Arab Islamic donors have a long history of policy dialogue with recipient countries (Villanger, 2007). Through scrutinising the Abu Dhabi Fund annual report (1982) Van de Boogaerde highlighted the objectives of Arab oil-exporting countries' aid which focuses on helping unconditionally. This policy reflects the Islamic philosophy of helping without economic returns (Van den Boogaerde, 1990). These approaches may also be traced to the mindset of giving out in a generous manner; a cornerstone of the Muslim faith (Lacey & Benthall, 2014)

Challand commented on the aid policy of international Islamic donors and the bottom-line impact it produces. In this framework, he mentioned how Palestinian Islamic NGOs (PNGOs) that receives aid from Islamic donors were provided with more autonomy on the ground. This aspect grants PNGOs flexibility, especially in deciding the best approach in adapting aid with local needs. These NGOs tap into local knowledge, networks, and resources to tailor assistance, often more efficiently and quickly (Challand, 2008).

Given all the preceding discussions, the question asked is, what could be the specific underpinning reasons to Islamic donors' differentiated path in providing humanitarian aid in Gaza itself? In this discourse, Qarmout narrowed the flexibility, cooperative nature and less strict approach of Islamic donors down to two factors. First is the inability of Arab or Islamic donors to protect Palestinians through their political influence to end the occupation of Israel. Second is their sympathetic position on the overall Palestinian cause.

1.2 Problem Statement

There are three critical dimensions concerning Islamic donors in Gaza that should be explored. First is Qarmout's specific arguments concerning the differentiated Islamic approaches in the sector. The second aspect centres on the scope of FSP use by Qarmout in the region. The third aspect revolves around the non-state Islamic donor or Islamic Faith Based organisations in Gaza that have largely being side-lined by general literature.

As mentioned earlier, Qarmout's debate on Islamic donors' approach in Gaza revolves mainly around the latter's weak political influence and their sympathetic position towards the Palestinian issues. While this could be a plausible argument, it may not explain the deeper dimension of the Muslim donor sector that would, in most instances, adopt the unique Islamic donorship approach. The puzzle here is to understand whether the policy of Islamic donors, which is often influenced by the sense of Islamic altruism and the specific use of Islamic financing modality - could play a role?

Arguably, the impulse towards Islamic altruism is driven by the various abstract values which the religion of Islam itself has as principles. Values provide the moral compass to Muslim do-gooders. In most instances, Islamic altruistic values encourages a recipient centred assistance. Take for example, the value of *Al-Dharuriyyat*, which if translated means 'critical things needed in life when certain life threatening situation occurs'. Notwithstanding its lengthy interpretation, this value provides the critical impulse for Muslim donors to act fast in providing unconditional help to recipients facing life threatening scenarios. *Ikhlas* or sincerity in the act of giving is also key. There should not be any ulterior motives. Hence, the approach of

providing aid to recipients with tight conditions is not allowed within the precepts of Islam. Other values associated with the realm of human interaction such as *Rahmatan Lil Alamin* (mercy to all mankind and animals), *Ukhuwah* (strong ties with fellow Muslims), *Ummah* (a group of people with a similar faith and spiritual objectives), *Amanah* (exhibiting trustworthiness tendencies) or the notion of *Huquq Al-Insan* (enacting human rights of the oppressed) and *Al-Adl* (seeking or acting just way) can equally be paired within the broader idea of Islamic giving.

There is also the concept of Islamic aid financing modality, which gravitates mainly around the use of *Sadaqah Jariyah* (general charity), *Zakat* (Islamic tithe) and *Wakaf* (Islamic endowment). *Sadaqah* for instance prohibits the inclusion of complex conditions that may burden any needy recipients. While, the financing modality of both *Zakat* and *Waqaf* focuses on the needs of the very deprived within any community.

That said, the unrequited problem lies in determining whether the seemingly *laissez-faire* policies by Islamic donors in Gaza could be attributed to some form of the institutionalised aspect of Islamic altruism or Islamic aid financing modalities? Any specific finding of this research could add further depth to observation made by scholars on this subject.

The second issue pertains to the analysis of Western donors based on the FSPs of the OECD by Qarmout. As we have understood earlier, the analysis showed that Western donors adhered less towards the four FSPs of the OECD, which among others stress (1) taking local context as the starting point for aid planning, (2) doing no harm through aid distribution, (3) aligning of aid policy with local priorities and (4) avoiding pockets of exclusion in aid provision.

This research believed a similar analysis should be conducted on Islamic donors since they are equally an aid player in Gaza's fragile landscape. This academic exercise serves two functions. Primarily, it will give us the chance to contrast the level of adherence towards FSPs between Islamic and Western-based donors. Second, any outcome from this study may facilitate us in understanding the performance of the Muslim aid sector within Gaza's fragile context.

The third issue centres on non-state donors' especially Islamic FBOs involvement in humanitarian initiatives. Islamic FBOs have gone largely under the academic radar. This is despite an emerging trend of such non-state actor activities in Gaza. Organisations worth mentioning here are such as IHH or *Insani Yardım Vakfi*, Qatar Charity and Aman Palestin (AP) which are respectively from Turkey, Qatar and Malaysia. These FBOs have their local branches in Gaza manned independently by Palestinians. From the researcher's observation, humanitarian aid from these donors covers the economic, social and public sectors. A critical need exists to emphasise this key sector as the sample for any academic deliberation.

1.3 Research Questions

To dissect the research problems, below are the three explorative questions broached on this subject.

1. What is the potential institutionalisation of Islamic financing modalities and altruistic-based religious values by Islamic donors in their aid policy?

2. How does institutionalisation of such values and modalities shape the humanitarian policies of Islamic based donors towards aid recipients in Gaza?
3. To what extent the policies of Islamic based donors towards Gaza aid recipients comply with the FSPs framework of the OECD?

1.4 Research Objectives

1. For research question 1, the main objective is to explore the potential institutionalisation of (1) Islamic financing modalities and (2) altruistic-based Islamic values of a selected non-state Islamic donor sector in Gaza. This aspect will be explored in this sector's socio-economic and public sector humanitarian aid related projects;
2. The research objective in Question 2 aims at analysing the impact of such institutionalisation in shaping the humanitarian aid policy of a selected non-state Islamic donor sector towards Palestinian recipients in Gaza throughout socio-economic and public sector projects;
3. In research question 3, the objective is to analyse aid policies of a selected non-state Islamic donor on the four FSPs, which emphasise (1) taking local context as the starting point for aid planning, (2) doing no harm through aid distribution, (3) aligning of aid policy with local priorities, and (4) avoiding pockets of exclusion in aid provision. Any outcomes from this research will be dissected to understand the functionality of Islamic based aid in a fragile state situation.

1.5 Focus of the Study

In filling up the academic gap, this research identified and selected Malaysian Islamic donors in Gaza as the sector to be researched. All Malaysian Islamic donors in Gaza are NGOs and therefore are non-state actors. For theoretical purpose, the researcher categorises all Malaysian Islamic donors in Gaza as Malaysian Faith-Based Organisations (MFBO). The selected MFBOs for this study is Islamic Relief Malaysia (IRM), Muslim Care (MC), Majlis Perundingan Pertubuhan Islam Malaysia or *Malaysian Consultative Council for Islamic Organization* (MAPIM), Cakna Palestin (CP), Malaysian Care (MyCare), Haluan (HL) and Aman Palestin (AP).

Research is done on the afore-mentioned organisations involvement in both Gaza's socio-economic and public related humanitarian projects. The study on this specific sector is undertaken for three reasons. First, most MFBOs selected have been involved in Gaza's humanitarian assistance for more than a decade. Such duration indicates their deep experience and insights into the region's humanitarian needs. Second, aid from this sector is rendered largely through the nuances of Islamic belief system. Leaders and members of the sector are generally well informed in the culture and practice of Islam. Varying aspects, as highlighted, allow for relevant inputs to be collected and analysed for the purpose of achieving previously stated research's objectives. The third reason is due to the researcher's own engagement as a professional activist in the MFBO sector. Such direct involvement allowed him the emic perspective on the functioning of this sector in Gaza.

Given the above, chapter 4 explored how the religious element plays a role in these MFBOs' humanitarian projects within the remit of the socio-economic and public sector. In Chapter 5, specific focus is given to understand these MFBOs policies

in relation to OECD FSPs framework. In this context, I have selected the agricultural and education sectors for further exploration under the framework.

1.6 Significance of the Study

This PhD study which focused on the engagement of MFBOs in Gaza has two significance.

First, given that this was an exploratory research, the building block of this research can be used for future studies on the donors of other existing Islamic Faith-Based organisations in Gaza, including those from countries such as Turkey, Qatar and Indonesia. Future studies can contribute towards determining the suitability of Islamic Faith Based Organisation humanitarian assistance method within the Gazan fragile political, social and economic situation.

Second, this research is also significant to the Malaysian local context. This research aimed to uncover the insights pertinently on the impact of MFBOs humanitarian aid as well as the strength, potential and weakness of MFBOs. That said, this research is useful as a reference in formulating policies that are helpful in solving any anticipated issues.

1.7 Organisation of the Study

The preliminary information and literature about aid in the fragile state of Gaza have been discussed in Chapter 1. Also, the problem statement, research objectives, research questions, the focus of the study and the significance of the study are presented.

Chapter 2 dissects deeper into the literature related to the topic of this research. The initial reviews, however, begin with a broad discussion on international aid in the oPt. The chapter narrows into the issues of aid in fragile state of Gaza. Discussion will include the emergence of Islamic based donors in the region. These discourses will be followed by the conceptual and theoretical framework.

Chapter 3 explains the overall methodology used to achieve the three different objectives highlighted earlier in this research. For the record, a qualitative strategy is adopted. Also discussed in this chapter are the procedure of data collection, data analysis and aspects of research trustworthiness.

Then, Chapters 4 and 5 present a wide-ranging analysis and discuss the collected data on socio-economic and public sector related research. The discussion in these chapters predicts the emerging patterns based on the analysis of the data and the theoretical framework. These two chapters answer the three (3) research questions broached earlier.

Chapter 6 focuses on the implications, recommendations and conclusion of this study. For this thesis, Chapter 6 elaborates the implications from the theoretical and policy perspective, especially on the overall research done on the MFBO sector. The researcher also included viewpoints obtained from Tun Dr. Mahathir (through private communication) in this chapter. Finally, this chapter also illustrated the research limitations and suggestions for future studies.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Through a thematic approach, the literature review was carried out to examine the general discourse on international aid. This chapter then narrows into analysing the various aid practices between Western/international donors and local Palestinian Non-Governmental Organisation (PNGO) that receives aid. Literatures on Islamic donorship within the context of Gaza as a fragile state are introduced and dissected to understand both its relevance and potential gap. From thereon, the conceptual and theoretical frameworks are discussed to address the overall research puzzle.

2.2 International Aid: Understanding the Application and Impact

International or foreign aid is defined as the assistance (immediate humanitarian or development assistance) to a recipient country or its population. It can involve the transfer of capital, goods or services from a country or international organisation to the recipients (Williams, 2021). Lancaster (2007) provided a rather technical explanation to this notion. She argued foreign aid as a “voluntary transfer of public resources from a government to another independent government, to an NGO or an international organisation, with at least 25% grant element”.

Generally, aid is rendered with the objectives of alleviating poverty, providing social services, disaster relief, developing civil society, or advocacy. According to Financial Tracking Service, a website run by the UN Office for the Coordination of Humanitarian Affairs (OCHA), the five main donors in the world as of February 2021

are the EU, Germany, United Kingdom, Canada and the US (FTS, 2021). There are a few examples to elaborate on donors from this sector as follows.

In Afghanistan, USAID launched a five-year agricultural program (2016 to 2021) that aims at fostering the expansion of sustainable agriculture-led economic growth in eastern Afghanistan. A total of USD28 million is provided to the provinces of Nangarhar, Logar, Laghman, Kapisa, Parwan, Wardak, Ghazni and Kabul to engage in the project. USAID also cooperates closely with the Afghan Government in launching 88 public-private partnerships, which cover sectors like construction, food processing, consumer goods manufacturing, insurance, natural resource extraction, apparel, communications/media and information technology (USAID, n.d).

Meanwhile, the EU, under its 2014 bilateral cooperation, allocated EUR688 million (USD900 million) to support Myanmar. The fundamental objective of the allocation was to improve and support the initiative in food security, education, governance, the rule of law and peacebuilding. Besides, the EU also engages actively with 150 other countries ranging from Afghanistan to Zimbabwe in providing aid for development and humanitarian purposes (OCHA, 2014).

In 2014, the DfID awarded the SNV Netherlands Development Organisation USD32 million to engage in sustainable sanitation and hygiene projects across Nepal, Bhutan, Cambodia, Vietnam and Laos. The objectives of the projects were to assist the preparation of district sanitation plans and improve the capacity of local governments for steering improved sanitation (SNV Netherlands Development Organisation, 2014).

Apart from the individual states and intergovernmental organisations, major and well-established Western NGOs have been equally instrumental in complementing aid help. In West Africa, Oxford Committee for Famine Relief (OXFAM) has engaged

with Fahamu Pan African Fellowship and West Africa Civil Society Institute to encourage the positive development of civil society. Ford Foundation, on the other hand, has engaged in various socio-economic assistances in the Eastern Africa region pertinently in agriculture for the past 50 years (Ford Foundation, 2012). Western donors have been at the forefront in improving lives and the socio-economic level of the population in the southern region. The origin for such motivation however can be traced to the post-Second World War period, where aid was primarily linked to development to stop the spreading of communism (Challand, 2008). In the 1960s, such effort was further galvanized when Robert McNamara became the head of the World Bank. He intensified the idea of donor-funded programs to meet the basic needs in health, education, water and sanitation (Phillips, 2013).

The contemporary practices of international donorship are not without in-depth discussion. Over the decade, various opinions on Western donors emerged because of aid provision and the mixed impact it had on the poorest around the world (Phillips, 2013).

One of the critical discussions revolve around the use of terms and conditions. In this context, Rauh (2010) highlighted three general impacts of how aid conditionality commonly shapes the relationship between donors and recipients. The three impacts are power relations, the flow of accountability and the professionalisation & report culture. Below are brief explanations of these aspects.

2.2.1 Power Relations

The total dependency of recipients on international donor resources (money for project financing) may lead to an unequal or asymmetrical relation. The donor in this

instance could set pro-donor conditionalities. Pre-determined aid programs without consultations is one example. Here, recipients are in a passive role, only accepting and implementing programs deemed suitable by a donor.

Rauh (2010) argued that the abovementioned approach is not workable since Western donors often mould the program objectives in a different context. Implementation of such aid is, in turn, problematic since it may not be in parallel with the needs of the local population. In addition to this debate, donors may also choose the programs that are likely to be “seen as successful” rather than addressing the root of the problem (Lindenberg, 2001).

2.2.2 The flow of Accountability

Karen categorised recipient accountability into upward and downward accountabilities. Upward accountability is defined as the general commitment towards donors, trustees and host governments, and is usually arisen from conditions stipulated by donors.

While downward accountability involves the commitment towards constituencies and grass-roots members. Issues arise when a recipient becomes overly stretched to maintain a certain level of pro-activeness or legitimacy towards donors, trustees and host government to secure uninterrupted financial help. Defining it as “extreme upward accountability”, Rauh argued that this scenario happens at the expense of recipient NGO reducing their downward accountability to the principal community they are serving.

2.2.3 Professionalisation and Report Culture

Most Southern NGOs (SNGOs) started as small and informal grass-roots organisations helping their community. Hence, the staff of SNGOs may be marginally educated based on the Western standards for professionalism. However, over time, their interaction with Western donors becomes a natural pressure for SNGOs to professionalise. Various factors that can be conceived as the way towards professionalisation include the conditions to adopt the latest technology, specific proposal drafting techniques and learning new approaches for project evaluation.

In this context, professionalisation may be an impediment based upon two situations. First, when a recipient organisation is compelled to channel their time and energy to learn a new methodology. Second, when the new working standards abrupt the older method which has been proven effective. In a different scenario, some conditionalities require additional organisation layers for diversity, accountability, corporate governance or the participation of stakeholders. Additional layers complicate the bureaucratic structure and the whole organisational process. According to Rauh (2010), a complicated bureaucratic structure sacrifices efficiency as compared to the time when recipients were interacting with the community that they are serving through a much leaner organisational approach.

2.2.4 Summary

Aid conditions by their virtue should not be dismissed entirely as it provides forms of governance and accountability in using donations. Also, it ensures that information is communicated to donors in a timely manner in different circumstances. Effective communication is crucial as related updates or reports can be critical for evaluation and planning for future aid.

However, the few examples provided by Rauh, (2010) also highlighted the common irregularities pertaining to international aid, especially when conditions are asymmetric. This scenario is further compounded if there is a wealth gap. The power of the purse, which advance Western donors have, stands in contrast to the relatively poor and dependent southern recipients.

More often than less, this phenomenon leads to the willingness of recipients to accept aid with any conditionalities, even if the conditionalities may disempower the recipients in the long run. The next section explores some of the similar arguments made within the context of the oPt.

2.3 International Aid Within the Context of the Fragile Palestinian Territories

One of the key areas in the donor study in the oPt revolves around the interaction between international donors and PNGO aid recipients. This study is critical for two reasons. First, the oPt is a region that receives an extensive amount of aid. From the signing of the Declaration of Principles in Oslo on 13 September 1993 to 2011, major international donors have collectively contributed nearly USD22.7 billion in aid to the oPt. Second, PNGOs receive not only aid but also the different terms and conditions attached to aid. Arguable aid-based conditions have been the common features in the region for the past 15 years (More, 2008). Early concerns revolve around the impact of the conditionalities from Western donors on the broader Palestinian civil society movement within their fragile political, development and economic context.

Hammami, (1995) led the discourse in 1995 in which she articulated the influence of foreign funding and the mass political mobilisation of the left (Hammami, 1995). Hammami stated that international donors, specifically those from the West, played a significant role in introducing aid conditionalities after the Oslo Agreement in 1993, and this approach stood in contrast to the funding received during the First Intifada (uprising). During the First Intifada from the late 1980s to the early 1990s, aid was rendered largely in solidarity towards the Palestinian cause, with fewer conditions stipulated. Such ecology encouraged the relative flexibility in using aid to suit the context of the Palestinian political struggle. It was easier to fund political movements against the occupation of Israel by then.

That said, the scenario was different after Oslo Agreement was signed. Western donors and their conditionalities required recipients to avoid politics and focus on narrow professionally defined developmental works. Formal methods of aid distribution, organisational hierarchies and specific aid priorities have replaced the voluntary and organic work relations (Hammami, 1995).

This resulted in the transformation of leftist PNGOs from a grass-root politicised movement engaging in voluntary works into professional organisations with a neutral mindset that operates this sector with an arm length distance from their constituencies. Hammami (1995) opined that the aid modalities of Western donors with conditions restrict PNGOs from interacting with their respective constituencies on political terms. Overall, this factor affected the ability of leftist PNGOs to mobilise Palestinians towards some forms of political movements in realising their independence.

Tamer Qarmout (2017) dissected the involvement of international donors within the context of Gaza. The centrality of Qarmout's study was on donor conditions and the way it narrows recipient's capacity to coordinate with the governing structure in Gaza. Qarmout argued that the No Contact Policy (NCP) position adopted by the Quartet (EU, UN, US and Russia) effectively bars Western-funded PNGOs from directly coordinating with or to fund projects related to Hamas's led Government. Instead, PNGOs were redirected to work with the selected project implementers approved by the Quartet including Fatah officials and affiliated NGOs. On a side-note, side-lining Hamas can be observed from a power relations perspective. It is a strategic move by the Quartet, mainly driven by the United States to weaken Hamas as the veto player in Gaza. The aim is about shifting the power dynamics from Hamas to Fatah which is seen to be more receptive towards Israel and the US peace initiative in the region.

The outcome from the overall approach has been less than sustainable. Given Hamas administrative knowledge in the region - side-lining this group created a few coordinating issues such as duplicated projects or programmes that are not in parallel with local needs, among others.

Researchers such as Challand (2008) focused on the use of grant financing from USAID. According to Challand (2008), a grant is often conditioned on a short-term basis. This aspect implies the lack of flexibility and capacity in grant modality to anticipate in advance the financial needs of the recipients living in a fragile context. Grant may also come with political conditions, which is observed in most of the USAID completed projects in the oPt. In early 2018, seven sectors involving agribusiness, information and communications technology, tourism, fish rearing, stone and marble, textile, and furniture were selected for grant assistance. However, the grant

aid was short-lived. The Trump administration ceased all related grants in January 2019 when Palestinian President Abbas declined to participate in the US-sponsored “Deal of the Century” peace process (Al-Jazeera News Middle East, 2019). Funding to all the projects in these sectors was affected, with 85% of the USAID employees laid off (Staff, 2019).

Hanafi and Tabar (2005) performed an in-depth study on conditionalities and the way it shapes the donor-recipient interaction in the oPt. The study highlighted three broad contexts that determine how aid is managed through conditions. Specifically, these involve aid eligibility, negotiation and distribution.

2.3.1 Aid Eligibility

Hanafi and Tabar (2005) isolated the three commonly used conditions by Western donors in selecting the right recipients. In no particular order, these include (1) political eligibility, (2) sectoral eligibility and (3) professional eligibility.

In terms of political eligibility, the priority is given to working with partners that support the Oslo Peace Process. This criterion also restricts the type of actors that is eligible to receive funding. For example, the Canadian International Development Agency (CIDA) restricts its funding to Hamas and the Islamic Jihad. Other international donors were also known to have disqualified organisations such as the Union of Healthcare Committees because of its unclear position in the Oslo Peace Process.

The US operationalises conditionality through its Partner Vetting System. This system is used to screen for neutral recipients especially sectors having a neutral position towards Israel or United States. This process is initiated before planning

efforts begins. In Gaza, this also means the system ensures only Fatah and neutral NGOs have the chance to interact with USAID Gaza agents. In this context, the Israeli military has also been trying to ensure that this rule is observed through its Coordinator of Government Activities in the Territories (COGAT) governance in Gaza.

As for sectoral eligibility, this refers to the pre-defined conditions in terms of project of interest, which is attached to the aid from Western donors. For instance, Heinrich Boll Stiftung, an organisation affiliated with the German Green Party, identified violence against women and informal education as two of its sectoral priorities. Ford Foundation (2012) singled out broad thematic areas involving institution building for educational-cultural and research centres for reproductive health, public health and human rights. As for Oxfam-Quebec, the target was on women (micro-credit programs and empowerment by advocacy).

Third, professional eligibility deals with requirements stipulating cooperation with competent partners for projects. For instance, USAID requires all its affiliated PNGOs to undergo an internal audit to ensure the recipient organisations meet its international standard. In this framework, organisations that meet certain professionalism benchmarks are perceived as accountable and trustworthy.

2.3.2 Aid Negotiation and Distribution

The focus is on the factors that influence the negotiation for aid as well as the distribution and evaluation of aid in Palestine. Three arguments are articulated, which pertain to (1) the process of competition, (2) structural disparity and (3) reporting mechanism.