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**ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA**

**SOCIAL PROTECTION IN THE OCCUPIED PALESTINIAN TERRITORY:  
THE ROLE OF ZAKAT**



United Nations  
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Note: Views and positions expressed in this report are the responsibility of the author and do not necessarily reflect the positions of the United Nations.

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## **Executive summary**

The present study looks at the importance of the zakat system for social protection in the West Bank of the Occupied Palestinian Territory. It was undertaken in the context of the work of the Economic and Social Commission for Western Asia (ESCWA) on the mixed economy of welfare in Arab countries, introduced through the 2014 Integrated Social Policy Report V: Towards a New Welfare Mix? Rethinking the Role of the State, the Market and Civil Society in the Provision of Social Protection and Social Services.

Given the impact of war, conflict and occupation on several Arab countries, non-State institutions often become important front-line assistance providers in situations where statutory provision of social protection and social services breaks down or is limited due to various reasons. ESCWA's involvement in the field of social protection thus specifically includes examining the efforts of non-State institutions with regard to equity and equality of access and their effects on society. Furthermore, ESCWA provides advice to Governments on ways to expand the social protection of vulnerable groups through an integrated, comprehensive approach, utilizing the relative strength and advantages of all stakeholders involved.

In 2013, the Government of Palestine expressed its interest in conducting this study, and the field work was carried out during the same year. The overall objective of the study was to examine the strengths and limitations of zakat institutions in the West Bank in order to evaluate the possibility of better integration and harmonization of the overall social protection system.

This study begins with an overview of the wider social policy framework in the West Bank, including existing social protection programmes and their targeting mechanisms. Its aim is to take account of the social protection needs of the population and introduce the multitude of actors and their mandates in the field of social policy (chapter II).

Chapter III provides a historic overview of the creation of zakat committees in the West Bank and their evolution over time, with particular emphasis on the 2007 zakat reforms. It further includes the background information necessary to better understand the current management and operational structure of the Zakat Fund and committees, legally and in practice.

Chapter IV describes the current legal framework, detailing management and oversight structures; while chapter V reports on the broad range of activities of zakat committees in the areas of social assistance, the provision of social services and income-generation. Chapter VI describes funding mechanisms; and chapter VII provides insight on how beneficiaries of zakat assistance and services are targeted and compares these mechanisms with those of the statutory social protection system.

Coordination between the zakat system and the broader social policy landscape in the West Bank is explored in chapter VIII; and chapter IX concludes the study.

ESCWA and the author express their deep appreciation of the transparent cooperation of all relevant institutions in the West Bank of the Occupied Palestinian Territory. It needs to be emphasized that much of the information provided in the current study reflects the status of 2013.

## **ABBREVIATIONS AND ACRONYMS**

|       |  |
|-------|--|
| ACLU  | American Civil Liberties Union   |
| DEEP  | Deprived Families Economic Empowerment Programme                               |
| ESCWA | Economic and Social Commission for Western Asia                                |
| FAO   | Food and Agriculture Organization  |
| GDP   | Gross domestic product   |
| ILO   | International Labour Organization  |
| IRPAL | Islamic Relief Palestine   |
| MAS   | Palestine Economic Policy Research Institute                                   |
| NGO   | Non-governmental organization  |
| NIS   | New Israeli shekel   |
| PCBS  | Palestinian Central Bureau of Statistics                                       |
| PLO   | Palestine Liberation Organization  |
| PNGO  | Palestinian NGO Network  |
| UNDP  | United Nations Development Programme   |
| UNRWA | United Nations Relief and Works Agency for Palestine Refugees in the Near East |
| WFP   | World Food Programme   |

## I. INTRODUCTION

More than many other policy domains, social protection systems tend to be interwoven with the social fabric of specific societies. Tradition and belief systems, norms and values, and demographic patterns strongly influence the forms of social protection that prevail in different countries. Statutory systems are always complemented by a wide array of private and faith-based forms of support, and the provision of social protection through civil society organizations and commercial enterprises. However, their relative weight and capacities differ and shape the character of different components of social protection.

In many parts of the Arab region, the capacity of statutory social protection systems is limited by a number of factors, including high rates of population growth, inadequate fiscal space and a relatively narrow economic base. Better resource endowments allow some countries to expand their statutory social protection policies, but the inclusion of marginalized population groups remains a challenge yet to be tackled. Increasingly aware of the crucial importance of social protection for inclusive and sustainable development, Arab countries are now emphasizing on closing these gaps in coverage and quality.

In addition, war, conflict and occupation leave a heavy impact on the population of several Arab countries. In such situations, non-State institutions often become important front-line assistance providers when the statutory provision of social protection and social services breaks down, is limited and not regularly accessible.

As part of its efforts on social policy in the region, ESCWA is examining the mixed economic welfare situation in Arab countries. The Integrated Social Policy Report V of 2014, entitled *Towards a New Welfare Mix? Rethinking the Role of the State, the Market and Civil Society in the Provision of Social Protection and Social Services*<sup>1</sup> provided an overview of the involvement of non-State institutions in matters of social equity and social justice and its effects on society. Further detailed studies subsequently examined the private-sector provision of health and education services; and working papers on the provision of other social services are planned to be issued.

Zakat institutions are among the main traditional forms of social support, deeply rooted in Arab and Muslim culture. Zakat is a tradition, grounded in the Qur'an, whereby a person is requested to consecrate 2.5 per cent of their material wealth for charitable purposes as guided by relevant religious authorities. Together with kinship support, zakat and other forms of charitable giving are the oldest forms of communal support for the vulnerable and destitute parts of society, helping them to cope with lifecycle risks such as sickness, old age and disability.

Such systems of social protection are nowadays mostly considered to be the duty of the State. International Labour Organization (ILO) recommendation No. 202 of 2012 provides guidance to member countries on how to establish and maintain, as applicable, social protection floors as a fundamental element of their national social security systems.<sup>2</sup> Social protection in this context consists of measures that contribute to the mitigation of lifecycle issues as well as policies and programmes that aim at alleviating poverty and guaranteeing basic income security. These objectives include fundamental social services such as the provision of basic health care. However, the State is not always capable to provide such services to its citizens, especially to the most vulnerable parts of the population, and State institutions do not always cater for social needs with the necessary professionalism, quality and impartiality.

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<sup>1</sup> ESCWA, 2014.

<sup>2</sup> ILO, 2012.

It is unclear, however, whether other, non-State institutions are better placed to cater for the most vulnerable parts of the population, an issue which is increasingly being addressed in social research.<sup>3</sup> This study helps to shed light on this subject by examining zakat institutions as social protection instruments.

An analysis of the role of zakat in social protection is especially relevant in the Occupied Palestinian Territory, where the challenges of building a comprehensive and effective social protection system are particularly acute. A variety of factors associated with the occupation by Israel since 1967 include limited control over natural resources and the economic system, in addition to restrictions on the movement of goods and people, construction, and labour markets. These circumstances make it highly difficult for many segments of the population to achieve income security and access to basic social services. It is thus important for Palestinians to have access to diverse sources of social protection and assistance that can enhance their resilience to the considerable unpredictability in economic and living conditions. Zakat is one such source, but in order to maximize coverage and increase the effectiveness of social protection, all stakeholders, including zakat, are required to coordinate effectively among each other.

For reasons of accessibility and systematicity, this study focuses specifically on the West Bank.<sup>4</sup> Research conducted in 2013 included a review of existing literature and a desk study of publicly available documents, as well as 2.5 weeks of primary research and data collection, including semi-structured interviews with representatives of the Zakat Fund, zakat committees, ministries, and other relevant actors.<sup>5</sup> It should be noted that much of the information provided in this study reflects the status in 2013.

## II. THE SOCIAL POLICY FRAMEWORK IN THE WEST BANK

The West Bank faces unique development challenges associated with prolonged Israeli occupation and policies and resulting instability. While poverty in the West Bank has declined in recent years after hitting record highs during the second intifada during 2000-2005, roughly 18 per cent of the population lived below the poverty line in 2011 (table 1), and the entire population suffers from mobility restrictions, demolitions of homes and livelihoods, restrictions on construction and imposed limitations on access to water and land, in addition to the excessive use of force during attacks by the Israeli military and settlers.<sup>6</sup> The situation of poverty in the West Bank is unique: it ranks fairly high on human development indicators, but structural factors contribute to significant deprivations in other areas.<sup>7</sup> In particular, unemployment is one of the main drivers of poverty in the West Bank.<sup>8</sup> Even persons with a source of income suffer from instability and wages that are much too low for the high cost of living, which is driven up by the dependency on Israel's economy. In addition to these factors, the mostly large families and low labour participation of women further aggravates the situation (table 2),<sup>9</sup> with the result that many Palestinians struggle to meet the basic needs of their families. One third of all Palestinians were food insecure in 2013, and another third were highly vulnerable to food insecurity or marginally food secure.<sup>10</sup>

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<sup>3</sup> See Bourguignon and Sepulveda, 2009; Hartman, 2008; Thornton, 2009; World Bank, 2008; ESCWA, 2013 (private-sector provision of health-care services).

<sup>4</sup> Zakat in Gaza and East Jerusalem currently falls under a different zakat system and is thus excluded from this study.

<sup>5</sup> For a list of officials interviewed, please see the annex.

<sup>6</sup> United Nations A/69/81-E/2014/13.

<sup>7</sup> Jones and Shaheen, 2012, p. 15.

<sup>8</sup> World Bank, 2011, p. 13.

<sup>9</sup> Focus group with 10 beneficiaries of the Ramallah Zakat Committee, Ramallah, 29 May 2013.

<sup>10</sup> PCBS and others, 2014; World Bank, 2011, p.12.

TABLE 1. POVERTY STATISTICS IN THE WEST BANK

| Year | Poverty | Poverty gap | Poverty severity | Deep poverty |
|------|---------|-------------|------------------|--------------|
| 2010 | 18.3    | 4.1         | 1.4              | 8.8          |
| 2011 | 17.8    | 3.9         | 1.4              | 7.8          |

*Source:* Compiled by author, based on PCBS, 2013.

TABLE 2. ASSORTED LABOUR STATISTICS IN THE WEST BANK (2014)

|   |      |
|---|------|
| Labour force participation rate (West Bank)               | 46.4 |
| Unemployment rate of persons aged 15 and over (West Bank) | 16.0 |
| Unemployment rate of persons aged 15-29 (West Bank)       | 25.3 |
| Male participation in the labour force (West Bank)*       | 73.4 |
| Female participation in the labour force (West Bank)*     | 19.0 |

*Source:* Compiled by author, based on PCBS, 2014.

\* Labour force participation rate (15 and above).

In this context, the existence of a complex web of social protection programmes has been essential in order to minimize extreme deprivation and improve the ability of households to cope with economic risks. These programmes include informal assistance as well as formal assistance from governmental and non-governmental actors. Support from relatives and community members and remittances have been and continue to be important mechanisms among West Bank residents to cope with the dire situation (see section B.4 below for further details on informal social protection systems).

While the West Bank certainly benefits from a variety of non-governmental and intergovernmental actors together with public actors involved in social protection, different donor conditions and preferences and the lack of coordination among donors can contribute to fragmentation in national social protection initiatives and among Government ministries. Despite the large number of actors and donors, insufficient funding continues to be a major constraint for social protection efforts. Additionally, almost all local organizations, including governmental institutions, depend to some extent on foreign funding, which creates a considerable degree of instability across social protection programmes.

Important reforms have been carried out in the social protection framework in recent years, including the establishment of the Social Protection Team made up of both governmental and non-governmental actors, and the creation of a national social protection plan. This plan is part of the larger Palestinian National Development Plan, which addresses issues related to governance, social development, economy, and infrastructure.<sup>11</sup> Additionally, governmental and non-State actors have joined together to create strategic plans addressing vulnerable population groups, including older persons, persons with disabilities and women.

The Ministry of Social Affairs, which has sought to become the dominant coordinating agency for all social protection efforts, is seeking to build a formal, institutionalized framework for coordination between different ministries and non-State actors. Within this framework, all organizations are expected to share basic information, and coordination will be based on a formal system of Memoranda of Understanding that clearly lay out the different roles and responsibilities of each organization. Coordination has improved at the planning level, with the formation of the Social Protection Team and other strategic planning initiatives; at the implementation level, however, coordination is still lacking. The 2010-2013 Social Protection Plan, for instance, failed to lay out a clear framework for its implementation.<sup>12</sup> Real coordination at this level is challenging because many ministries are still used to working independently, and competition between

<sup>11</sup> Palestinian National Authority, 2014.

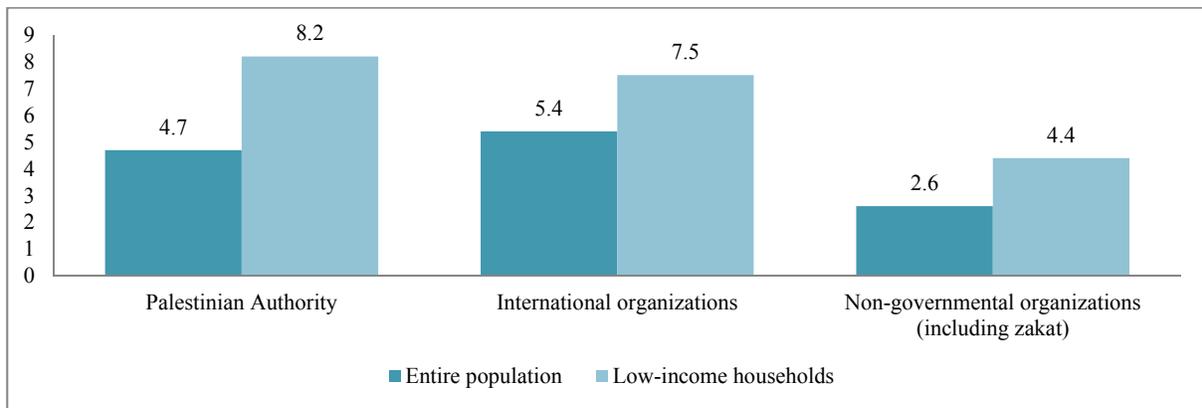
<sup>12</sup> Interview with Ayman Fawadleh, General Directorate of Social Sector Planning, Social Protection, Ministry of Planning.

ministries regarding their roles and authority persists.<sup>13</sup> The inclusion of non-governmental organizations (NGOs) and other non-State institutions in social protection and strategic plans has helped encourage collaboration with the Government. However, the prominent role of NGOs in social protection and the dependence on international donors have contributed to a highly complex and sometimes hostile relationship between Government ministries and NGOs.<sup>14</sup>

Social protection expenditures are relatively high by international standards, at 6 per cent of the gross domestic product (GDP).<sup>15</sup> Governmental institutions are the dominant actors in social protection, although it seems that all assistance provided by other actors combined is nearly as high as all assistance coming from the Palestinian Authority (figure I).<sup>16</sup> Donors play an important part in funding public social protection programmes: roughly 90 per cent of the Ministry of Social Affairs’ Cash Transfer Programme comes from foreign donors, and the budget of the Palestinian Authority is made up mostly of donor financing.<sup>17</sup>

Despite high investments in social protection, some evidence suggests that coverage of social assistance has been limited. World Bank data from 2011 suggest that less than 10 per cent of low-income households received social assistance in 2009 (figure I).<sup>18</sup> However, it should be noted that this information is from before the launch of the Cash Transfer Programme, the primary social assistance programme of the Ministry of Social Affairs.

**Figure I. Social assistance coverage in the West Bank in 2009**  
(Percentage)



Source: Compiled by author, based on World Bank, 2011, pp. 133-134.

<sup>13</sup> Interviews with Daoud al Deek, Assistant Deputy Minister, Ministry of Social Affairs; Ayman Sawalha, Assistant Deputy Minister for Social Development, Ministry of Social Affairs; Khaled Barghouti, Deputy General Director to Combat Poverty, Ministry of Social Affairs; Ayman Fawadleh; Ameen Enabi, Director of the Ramallah Directorate, Ministry of Social Affairs; and Samir Abdulah, Director of the Palestinian Economic Policy Research Institute (MAS).

<sup>14</sup> Interviews with Dua’a Qurie, Executive Director of the Palestinian NGO Network (PNGO); and the director of the Palestinian Youth Organization.

<sup>15</sup> World Bank, 2011, p. 116.

<sup>16</sup> Ibid, p. 122.

<sup>17</sup> Ibid., pp. 121 and 123.

<sup>18</sup> Ibid., pp. 133-134.

## A. GOVERNMENT

### 1. *The Ministry of Social Affairs*

The Ministry of Social Affairs is the dominant governmental actor in matters of social protection.<sup>19</sup> The Ministry seeks to support the population with social assistance, social services and social insurance. However, like most actors involved in social protection in the West Bank, its activities focus on social assistance. With its limited resources and capacity, the Ministry of Social Affairs has expressed its interest to coordinate with non-State actors to improve social service provision, although there are few current examples of this kind of cooperation so far. Social insurance is presently only offered to governmental employees. The Ministry of Social Affairs is part of a team seeking to develop a contribution-based pension fund for all citizens, but this effort is still in its preliminary stages.<sup>20</sup>

The Palestinian National Cash Transfer Programme is the largest and most important initiative of the Ministry of Social Affairs, accounting for 50 per cent of its total budget.<sup>21</sup> It was created in 2010 through the merging of two different welfare programmes, one funded by the World Bank and other by the European Union. In parallel to the merger, World Bank, European Union and other international actors helped the Palestinian Authority create a formula that is consumption based and proxy means tested for targeting beneficiaries. This new programme is based on a donor mandate and represents a significant shift in targeting mechanisms in the Occupied Palestinian Territory.<sup>22</sup> In 2009, shortly before the reforms, 40 per cent of the beneficiaries of the Ministry of Social Affairs were actually in the top 60 per cent in terms of expenditure distribution, manifesting that the targeting system of the Ministry was in urgent need of improvement.<sup>23</sup>

The consumption-based means-tested formula calculates the estimated welfare of a family based on their responses to a questionnaire that includes 250 data fields with 34 weighted variables. These responses are later verified by a social worker who visits the applicant's household to examine their living conditions. The household's welfare is ranked along the national poverty line and the extreme poverty line using information from the 2007 National Household Budget Survey issued by the Palestinian Central Bureau of Statistics (PCBS).<sup>24</sup> Those households falling under the extreme poverty line are eligible for assistance. The amount of cash assistance provided is expected to bridge the poverty gap by 50 per cent and ranges from NIS 750 to 1,800 (equivalent to US\$ 210-500) paid every three months, with an average payment of approximately NIS 1,000 (US\$ 280) per three months.<sup>25</sup> The Ministry of Social Affairs added a vulnerability-based category of beneficiaries that receive a smaller amount of cash assistance. This category was created to address concerns that the means-tested formula concentrated too much on consumption and not enough on household characteristics and vulnerabilities.<sup>26</sup> The beneficiaries under this category fall below the national poverty line, but not the extreme poverty line, and possess characteristics that render them vulnerable, such as being a female-headed household or having a head of household who is older, has a disability or suffers from a chronic illness. Currently, roughly 80 per cent of the beneficiaries of the National Cash Transfer Programme are under the extreme poverty line, while the remaining 20 per cent are under the national poverty line and fit into the vulnerability categories.<sup>27</sup> The Cash Transfer Programme covers

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<sup>19</sup> Ministry of Social Affairs, 2011, pp. 2-3.

<sup>20</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>21</sup> Ibid.

<sup>22</sup> Jones and Shaheen, 2012, p. 20; interview with Amein Enabi.

<sup>23</sup> World Bank, 2011, pp. 116 and 133.

<sup>24</sup> Interview with Amein Enabi.

<sup>25</sup> At the time of writing the report, US\$ 1 was approximately equivalent to 3.6 New Israeli shekel (NIS).

<sup>26</sup> Interview with Amein Enabi.

<sup>27</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

104,000 households throughout the Occupied Palestinian Territory, approximately 45 per cent of which are in the West Bank.<sup>28</sup>

In addition to regular cash assistance, all beneficiaries are eligible for a one-time emergency cash grant in the case of a disaster, such as the destruction of their house.<sup>29</sup> There are on-going efforts to provide beneficiaries with subsidies for utilities, but negotiations with the utility company are still underway.<sup>30</sup>

It is important to note, however, that the targeting system of the Ministry of Social Affairs still expects individuals to approach the Ministry themselves and to complete a lengthy and complicated application. Potential beneficiaries are required to fill out the application in person as proxies are not accepted.<sup>31</sup> These requirements include possible barriers for those who lack mobility, are unfamiliar with the programme or simply intimidated by the application process. Beneficiaries agree that some populations, especially women with childcare responsibilities or other restrictions, persons with poor health and those living in rural areas, lack resources, are thus not sufficiently mobile and miss out on assistance.<sup>32</sup> All of these factors may reduce the effectiveness of the Cash Transfer Programme, in particular with regard to the coverage of the extremely poor and vulnerable.

The transition to this new system of targeting beneficiaries has produced some controversy, particularly among social workers and beneficiaries, but also among senior employees in charge of the programme.<sup>33</sup> While the World Bank has praised the new means-tested system as one of the most accurate and effective in the region, others feel that the formula does not accurately reflect local circumstances.<sup>34</sup> In particular, the focus on housing conditions may inaccurately reflect the nature of poverty in the West Bank, given that many poor families previously had greater resources but became poor during the first and second intifadas.<sup>35</sup>

Additionally, social workers feel that their role has been reduced to entering data, with little ability to offer their professional perspectives on the vulnerability and welfare of a household based on real observation and years of experience. The complex formula also makes it difficult for social workers to understand and explain to beneficiaries why one family qualifies and another does not.<sup>36</sup> Finally, the system has increased the logistical requirements associated with registering applicants and delivering assistance. For this reason, it takes several months for a family to apply, who then receives one larger amount of cash every three months instead of smaller amounts every month, which, according to a qualitative assessment, would be the preferable option for beneficiaries, who need assistance on a more regular basis.<sup>37</sup>

The Ministry of Social Affairs administers additional, smaller assistance programmes funded by external donors. Among them is an orphan sponsorship programme funded by the United Arab Emirates Red Crescent that provides 3,300 orphans with 50 US dollars per month.<sup>38</sup>

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<sup>28</sup> Ibid.

<sup>29</sup> Jones and Shaheen, 2012, pp. 36 and 58.

<sup>30</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>31</sup> Jones and Shaheen, 2012, p. 53.

<sup>32</sup> Ibid.; focus group with 10 beneficiaries of Ramallah Zakat Committee.

<sup>33</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>34</sup> Ibid.

<sup>35</sup> Jones and Shaheen, 2012, p. 56.

<sup>36</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>37</sup> Ibid.

<sup>38</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti; Ministry of Social Affairs, 2010a, p. 29.

## 2. Coordination with other ministries and assistance programmes

The new means-tested targeting system has had an additional advantage: It has facilitated the creation of one single registry of all beneficiaries, offering a comprehensive collection of data on all applicants, which is a valuable contribution to improved coordination across social assistance programmes. In combination with the coordination efforts of the Social Protection Team, the single registry has helped the Ministries of Social Affairs, Health and Education in the integration of their data and assistance programmes. As a result thereof, those eligible for the National Cash Transfer Programme are also automatically eligible for health insurance and school and university fee waivers.

The public health insurance offered to beneficiaries of the Cash Transfer Programme is financed by the Ministry of Health and is the same insurance provided to government employees. 42.6 per cent of Palestinians in the West Bank are currently covered by health insurance from the Ministry of Health.<sup>39</sup> To register and receive their health insurance card, beneficiaries of the Cash Transfer Programme must simply bring a letter from the Ministry of Social Affairs addressed to the Ministry of Health stating their eligibility.<sup>40</sup>

Even though governmental health insurance covers medical care in public hospitals, the Ministry of Health purchases additional services from private and non-profit hospitals (including zakat hospitals) as well as hospitals abroad to provide services that are not available in the public system.<sup>41</sup> Despite this extension of services, and due to limited resources and the structure of the public insurance scheme, the services provided by the Ministry of Health do not always provide beneficiaries with full and affordable medical coverage. While individuals with public insurance do not pay for consultation fees, they do have to pay for medications and diagnostic services that are often very costly. In addition, most public hospitals have to turn patients away due to overcrowding.<sup>42</sup> This leads to high out-of-pocket expenditures of Palestinians on health care, which reached an average of 40 per cent in 2004.<sup>43</sup> Families report that treatment options are often not covered by public insurance or are prohibitively expensive, especially for persons with disabilities. The most basic medicines are often unavailable. For these reasons, people with public health insurance may have to seek additional coverage outside the public system. Despite the extensive participation of non-State actors, the shortage of medical resources per inhabitant is drastic, as illustrated by figures from 2011, namely, 1.7 physicians and 1.3 hospital beds per 1,000 inhabitants (table 3).<sup>44</sup>

TABLE 3. MEDICAL RESOURCES IN THE OCCUPIED PALESTINIAN TERRITORY

|                                      | 2009  | 2010  | 2011  | 2012  | 2013  |
|--------------------------------------|-------|-------|-------|-------|-------|
| Number of governmental hospitals     | 25    | 25    | 25    | 25    | 25    |
| Number of non-governmental hospitals | 50    | 51    | 56    | 54    | 55    |
| Total number of beds                 | 5 058 | 5 108 | 5 414 | 5 487 | 5 619 |
| Number of beds per 1,000 inhabitants | 1.3   | 1.3   | 1.3   | 1.3   | 1.3   |
| Physicians per 1,000 inhabitants     | 2     | 1.7   | 1.7   | 1.7   | 1.6   |

Source: Compiled by author, based on information from PCBS, 2013; PCBS, 2015.

<sup>39</sup> Malki and others, 2012, p. 41.

<sup>40</sup> Jones and Shaheen, 2012, p. 36.

<sup>41</sup> Interview with Assad Remlawi, Assistant Deputy Minister of Health.

<sup>42</sup> Mataria and others, 2009, p. 1208; focus group with 10 beneficiaries of Ramallah Zakat Committee.

<sup>43</sup> Mataria and others, 2009, p. 1211.

<sup>44</sup> Jones and Shaheen, 2012, p. 44; focus group with 10 beneficiaries of Ramallah Zakat Committee.

School costs and university fee waivers are split between the Ministry of Social Affairs and the Ministry of Education. Normally, public school students pay a tuition fee of NIS 60 (approximately US\$ 16) and NIS 50 (approximately US\$ 13) for uniforms. Attendants of grades 10 and 11 pay a part of the costs for books (NIS 4-8 per book, or US\$ 1-2). In addition, students must pay NIS 150 (approximately US\$ 40) for the final exam. Since these fees, which are much lower than those charged by private schools, do not cover the full costs incurred by public schools, they are subsidized by the Ministry of Education.<sup>45</sup> The Ministry of Education is also fairly flexible about waiving the already minimal school fees for students that are not registered with the Ministry of Social Affairs. Fees are typically waived for children of jailed parents and for people living behind the separation wall. Ultimately, the Ministry allows schools to define whether or not a student is disadvantaged, justifying this as necessary to help fulfil its obligation of providing education for all.<sup>46</sup>

### *3. Additional governmental programmes*

The Ministry of Social Affairs is very much aware that its agenda, similar to most social protection actors in the West Bank, is dominated by relief programmes rather than empowerment programmes. While it would prefer to increasingly create sustainable development programmes that would help people out of poverty, it seeks to balance these concerns with meeting the immediate needs of the extremely poor and vulnerable. Furthermore, interviewees acknowledged that political and economic instability associated with the occupation can complicate the implementation of empowerment programmes in the Occupied Palestinian Territory.<sup>47</sup> Nonetheless, increased attention should be paid to empowerment programmes.

One of the existing empowerment programmes of the Ministry of Social Affairs is the Deprived Families Economic Empowerment Programme (DEEP). This programme is funded by the Islamic Development Bank and implemented with the assistance of the United Nations Development Programme (UNDP). While the Ministry of Social Affairs currently leads DEEP, other NGOs are active in its implementation as well, which makes the programme more complex with regards to coordination and leadership. DEEP also now relies on the consumption-based proxy means-tested formula, but it selects households with members capable of working, particularly young adults in good health.<sup>48</sup> During its first three-year phase, which ended recently, DEEP provided beneficiaries with grants of US\$ 3,000 supporting income-generation projects, in addition to financial and business development services. During the second phase, which is currently under development, the Ministry of Social Affairs intends to increase the payment considerably – potentially fourfold – and transition from grants to soft loans.<sup>49</sup>

Ministry of Social Affairs officials both at the central and local levels express some scepticism about the effectiveness of the first phase of DEEP. The average monthly income produced through the income-generation projects was as low as NIS 1,000 per month (approximately US\$ 245), which kept households well below the national poverty line. Some officials attribute this to the relatively short period of the first phase, acknowledging that business development takes several years.<sup>50</sup> Others suggest that the economic conditions in the West Bank are not appropriate for a programme like DEEP, given that the ongoing threat of instability in the West Bank creates a poor investment climate and leads households to restrict spending, creating substantial obstacles for new small-scale entrepreneurial activities.<sup>51</sup> The evaluation of the first phase merely assessed reported improvements in living standards and not the success of businesses and the

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<sup>45</sup> Interview with Omar Anbar, General Director of General Education, Ministry of Education.

<sup>46</sup> Ibid.

<sup>47</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>48</sup> Interview with Ameen Enabi.

<sup>49</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti; Ministry of Social Affairs, 2010a, pp. 37-38.

<sup>50</sup> Interviews with Al Deek Daoud, Ayman Sawalha and Khaled Barghouti.

<sup>51</sup> Interview with Ameen Enabi.

ability of families to move out of poverty. Given the relatively large amount of financial assistance provided to beneficiaries, it is not surprising that 80 per cent of beneficiary households reported an improvement in living standards.<sup>52</sup>

Beside DEEP, the Ministry of Social Affairs operates a smaller-scale empowerment programme for persons with disabilities.<sup>53</sup> As part of this programme, the Ministry oversees five day centres and provides vocational training for 137 persons with disabilities. It also purchases services from the Al Ihsan Charity Association, which is among the most active NGOs in the West Bank, to provide capacity building.<sup>54</sup> This is one of the few current contracts established by the Ministry of Social Affairs with NGOs for the sake of service provision.

The Palestinian Government has also recently created the Employment Fund, headed by the Ministry of Labour, with representatives from a variety of ministries, private-sector entities, NGOs, and trade unions. This interministerial and cross-sectoral fund is charged with finding innovative ways to support employment- and income-generating activities among Palestinians. However, given the complexity of this task and the difficulty of coordinating across agencies, this fund has only recently become operational even though it was created in 2003.<sup>55</sup>

Other bodies engaged in social protection programmes tend to target specific populations. At the national level, the Ministry of Agriculture, for instance, provides cash assistance to families affected by the Israeli separation wall<sup>56</sup> as well as food-for-work and food-for-training programmes;<sup>57</sup> and the Ministry of Prisoners' Affairs provides a variety of benefits to prisoners and their families depending on prison time and gender, including monthly salaries, education support, health insurance, and loans to support reintegration and employment.<sup>58</sup> These institutions meet some of the unique social needs that exist in situations of occupation. At the local level, the Office of the Governor offers some support for disadvantaged populations within the governorate, particularly around holidays. These institutions can provide valuable coordination services between different State and non-State actors involved in social protection, as will be discussed later in this report.<sup>59</sup>

## B. NON-GOVERNMENTAL ACTORS

### 1. *Multilateral and bilateral organizations*

The social protection system in the West Bank is pluralistic, with important roles allocated to non-governmental and international actors in addition to the different forms of social protection granted by government institutions (figure I). Following the Ministry of Social Affairs, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is the most prominent and most important provider of social protection services.<sup>60</sup> As its name suggests, UNRWA focuses on refugees, with special attention to the extremely poor, female-headed households, families without a breadwinner, and families

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<sup>52</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>53</sup> Interview with Ayman Fawadleh.

<sup>54</sup> Ministry of Social Affairs, 2010a, p. 25.

<sup>55</sup> Interview with Ziad Karabelieh, Executive Director of the Employment Fund.

<sup>56</sup> Israel has been constructing a separation wall, deemed illegal by the International Court of Justice (Advisory Opinion of 9 July 2004), with at least 85 per cent of the route intruding into the West Bank, thereby isolating approximately 12 per cent of the West Bank; see Note by the Secretary-General A/69/81-E/2014/13.

<sup>57</sup> Ministry of Social Affairs, 2010a, p. 22.

<sup>58</sup> *Ibid.*, p. 19.

<sup>59</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>60</sup> Ministry of Social Affairs, 2011, p. 4.

with older members or members with chronic illnesses or disabilities. Therefore, UNRWA's priorities in targeting beneficiaries are similar to those of the Ministry of Social Affairs and its Cash Transfer Programme, with the difference that UNRWA only works with refugee populations. Among UNRWA's main protection programmes is the Social Safety Net Programme that provides cash and in-kind assistance to families and an emergency assistance programme providing cash, food and in-kind assistance for victims of emergencies, including natural disasters and consequences of the occupation, among other factors.<sup>61</sup> The Ministry of Social Affairs also provides significant aid to refugees, who made up 30 per cent of the families receiving cash transfers in 2010.<sup>62</sup> Particularly given the similar nature of their programmes, there is a considerable risk of duplication of efforts between UNRWA and the Ministry of Social Affairs if they do not effectively share information on beneficiaries and assistance. Unfortunately, coordination between the Ministry of Social Affairs and UNRWA has not witnessed the same improvements in recent years as has occurred between the Ministries of Social Affairs, Education and Health. While certain efforts to prevent duplication through the sharing of information can be recorded, there is still considerable room for improvement, particularly through increased integration of beneficiary databases.<sup>63</sup>

Another important international organization involved in social protection is the World Food Programme (WFP). There is effective coordination between WFP and the Ministry of Social Affairs, as well as between WFP and UNRWA, and the Ministry of Education. WFP relies on the database and other support of the Ministry of Social Affairs for implementing its food parcel programme, which reaches 45,000 households. WFP avoids unnecessary duplication by ensuring that none of its beneficiaries are supported by UNRWA.<sup>64</sup> In addition, WFP supports a nutrition programme for children in schools in partnership with the Ministry of Education.<sup>65</sup>

Beside UNRWA and WFP, a variety of other multilateral and bilateral organizations support social protection programmes in the West Bank. As mentioned previously, much of this funding is in the form of direct budget support that helps finance governmental programmes. In 2008, funding from international donors reached 58 per cent of GDP in the West Bank and Gaza, 32 per cent of which were direct transfers to the Government.<sup>66</sup>

## 2. Charitable organizations

Locally and internationally funded charitable NGOs play another important part in the West Bank's welfare mix. All NGOs must be registered at the Ministry of the Interior<sup>67</sup> and are supervised by the Ministry of Social Affairs.<sup>68</sup> In 2010, 705 charitable organizations were registered in the West Bank.<sup>69</sup>

These NGOs, the majority of which is located in cities, provide a variety of sensitization activities, academic and vocational training, medical assistance, and in-kind or cash assistance, and tend to focus on issues related to women, youth, human rights, agriculture, and health.<sup>70</sup> The funding of charitable

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<sup>61</sup> Ministry of Social Affairs, 2010a, pp. 17-18.

<sup>62</sup> *Ibid.*, p. 22.

<sup>63</sup> Interviews with Daoud al Deek, Ayman Sawalha, Khaled Barghouti and Ayman Fawadleh.

<sup>64</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>65</sup> Ministry of Social Affairs, 2010, pp. 21-22.

<sup>66</sup> World Bank, 2011, p. 119.

<sup>67</sup> Schäublin, 2009, p. 8.

<sup>68</sup> Ministry of Social Affairs, 2010a, pp. 20.

<sup>69</sup> *Ibid.*

<sup>70</sup> Interview with Dua'a Qurie, Executive Director of the Palestinian NGO Network (PNGO); Ministry of Social Affairs, 2010a, p. 21.

organizations comes from a variety of sources and is more or less evenly divided between local, governmental and international funding, and self-financing.<sup>71</sup> Since they often rely on major international donors, NGOs are partly associated with a secular foreign agenda.<sup>72</sup> However, there are noteworthy exceptions: Islamic Relief Palestine (IRPAL), a branch of Islamic Relief Worldwide, is an important source of emergency aid and social welfare projects. In 2010, IRPAL provided US\$ 28.2 million in aid to the West Bank and Gaza, benefiting roughly 1.2 million individuals.<sup>73</sup> IRPAL began work in the Occupied Palestinian Territory in 1994 and established its Ramallah office in 2001, followed by offices in Bethlehem and Jenin. In addition to emergency relief, it regularly offers programmes in matters of health, education, livelihoods, and water and sanitation. This includes a child welfare programme that provides regular financial aid for children in female-headed households and orphans, similar to the Ministry of Social Affairs' Cash Transfer Programme and the activities of zakat committees. In 2010, IRPAL provided such support to 7,000 children across the West Bank and Gaza.<sup>74</sup> As mentioned previously, the relationship between NGOs and the Government is complex, particularly given the prominent role of NGOs in service provision and social protection in the past and the strong relationship between some NGOs and donor organizations that also fund the Palestinian Authority. While according to NGOs, coordination with the Government has improved in recent years, interviewees report a certain level of frustration and criticize only being approached during sector planning, without any assurance that their voices will actually be heard.<sup>75</sup>

### 3. Foundations

The Martyrs' Foundation, which was founded by the Palestine Liberation Organization (PLO) in 1969, is an important foundation engaged in social protection in both the West Bank and Gaza. Its longevity and political background make it unique compared to other local non-governmental actors. It provides health, educational and rehabilitative services in addition to monthly cash assistance to the families of those who have been killed or wounded. This institution does not discriminate based on political affiliation, but the amount of assistance provided depends on status (civilian or military) and family size. It is the responsibility of the family to register the wounded or deceased in order to receive benefits.<sup>76</sup>

### 4. Informal social protection systems

Apart from formal assistance programmes, informal support from family and friends is an important form of social protection in the West Bank. Combined support from relatives, friends, neighbours, and charitable individuals, accounts for 14.8 per cent of the households receiving assistance.<sup>77</sup> While this assistance is difficult to monitor, may not be equally distributed, and varies in nature and effectiveness, it is an essential part of the social protection infrastructure in the West Bank. Generally, informal assistance is more effective in larger kin groups with geographic proximity. However, some evidence suggests that the amount of informal support actually decreases with increased levels of poverty.<sup>78</sup> It is important to note that informal assistance does not necessarily represent a redistribution of income from wealthier to poorer family members; kinship assistance can be a matter of social obligation, even for poorer family members. The example of a focus group of zakat beneficiaries in the Ramallah Governorate showed that a male head of household with chronic illness and with no regular income provided financial assistance to his brother's widow.<sup>79</sup>

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<sup>71</sup> Ministry of Social Affairs, 2010a, p. 21.

<sup>72</sup> Interviews with Dua'a Qurie and Jamal Qasem, General Manager of the Palestinian Zakat Fund; Schäublin, 2009, p. 28.

<sup>73</sup> Islamic Relief Palestine (IRPAL), 2011, p. 40.

<sup>74</sup> *Ibid.*, p. 17.

<sup>75</sup> Interview with the Director of the Palestinian Youth Organization.

<sup>76</sup> Ministry of Social Affairs, 2010a, p. 18.

<sup>77</sup> PCBS, 2004, p. 22.

<sup>78</sup> Cobham and Kanafi, 2004, p. 145; FAO and MAS, 2008, pp. 12-13; Sacco and Hannoun, 2006, pp. 14-15.

<sup>79</sup> Focus group with 10 beneficiaries of Ramallah Zakat Committee.

Another important source of informal assistance are hamula funds, which are informal income-pooling organizations. These funds typically depend on family ties and involve a small yearly contribution. Other families rely on informal savings associations which are not necessarily based on kinship. In these associations, members receive pooled funds on a rotating basis that can be used for necessary purchases or for investments. Many Palestinians prefer this system to formal loans.<sup>80</sup>

### C. TRENDS IN SOCIAL PROTECTION IN THE WEST BANK

The large number of actors involved in social protection creates significant coordination challenges, and the similarity of assistance programmes and target groups implies a high potential for duplication among organizations when activities are not properly coordinated and information is not sufficiently shared. The Social Protection Team provides a central platform for improved coordination, but the process of translating its potential into actual programme coordination and implementation is still in the early stage. The creation of a single registry for all applicants to the Ministry of Social Affairs' Cash Transfer Programme and the integration of their beneficiary database with the social assistance programmes of the Ministry of Education, the Ministry of Health and WFP are all important steps that are hoped to be expanded, including other governmental agencies, UNRWA and NGOs. While the participation of NGOs in the elaboration of sector-planning strategies is a step forward in strengthening the complex relationship between the Government and this large and varied group of actors, much more needs to be done. Coordination and contracting between the Government and NGOs for the provision of services, as with the Al Ihsan Charity Association for instance, could provide a good framework for improvement in this direction.

Looking across all social programmes and their providers, it becomes evident that their emphasis lies on the provision of cash and in-kind assistance, meaning that the main focus is on relief and cash transfers rather than preventative and transformative measures such as income-generation activities, social services and insurance. This has most likely been a result of the many deprivations and unfulfilled basic needs in the West Bank and the fact that truly sustainable development is difficult to achieve under occupation, when the ultimate step towards sustainable development is the end of the occupation. However, the Ministry of Social Affairs has pointed out that continued cash transfer programmes for specific populations exhaust the national budget and impair the development of more sustainable programmes.<sup>81</sup> The national social protection programme identifies a more sustainable development model as key to implement its vision, and such programmes as DEEP and the creation of the Employment Fund are efforts to change the current relief-centred paradigm.<sup>82</sup>

### D. DEMAND FOR SOCIAL PROTECTION PROGRAMMES

Examining the needs expressed by the people helps analyse the effectiveness of current social protection programmes. Underlining the intensity of basic needs, direct food assistance was the top priority listed by 38.4 per cent of families. Social protection programmes, in fact, seem to be aligned with this particular need; in 2004, food supplies made up 56.4 per cent of all assistance in the West Bank. However, while the need for work was listed as the second highest priority (at 19.9 per cent), only 1.3 per cent of assistance was provided in this regard.<sup>83</sup> This suggests that income-generation and productive projects need to be intensified, which is particularly important for women, whose labour participation rate is low and who face considerable barriers when attempting to enter the traditional workforce. During a focus group meeting with female zakat beneficiaries in Ramallah, the desire to work and requests for assistance to start income-generating projects – including training, organizational and marketing assistance, creation of women's

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<sup>80</sup> Interview with Dua'a Qurie.

<sup>81</sup> Ministry of Social Affairs, 2010a, pp. 22-23.

<sup>82</sup> Ministry of Social Affairs, 2011, p. 8.

<sup>83</sup> PCBS, 2004, pp. 6 and 20.

cooperatives, and loans – dominated the conversation.<sup>84</sup> There is evidence that, in the absence of support from the Government and other institutions, women create their own informal employment opportunities in the sectors of commerce, services and small-scale production. The vast majority of these women receive minimal support, even with regards to training. Instead, most women learn on the job and from family or teach themselves.<sup>85</sup>

A participatory poverty assessment by UNDP in 2001 provided insight into popular perceptions of social assistance from different institutions. At that time, respondents criticized the Ministry of Social Affairs and UNRWA for treating citizens in a degrading way, as if they were ‘beggars’.<sup>86</sup> Respondents were very much aware that social assistance was not even reaching one quarter of the population. They complained that assistance from all actors was limited to the neediest of the population, leaving many families in a deprived state. Reinforcing the conclusion expressed above, respondents demanded more transformative and capacity-building programmes. Some criticized UNRWA for only providing primary education support, and others explained that, if institutions could just provide them with skills, they would no longer be dependent on aid.<sup>87</sup>

While the institutions discussed above represent major actors in social welfare and service provision, a description of social protection in the West Bank is not complete without discussing the zakat committees, which have been important providers of welfare and services for decades, longer than most NGOs and governmental agencies.

### III. EVOLUTION OF ZAKAT COMMITTEES

#### A. ORIGINS OF ZAKAT COMMITTEES

Following the Ministry of Social Affairs and UNRWA, the zakat system is considered one of the most important sources of social protection in the West Bank.<sup>88</sup> Zakat in the Occupied Palestinian Territory was primarily practiced informally or through mosques until the late 20<sup>th</sup> century due to the degree of political and social change at the time.<sup>89</sup> The first independent zakat committees began emerging in the West Bank in the 1970s as part of a wider trend of institution building and Islamic revival in response to the 1967 war, and as a form of resistance to the Israeli occupation.<sup>90</sup> These committees tended to develop in a grassroots way to deal with the lack of social institutions and formal social assistance beside that provided by UNRWA.<sup>91</sup> Local middle class and successful businessmen were typically prominent in the founding of zakat committees, along with local religious figures.<sup>92</sup> The first committees were formed in 1977 in Nablus, Ramallah and Qalqilyah, and many other committees followed over the next 10-15 years. The increased need for social protection caused by the two intifadas and increases in foreign donations to zakat committees connected thereto led to a drastic increase in the number of zakat committees during the period 2001-2003.<sup>93</sup> By 2007, 92 zakat committees existed throughout the West Bank.<sup>94</sup>

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<sup>84</sup> Focus group with 10 beneficiaries of Ramallah Zakat Committee.

<sup>85</sup> Esim and Kuttab, 2002, p. 26.

<sup>86</sup> UNDP, 2002, pp. 8, 10 and 89.

<sup>87</sup> *Ibid.*, pp. 66 and 77.

<sup>88</sup> Ministry of Social Affairs, 2010a, p. 22.

<sup>89</sup> Schäublin, 2009, p. 15-16.

<sup>90</sup> Haddad and others, 1991, pp. vii-viii. In this book, the trend of ‘Islamic revival’ is described as, “an emerging consensus among Muslims and their leaders, both in political and spiritual, that the established order is inadequate and that Islam contains a viable alternative to the status quo that has been imposed by the non-Islamic world”.

<sup>91</sup> Lundblad, 2011, pp. 161-162.

<sup>92</sup> Benthall, 2008, p. 6.

<sup>93</sup> Lundblad, 2011, p. 166.

<sup>94</sup> Schäublin, 2009, p. 18.

Given the nature of the West Bank as an occupied territory with a Government that has evolved only over the last two decades, zakat committees have a unique legacy rooted in local communities, with a more central role in basic social protection than zakat institutions in some other Muslim countries. Zakat officials describe zakat committees as the first actors in social protection in the West Bank, predating governmental bodies and NGOs.<sup>95</sup> Governmental and associated actors acknowledge the important role that zakat committees played in social protection in the past.<sup>96</sup> However, with the development of the institutions of the Palestinian Authority and the growth of NGOs, the prominence of zakat committees in social protection began to diminish.<sup>97</sup>

Prior to 2007 and the zakat reforms, the decentralized nature in which the zakat committees had emerged ensured significant diversity in the funding of different committees. The Hebron Committee had a budget of US\$ 7 million in 2006, although it was more common to see budgets around US\$ 1 million, and many committees had much less.<sup>98</sup> Funding sources varied, but, in the case of most committees, donations from abroad surpassed locally collected zakat and donations by far. Foreign contributions often made up around 80 per cent of the funding of committees and typically came from foreign zakat institutions and Islamic charities or as donations from countries with a Muslim majority.<sup>99</sup>

Although operating in a largely decentralized manner, many zakat committees were run professionally, informed by the considerable business and finance experience of committee members. Several committees regularly published reports on their activities, which frequently included itemized lists of expenditures, funding and other budget information, often with more details than is currently publicly available.<sup>100</sup> Over the years, the committees were increasingly successful at accessing aid from donors outside of the Arab and Islamic world, as well as from Islamic charities and Muslim-majority countries.<sup>101</sup>

## B. LEGAL FRAMEWORK PRIOR TO 2007

Prior to 1994, the Jordanian Ministry of Awqaf and Islamic Affairs was responsible for the supervision of the zakat committees located in the Occupied Palestinian Territory. In 1994, this responsibility was transferred to the Palestinian Authority's Ministry of Awqaf and Religious Affairs for every committee except the Jerusalem Committee, which is still under the control of Jordan (and is thus not addressed in this report). However, the Jordanian law on zakat guides the structure of committees and will continue to do so until a Palestinian law is adopted (for a description of this law, see section D below). While they were not governmental institutions, the zakat committees were also recognized as distinct from other NGOs and had unique oversight mechanisms. Although the Palestinian Ministry of Awqaf and Religious Affairs technically supervised the committees and their elections during this period, in reality, the committees enjoyed a great degree of flexibility and a fairly ambiguous legal status between the non-State and governmental sectors.<sup>102</sup>

The decentralized nature of zakat committees was not necessarily beneficial for cooperation across the committees or with governmental institutions. At the same time, information was shared between the

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<sup>95</sup> Interviews with the General Manager of the Jenin Zakat Committee and the President of the Ramallah Zakat Committee.

<sup>96</sup> Interviews with Daoud al Deek, Ayman Sawalha, Khaled Barghouti and Dua'a Qurie.

<sup>97</sup> Interview with General Manager of the Jenin Zakat Committee.

<sup>98</sup> Benthall, 2008, p. 7.

<sup>99</sup> Schäublin, 2009, p. 30.

<sup>100</sup> Zakat Committee of Abu Deis, 1994, p. 5; Zakat Committee of Azaria, 1991, p. 11; Zakat Committee of Hebron, 1991, p. 24; Zakat Committee of Ramallah and el Bireh, 1996, p. 14; Zakat Committee of Tubas (n.d.), p. 7; Zakat Committee of Tulkarem, 1993, pp. 24-25.

<sup>101</sup> Benthall, 2008, p. 21.

<sup>102</sup> Malka, 2007, p. 106.

Ministry of Social Affairs and the committees, including poverty statistics and lists of the poor.<sup>103</sup> Governmental institutions at that time were relatively young, so the relationship between the Ministry of Social Affairs and the committees was a fairly fluid one. In some instances, the Ministry of Social Affairs actually requested money from the committees to help fund certain social activities.<sup>104</sup>

### C. INFLUENCE OF POLITICAL AND RELIGIOUS GROUPS ON ZAKAT COMMITTEES PRIOR TO 2007

In recent years, some of the literature on Palestinian zakat committees has focused on their relationship to Hamas and their position within the internal Palestinian power relations and potential links to terrorism.<sup>105</sup> In this context, United States Government institutions have taken action on any possible connections between charities – including zakat committees – and groups designated by the United States as terrorist, including Hamas and other Palestinian groups. This action had consequences at an international level and had a powerful impact on funding for zakat committees in the West Bank, as will be discussed later.

A number of voices from the Palestinian academia, the Government and even current zakat officials have expressed concern over the ways Hamas and other groups may have influenced the zakat committees.<sup>106</sup> However, other zakat officials argue that many committees, if not all, remained politically independent and concentrated exclusively on serving the community according to the principles described in the Qur'an.<sup>107</sup> Among the few international scholars who have written on the topic, many agree that it would be inaccurate to call the West Bank zakat committees part of the formal structure of Hamas, or even formal affiliates.<sup>108</sup>

Prior to 2006, the connections between the zakat committees and Hamas did not generate enough concern among the Fatah-dominated Palestinian Authority to lead them to interfere in the work or management of the committees. However, this situation changed with the 2006 electoral victory of the Hamas-affiliated Change and Reform Bloc. Rising political tensions between Hamas and Fatah began to affect the zakat committees in 2006, when the unity Government between Hamas and Fatah collapsed and Hamas gained control over Gaza.

### D. 2007 ZAKAT REFORMS

Reforms undertaken in 2007 increased the level of centralization and Government control of the zakat system. The reforms were initiated by the Ministry of Awqaf and Religious Affairs, although the Ministry of Interior also played a role.<sup>109</sup> The reforms largely adhered to the zakat system described in the 1988 Jordanian zakat law and the 1996 revision of that law.<sup>110</sup> Most of the 92 zakat committees were dissolved, leaving 11 committees, one for each governorate (although separate committees for North and South Hebron were created in 2011 due to the large size and population of Hebron). The new board members of the committees were chosen by the Ministry of Awqaf and Religious Affairs from lists of candidates generated

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<sup>103</sup> Lundblad, 2011, pp. 145-147.

<sup>104</sup> Ibid., pp. 147-148.

<sup>105</sup> See, for example, Benthall, 2008; Crimm, 2008; Malka, 2007; Schäublin, 2009, pp. 11-13.

<sup>106</sup> Interviews with Ayman Fawadleh, Samir Abdulah, Jamal Qasem and the General Manager of the Hebron Central Zakat Committee, Hebron, 1 June 2013.

<sup>107</sup> Interviews with the President of the Ramallah Zakat Committee, the General Manager of the Tulkarem Zakat Hospital and the General Manager of the Tulkarem Zakat Committee.

<sup>108</sup> Benthall, 2008, pp. 15-17; Schäublin, 2009, pp. 11-13.

<sup>109</sup> Schäublin, 2012, p. 4.

<sup>110</sup> Jordan Legislation and Opinion Bureau, 1988; Palestinian Zakat Fund, 2012b.

by local Palestinian Authority governors, municipality presidents, chambers of commerce, and the Ministry of Awqaf and Religious Affairs, and approved by the Ministry of Interior.<sup>111</sup>

The other major component of the reforms was the creation of the Zakat Fund, a body housed within the Ministry of Awqaf and Religious Affairs that is responsible for overseeing the different zakat committees.<sup>112</sup> The new system also affirmed the zakat committees and Zakat Fund as the only institutions with the right to fundraise using the term zakat.<sup>113</sup>

This more centralized system supports a number of objectives. First, the Zakat Fund seeks to improve the transparency and accountability of the system and to ensure greater equality in the distribution of zakat among different areas. The Zakat Fund also states that the reforms were important for ensuring that operations are conducted in accordance with religious and State regulations.<sup>114</sup> The creation of the Zakat Fund has helped unify the zakat system, creating the potential for cooperation of different committees in line with a single vision for zakat.<sup>115</sup> Additionally, in the face of international pressure, the reforms helped demonstrate that the Palestinian Authority was committed to clearing any problematic connections or activities of the zakat committees. This was part of a larger agenda of the Ministry of Interior, according to which it also dissolved 123 religious and secular charitable organizations in 2007 and required them to re-register with the Ministry.<sup>116</sup>

However, the 2007 reforms have had some negative repercussions that the Zakat Fund and the Ministry of Awqaf and Religious Affairs are seeking to resolve. Donors abroad and Palestinian residents worried that the reforms were disrupting the traditional, grassroots and community-based nature of the zakat committees in the West Bank. Others were uncomfortable with the level of control by the Palestinian Authority over the zakat system, particularly given that the reforms occurred in the context of political differences between Fatah and Hamas. These concerns led to significant decreases in funding for the committees, as will be discussed later. Additionally, in the process of reorganizing the committees and ensuring that board members did not have problematic political connections, new board members were selected that did not necessarily have much experience with the zakat system. Recognizing these difficulties, the Ministry of Awqaf and Religious Affairs later reassessed the committee appointments and replaced some of the board members with people with more experience and local legitimacy.<sup>117</sup>

#### **IV. THE CURRENT LEGAL AND OPERATIONAL FRAMEWORK OF ZAKAT**

The current legal framework of the Zakat Fund and zakat committees is ambiguous. A 2013 draft zakat law has been submitted to the Council of Ministers, but, at the time of writing, has not yet been approved. Following approval by the Council of Ministers, the law must be signed by the President before it can enter into law. Since the draft zakat law has not formally come into effect, the Zakat Fund has not taken on all of the roles and responsibilities attributed to it in the draft law. In the meantime, the Jordanian Zakat Law from 1988 (amended in 1996) is the only legal framework available. As a matter of fact, the Change and Reform Bloc drafted a new law on zakat in 2008 that was approved in Gaza by the Palestinian Legislative Council. However, given the political split, the status of this new law is unclear. Until the 2013 draft zakat law is passed, the legal autonomy of the Zakat Fund is uncertain. For this reason, and because the Zakat

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<sup>111</sup> Schäublin, 2009, p. 43.

<sup>112</sup> Palestinian Zakat Fund, 2012b.

<sup>113</sup> Schäublin, 2009, p. 8.

<sup>114</sup> Palestinian Zakat Fund, 2012b.

<sup>115</sup> Ibid.

<sup>116</sup> Schäublin, 2009, p. 42.

<sup>117</sup> Ibid., pp. 46-47.

Fund is a new institution in the West Bank zakat framework, it is currently subsumed within the Ministry of Awqaf and Religious Affairs, which exercises ultimate decision-making power over the Fund. While the Zakat Fund currently has its own offices, employees, and a general manager, it is housed in the building of the Ministry of Awqaf and Religious Affairs. The Ministry covers the operating costs and employee salaries of the Fund, with the effect that all employees of the Fund are also considered employees of the Ministry of Awqaf and Religious Affairs. This dependency on the Government budget is due largely to the novel nature of the Zakat Fund and the fact that it is neither currently active as a collector of zakat nor a direct provider of aid. This arrangement has impaired the independence of the Fund and prevented it from pursuing new activities and reforms, especially those requiring external funding. Additionally, it has contributed to the public perception that the zakat system has been entirely integrated into the Government. This arrangement is likely to limit the ability of the Zakat Fund to strengthen its own agenda within the social protection framework. Within the Social Protection Team, the representative from the Zakat Fund is seen by other governmental actors as a representative of the Ministry of Awqaf and Religious Affairs rather than of the zakat system.<sup>118</sup> Additionally, the coordination relationship between the Ministry of Awqaf and Religious Affairs and the Ministry of Social Affairs is not particularly strong, as will be discussed later, which is another obstacle to the smooth functioning of the Zakat Fund.<sup>119</sup>

The draft zakat law and the new zakat system in the State of Palestine are clearly informed by the Jordanian Zakat Law, which will technically serve as the official legislation in the West Bank until a Palestinian zakat law is created. The present draft law resembles the Jordanian Zakat Law in most major issues, with some variations and a greater level of detail regarding the appointment of the Zakat Fund officials and board members, as well as the tasks of the board. One important difference between the two laws is the position of the Zakat Fund's General Manager. While the General Manager of the Zakat Fund in Jordan is merely a member of the Zakat Fund's Administrative Board, under the Palestinian draft law, he is Vice-President of the Administrative Board. This gives him greater powers over all other members – including representatives from other ministries and the Palestinian Bureau of Fatwa, particularly the authority to assume the responsibilities of the Board President, who is the Minister of Awqaf.<sup>120</sup> This arrangement has the potential to strengthen the position of the General Manager and give the Palestinian Zakat Fund a somewhat greater degree of separation from the Ministry of Awqaf and Religious Affairs than the Jordanian Zakat Fund, where the Vice-President of the Fund's Administrative Board is the Secretary-General of the Ministry of Awqaf, Islamic Affairs and Holy Places.<sup>121</sup> Another interesting difference between the two laws is the extent to which the Palestinian draft zakat law underlines the exclusive authority of the Zakat Fund and committees to collect zakat. According to the new law, committee members are supposed to receive cards authorizing them as zakat collectors,<sup>122</sup> and charitable organizations and other associations are warned against creating their own zakat collection and distribution systems, although no specific punishment is described for those that do.<sup>123</sup> This is likely an affirmation of the 2007 reforms that drastically reduced the number of zakat committees and may suggest that the Zakat Fund is still struggling to sustain the exclusive legitimacy of the official committees.

#### A. MANAGEMENT OF THE ZAKAT FUND

Under the Palestinian draft law, the Zakat Fund is legally and financially independent and is led by an administrative board.<sup>124</sup> Apart from the Minister of Awqaf and Religious Affairs and the General Manager,

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<sup>118</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>119</sup> Interviews with Ayman Fawadleh and Amein Enabi.

<sup>120</sup> Palestinian National Authority, 2013, Item 8.

<sup>121</sup> Jordan Legislation and Opinion Bureau, 1988, Item 4.

<sup>122</sup> Palestinian National Authority, 2013, Item 22.

<sup>123</sup> *Ibid.*, Item 21.

<sup>124</sup> *Ibid.*, Item 2.

this board is made up of representatives from the Palestinian Bureau of Fatwa, the Ministry of Finance, the Ministry of Social Affairs, and five members from the private sector with an interest in zakat. All memberships are for two years and renewable. Members must have relevant knowledge or experience in the field and be known for their honesty and integrity. Government representatives must be senior employees. All regular members are nominated by the Council of Ministers,<sup>125</sup> while the General Manager (or Vice-President) is nominated by the Palestinian Authority President, upon recommendation by the Council of Ministers.<sup>126</sup> The committee administrative board must meet at least every three months and decisions be made by consensus or a majority vote, and most meetings require the presence of an absolute majority of members. An interesting innovation in the Palestinian draft law is the provision that the President, Vice-President and one additional member are authorized to take official decisions on their own, to be approved later by a regular board meeting.<sup>127</sup>

### *Tasks of the Zakat Fund*

When discussing the tasks of the Zakat Fund, it is important to differentiate between the current tasks exercised by the Fund and those attributed to it in the draft law. Under the draft law, the Fund is responsible for a wide variety of tasks, under the supervision of the Administrative Board, which are the following: collection and distribution of zakat according to the Sharia, provision of aid to poor families and establishment of rehabilitative centres for older persons, persons with disabilities and persons who are sick or have chronic illnesses,<sup>128</sup> creation of zakat committees and supervision of their work, in addition to the creation of future plans, policies and regulations for zakat and related committees; conduction of field studies to identify poverty pockets and specific needs; and awareness-raising among the population on the importance of paying zakat. The Palestinian draft zakat law thus endows the Zakat Fund with a wide range of responsibilities in the areas of management, policymaking, research, and provision of assistance.

Perhaps due to its current ambiguous legal status, the Zakat Fund is not actively engaged in the direct collection of zakat and the provision of aid and services; both functions are primarily performed by the zakat committees. Instead, the Zakat Fund focuses on the management and supervision of the zakat committees and awareness-raising. However, the draft law foresees that the Fund will take on a more active role in the provision of aid in the future. Moreover, the draft law, similar to the Jordanian Zakat Law, stipulates that 10 per cent of the zakat collected by committees or the Fund be used by the Fund's Administrative Board for special Islamic charitable projects.<sup>129</sup> Considering that, at present, the tasks of the Fund are considerably more limited, balancing the anticipated expansion of duties may prove rather challenging to the Fund, in particular as concerns the shared responsibility for the provision of assistance and services with the zakat committees. The most viable solution here may be the delegation of the task to the zakat committees, which would be similar to the current arrangement of responsibilities. As concerns the research on poverty pockets, its delegation might prove more difficult: if zakat committees have the capacity and resources to carry out this task, their proximity to the population gives them a comparative advantage in understanding the nature of poverty on the ground. However, this is an area of potential coordination between the Zakat Fund and the Ministry of Social Affairs, which is also engaged in researching poverty pockets.

## B. FUNDING AND EXPENDITURES

Another interesting difference between the Palestinian draft zakat law and Jordanian Zakat Law is that one of the roles of the Palestinian Zakat Fund is to establish special projects that will generate income for the

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<sup>125</sup> Ibid., Item 8.

<sup>126</sup> Ibid., Item 17.

<sup>127</sup> Ibid., Items 9 and 14.

<sup>128</sup> Ibid., Item 4.

<sup>129</sup> Ibid., Item 21.

Fund.<sup>130</sup> This is listed as one of the official resources of the Fund, alongside zakat, sadaqa, donations, orphan sponsorship, holiday sadaqa (sadaqa given during religious holidays), endowments, and contracts (of property).<sup>131</sup> Although the draft law only describes the funding sources for the Zakat Fund, not the zakat committees, in reality these sources are those currently funding the zakat committees, while the Zakat Fund relies on funding from the Ministry of Awqaf and Religious Affairs for its administrative activities and does not seem to be actively engaged in zakat collection and distribution.

The use of productive projects for funding represents a slight innovation compared to the current activities and funding of zakat institutions and is an effort towards improving the financial sustainability and independence of the Zakat Fund and committees in the context of changing donor behaviour. Fluctuating donations following the 2007 reforms and the above-mentioned concern by some donors about possible connections between charities and terrorism make this an especially important issue for the Palestinian Zakat Fund. The negative impact of financial restrictions on the activities of some charities are part of a larger trend witnessed across the Arab and Muslim world that has had considerable repercussions on humanitarian and poverty alleviation activities.<sup>132</sup> Based on these concerns, several committees have launched productive projects with the hope of raising funds to cover their expenses and finance existing projects. This topic is explored in more detail in the section on the current funding of zakat committees.

The expenditures of the Zakat Fund authorized in the Palestinian draft law are quite traditional, almost identical to those stated in the Jordanian Zakat Law and closely resemble the list of eight beneficiaries in the Qur'an. This list includes the poor and needy; poor students; poor orphans, older persons, and persons with disabilities, and the institutions supporting them; the poor and sick and the institutions supporting them; those away from home and in need; poor individuals spreading the message of Islam; victims of a disaster or emergency, including floods, bankruptcy, fires, and earthquakes, as long as the emergency did not result from sin; volunteers in the cause of God; travelers and wayfarers; and the necessary administrative costs of the Fund, which should not exceed 10 per cent of the yearly resources.<sup>133</sup> Similar to the listed funding sources, the expenditures outlined in the Palestinian draft law cover the activities of the zakat committees rather than those of the Zakat Fund, which can be associated with the limited role of the latter in the provision of assistance and services.

The transactions of the Zakat Fund are all tax-exempt. In addition, the draft zakat law, similar to the Jordanian Law, allows individuals to deduct the entire amount of zakat they paid during the previous financial year from their due income tax.<sup>134</sup> This is an important incentive to donate, especially for local businesses which can donate surplus stock as in-kind contributions.<sup>135</sup> The State of Palestine has a progressive income tax with brackets ranging from 5 per cent for those earning 40,000 NIS or less annually (approximately US\$ 10,630), 10 per cent for those earning 80,000 NIS or less annually (approximately US\$ 21,260), and 15 per cent for those earning more than 80,000 NIS annually. Companies are subject to a 15 per cent flat tax rate.<sup>136</sup>

The Zakat Fund has to submit regular reports on the work of the fund and yearly financial and audit reports to the Council of Ministers. Furthermore, it has to obtain the approval of the Council of Ministers for its general budget as well as for the regulations it suggests for the Zakat Fund and committees.<sup>137</sup>

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<sup>130</sup> Ibid., Item 4.

<sup>131</sup> Ibid., Item 5.

<sup>132</sup> See Crimm, 2008; Baron, 2004; American Civil Liberties Union (ACLU), 2009.

<sup>133</sup> Palestinian National Authority, 2013, Item 6.

<sup>134</sup> Ibid., Item 7.

<sup>135</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>136</sup> Palestinian Investment Promotion Authority (n.d.).

<sup>137</sup> Palestinian National Authority, 2013, Item 18.

### C. OVERSIGHT AND MANAGEMENT OF ZAKAT COMMITTEES

The draft law provides regulations for the creation of the zakat committees, but does not address their activities and oversight mechanisms. Following the passage of the zakat law, further instructions and policies are expected to be developed by the Zakat Fund that describe the functions of the zakat committees more clearly. Current management and oversight mechanisms – which are similar to the Jordanian Zakat Law – will likely inform these new policies. Currently, zakat committees submit monthly reports on their activities, financial account statements and meeting minutes to the Zakat Fund. In addition, they submit annual audits performed by an external auditor to the Fund. The Zakat Fund periodically sends around its own financial observers to monitor and assess the financial activities of each committee. Any bodies affiliated with the committees, including hospitals, schools, clinics, and other projects, will be subject to the same financial oversight. Expenditures above NIS 3,000 (approximately US\$ 770) need to be approved by the Minister of Awqaf and Religious Affairs, while external donations to the zakat committees must go through the Palestinian Central Bank. Major donations will be checked by the treasury to ensure the reliability of the sender, the transferring bank and the recipient. This approval process typically takes two to three weeks.<sup>138</sup>

If a zakat committee or affiliated body faces persistent financial problems, the Zakat Fund can take over the management of the project (rather than simply exercising oversight) to ensure its correct and efficient execution. This procedure was applied in the cases of Al Safa Dairy and the Tulkarem Zakat Hospital, which are both currently run by the General Manager of the Zakat Fund. This situation is temporary, however, and the Zakat Fund will terminate its direct management when their financial situation improves.<sup>139</sup>

The President of the Zakat Fund can dissolve a committee under specific circumstances, including for disobeying laws and instructions, resignation of the majority of members and inactivity.<sup>140</sup> He can also dissolve any organization affiliated with the zakat committees, such as clinics or schools, taking into account the opinion of the General Manager of the Zakat Fund.<sup>141</sup> The President and General Manager of the Zakat Fund both have the authority to revoke the membership of any zakat committee members at any time if they decide that it is in the interest of the Zakat Fund.<sup>142</sup>

Under the draft law, zakat committees are established by a decision of the President of the Zakat Fund, with the consent of the General Manager. The committees must have a minimum of 7 and a maximum of 15 members.<sup>143</sup> Unlike the Zakat Fund, they are not independent legal or financial entities but are legally considered affiliates of the Zakat Fund.<sup>144</sup> Although not specified in the law, in general, any school, hospital and other major zakat-affiliated institution will have its own board made up of members of the zakat committee and professionals. The law does not regulate the selection of committee members, but it specifies that the committees must ensure broad representation of the community. It also bars relatives from jointly serving on a committee and stipulates that members must be Muslims, come from the respective governorate or region and not be a member of the Zakat Fund. In current practice, zakat committee members are selected by the Ministry of Awqaf and Religious Affairs and approved by the Ministry of Interior. Local community members are consulted to identify prominent, respected individuals, but only on an ad-hoc basis.<sup>145</sup> The law specifies that the President, Vice-President and secretary of the

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<sup>138</sup> Interview with Jamal Qasem.

<sup>139</sup> Ibid.

<sup>140</sup> Palestinian National Authority, 2013, Item 26.

<sup>141</sup> Ibid., Item 29.

<sup>142</sup> Ibid., Item 24.

<sup>143</sup> Ibid., Item 22.

<sup>144</sup> Ibid., Item 27.

<sup>145</sup> Interviews with Jamal Qasem and the General Manager of the Hebron Central Zakat Committee.

committees are chosen by the General Manager of the Zakat Fund, without having to reference any systematic criteria for selection, consultation process and voting methods.<sup>146</sup> The term for all committee members is two years, but membership is renewed automatically without limitation of terms, so that many members serve much longer.<sup>147</sup> Committee members are unpaid and responsible for the ultimate decision-making of the committee. The Zakat Fund will hire paid employees of the zakat committees to manage the day-to-day affairs and activities. These employees typically include a general manager, multiple social workers and an accountant.<sup>148</sup>

## V. ACTIVITIES OF ZAKAT COMMITTEES

Zakat committees engage in a variety of activities, including cash and in-kind assistance, provision of social services, and productive projects. From 2007-2011, these activities reached 175,780 beneficiaries for a total budget of almost US\$ 98 million (table 4 and figures II and III). Figure VIII in section VI provides information on how funding has changed over time. While cash assistance is their dominant activity, provision of health and education services are additional important components of the work of zakat committees. For instance, several committees in the West Bank have established schools, clinics and hospitals. The larger zakat committees are capable of supporting major health and education institutions that represent important parts of the social service landscape in the West Bank. Productive projects, in general, represent a smaller part of the activities of zakat committees, but they have been a part of their work for decades and are receiving increased attention in the context of growing support for a sustainable development model. For a more detailed example of zakat committee expenditures, see figure IV on the Jenin Zakat Committee.

TABLE 4. BENEFICIARIES OF ZAKAT COMMITTEE ACTIVITIES, 2007-2011  
(Yearly average)

| Activity   | Number of beneficiaries |
|--|-------------------------|
| Support to orphans                                 | 20 505 orphans          |
| Aid to families                                    | 9 480 households        |
| Food packages                                      | 46 560 households       |
| Emergency aid                                      | 4 000 households        |
| Ramadan projects                                   | 21 560 individuals      |
| Funding for sacrifices*                            | 46 253 households       |
| Medical treatment, tools, insurance, and subsidies | 8 265 individuals       |
| Seasonal projects (festivals)                      | 14 000 individuals      |
| Iftar for orphans                                  | 1 400 orphans           |

*Source:* Compiled by author, based on Palestinian Zakat Fund, 2012a.

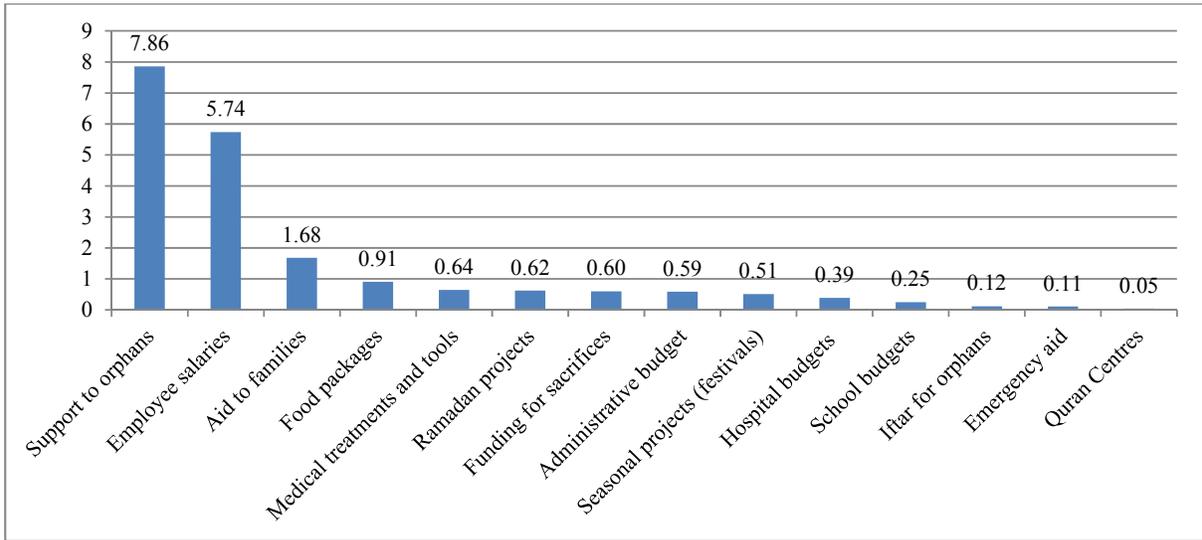
\* This refers to the ritual associated with the major religious holiday, Eid al Adha, whereby families share meat from a sacrificed animal in honor of Abraham/Ibrahim's willingness to sacrifice his son for God.

<sup>146</sup> Palestinian National Authority, 2013, Item 22.

<sup>147</sup> Ibid., Item 24.

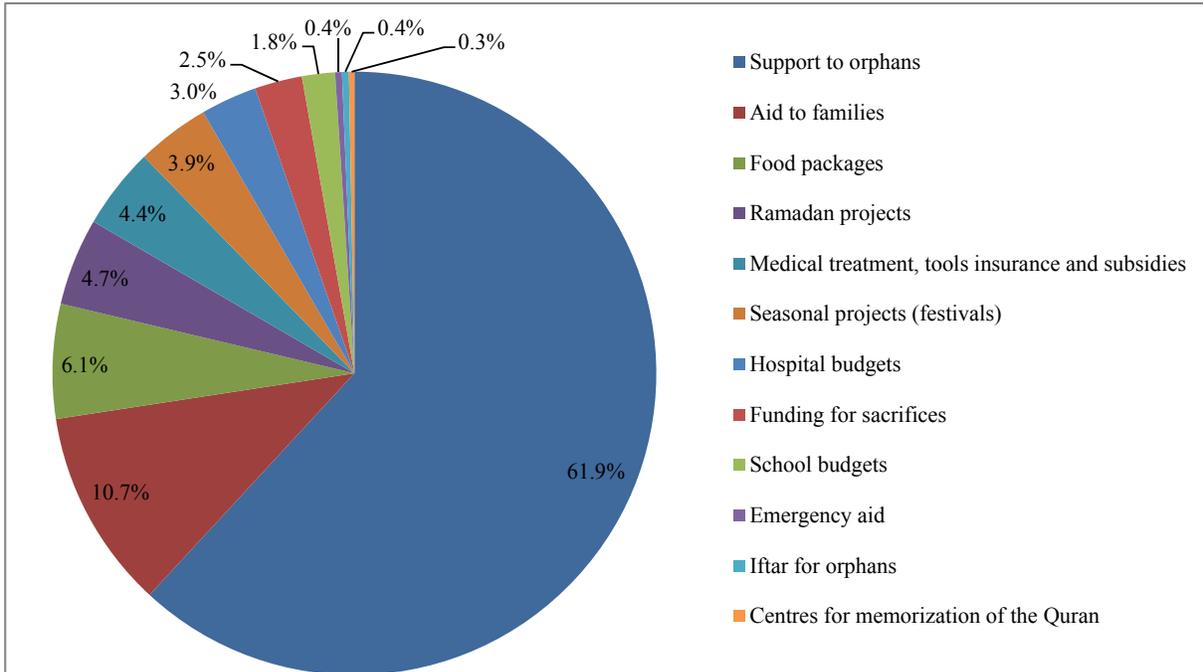
<sup>148</sup> Interview with Jamal Qasem.

**Figure II. Distribution of Zakat Fund expenditures, 2007-2011**  
(Yearly average, million US\$)



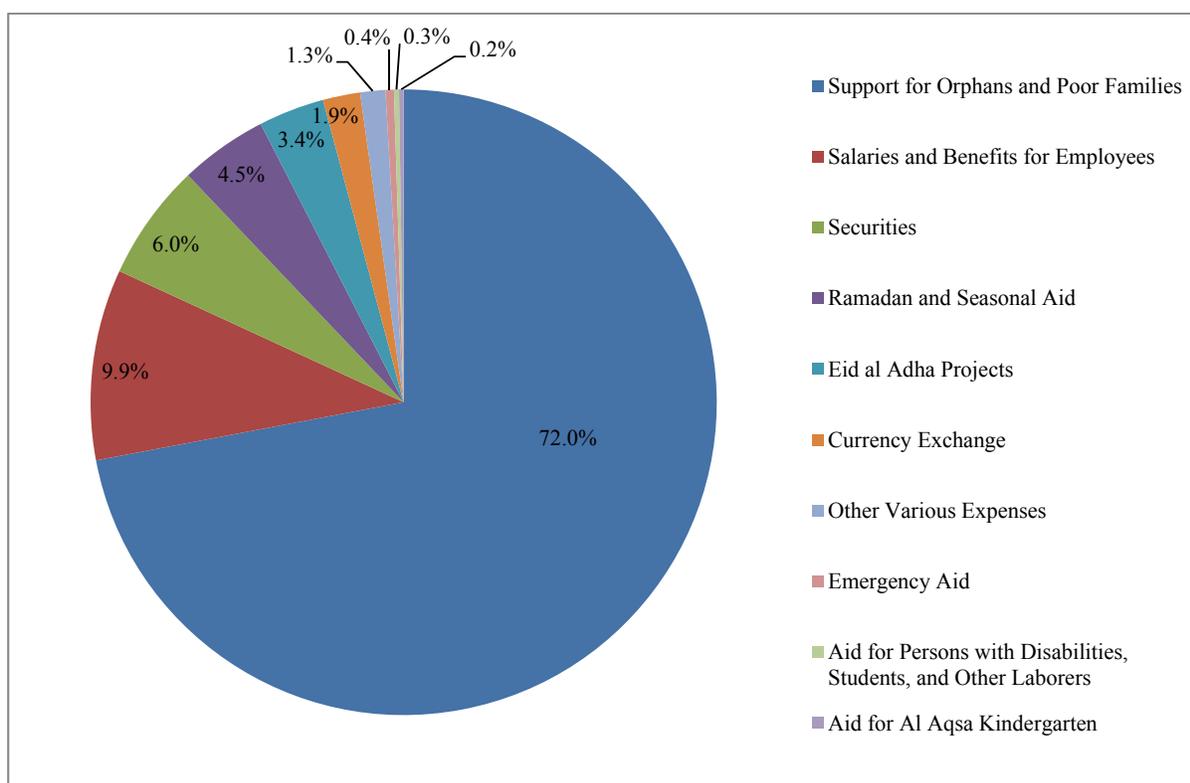
Source: Compiled by author, based on Palestinian Zakat Fund, 2012a.

**Figure III. Distribution of zakat expenditures by activity, 2011**  
(Excluding administrative/salary expenditures)



Source: Compiled by author, based on Palestinian Zakat Fund, 2012a.

**Figure IV. Distribution of Jenin Zakat Committee expenditures, 2011-2012**



Source: Compiled by author, based on ASAB Auditing Bureau, 2012.

Despite the 2007 reforms and changing political landscape in the Occupied Palestinian Territory, the activities of the zakat committees have not altered drastically in the past two decades. Zakat is supposed to be a constant religious practice, so officials stress the consistency of activities and goals despite the recent political and administrative reforms and state that there has only been a shift in some of the methods used.<sup>149</sup> One of the few evident changes has been a move away from supporting the construction or remodeling of mosques, which was an important activity of some zakat committees in the 1980s and 1990s.<sup>150</sup>

While committees have focused on social welfare and welfare programmes still make up the bulk of their activities, the Zakat Fund has expressed its intention to transition from providing charity to offering a more sustainable form of support.<sup>151</sup> So far, sustainable development (al-tanmia al-mustadama) has been associated with international development. However, zakat officials point out that emphasizing sustainable development will render their work more effective and produce longer-lasting results without changing the goals of the committees, in particular the ultimate goal of “rehabilitating the poor”.<sup>152</sup>

#### A. CASH AND IN-KIND ASSISTANCE PROGRAMMES

Similar to most social protection institutions in the West Bank, welfare and social assistance programmes are by far the most prominent activities of the zakat committees, accounting for the vast

<sup>149</sup> Interviews with Jamal Qasem and the President of the Ramallah Zakat Committee.

<sup>150</sup> Zakat Committee of Azaria, 1991, p. 11.

<sup>151</sup> Palestinian Zakat Fund, 2012c.

<sup>152</sup> Interviews with Jamal Qasem and the General Manager of the Hebron Central Zakat Committee.

majority of the committees' expenditures. This section discusses the major welfare programmes of the zakat committees and the nature of the support they provide, including orphan sponsorship, assistance to poor and vulnerable families, emergency aid, in-kind assistance, and seasonal assistance.

### 1. *Orphan sponsorship*

Orphan sponsorship dominates the welfare activities of all zakat committees. It is in fact the single largest activity of all zakat committees in terms of expenditures, accounting for almost 62 per cent of all zakat committee expenditures in 2011 (figure III).<sup>153</sup> Zakat officials recognize the dominance of orphan sponsorship for zakat committees,<sup>154</sup> which is originally based on the religious importance of supporting orphans and repeatedly stated in the Qur'an. Therefore, a considerable part of the donations received by zakat committees, including those from abroad, is specifically for the purpose of orphan sponsorship. Given the ongoing occupation, many foreign donors may feel that Palestinian orphans are uniquely important recipients for such aid. Although funding for orphan sponsorship also goes to the Ministry of Social Affairs and NGOs, the zakat committees receive the main share, most likely because of their religious reputation and their presence throughout the territory. It is difficult to assess whether the concentration on orphan sponsorship is a result of donor interest (these donations are conditional and restricted to sponsoring orphans), or if foreign donors are reacting to the priority given to orphans by zakat committees, or a combination of both factors. It is important to note, however, that the meaning of "orphan" in Palestinian zakat operations is different from the typical definition of an orphan, that is, a child who has lost both of their parents. Instead, zakat committees define an orphan as a child who has lost their father, even if the mother is still alive and cares for them.<sup>155</sup> This means that orphan sponsorship in the West Bank in fact often supports female-headed households. However, in these cases, the mother is not the recipient of the support, but merely manages it on behalf of the child.

Within the zakat committee programmes, donors are assigned to specific orphans and provided with information on the child, including their educational progress and religious behaviour. The donor chooses the amount of assistance, paid typically as a monthly cash transfer to the child's guardian (often the mother, but not necessarily). The average cash transfer is NIS 145 per child (US\$ 45) per month.<sup>156</sup> Donors also have the option to directly cover costs for a child's education and health care. It is possible for families to receive support for more than one child, although zakat committees try to give priority to families that are not yet receiving aid from the committee.<sup>157</sup> From 2007 to 2011, zakat committees provided sponsorship for 20,505 orphans across the West Bank.<sup>158</sup>

As a new regulation to increase transparency, the Zakat Fund requests committees to effect aid disbursements through banks.<sup>159</sup> The monthly cash assistance can be deposited directly into a bank account held by the orphan's guardian or handed out by cheque to be collected from zakat committee headquarters. Some beneficiaries, especially those living in rural areas far from the governorate centre, stated that having to go to the zakat committee to collect the cheque and then to the bank to cash it is quite cumbersome and costly. They would prefer to open up a bank account but are impeded to do so by certain requirements in order to set up an account, such as a minimum initial deposit.<sup>160</sup>

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<sup>153</sup> Palestinian Zakat Fund, 2012a.

<sup>154</sup> Interview with Jamal Qasem.

<sup>155</sup> Interview with Jamal Qasem.

<sup>156</sup> Palestinian Zakat Fund, 2012a.

<sup>157</sup> Interview with Jamal Qasem.

<sup>158</sup> Palestinian Zakat Fund, 2012a.

<sup>159</sup> Interview with Jamal Qasem.

<sup>160</sup> Focus group with 10 beneficiaries of the Ramallah Zakat Committee; interview with Jamal Qasem.

## 2. Assistance to poor and vulnerable families

Beside orphan sponsorship, the other main welfare activity almost all zakat committees are involved in is the provision of regular cash assistance to poor and vulnerable families. From 2007 to 2011, 9,480 different families received cash assistance from zakat committees. Committees typically disburse cash monthly, unlike the Ministry of Social Affairs that pays quarterly, although certain committees are forced to pay some families less regularly due to funding constraints.<sup>161</sup> The NIS 100-200 (US\$ 27.5-55) paid by most committees per month is either deposited into the beneficiaries' bank accounts or collectable as a cheque.<sup>162</sup> Some committees cannot afford to provide assistance every month and do so during such holidays as Ramadan and Eid al Adha.<sup>163</sup>

While the amount of cash assistance provided to families is quite small (one half to one third of what the Ministry of Social Affairs provides), beneficiaries describe it as an important resource that prevents them from falling into absolute deprivation, particularly because of its regular disbursement.<sup>164</sup> The President of one of the zakat committees described the assistance as “a drop of water in the mouth of someone who is dying of thirst”.<sup>165</sup> Even though the amount is small, beneficiaries report that the zakat assistance, which is more regularly paid compared to the Ministry of Social Affairs, is important because it helps them meet their immediate needs, particularly when it comes to paying off the debts accumulated at local grocers and utility companies.<sup>166</sup>

The presence of persons with disabilities or chronic illnesses in the family is taken into account when selecting beneficiaries for cash assistance, but some committees also offer special support to persons with disabilities. The committee considers the specific needs of each individual and bases their assistance on those needs, which may be provided in the form of medical and in-kind assistance.<sup>167</sup>

## 3. Emergency aid

Beyond regular cash assistance, zakat committees provide one-time payments to families in the case of emergencies or disasters, including medical emergencies and natural disasters, and crisis situations associated with the Israeli occupation, such as displacement due to the demolition of homes, or as a result of the separation wall, among others.<sup>168</sup> This assistance is similar to the one-time emergency payment offered by the Ministry of Social Affairs and is important given the nature of instability and lack of autonomy that comes with the occupation.

## 4. In-kind assistance

In addition to cash assistance, most zakat committees also provide in-kind aid to families in the form of food packages, clothing, school supplies, and other basic products. Some committees only disburse this aid on the occasion of holidays, while other committees provide small packages of goods on a regular basis,

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<sup>161</sup> Interview with Jamal Qasem.

<sup>162</sup> Interviews with the General Manager of the Jenin Zakat Committee, a member of the North Hebron Zakat Committee, the General Manager of the Hebron Central Zakat Committee, the President of the Ramallah Zakat Committee, a member of the Nablus Zakat Committee, the General Manager of the Tulkarem Zakat Committee and Jamal Qasem; Zakat Committee of Tubas, n.d.

<sup>163</sup> Interview with the General Manager of the Tulkarem Zakat Committee.

<sup>164</sup> Focus group with 10 beneficiaries of the Ramallah Zakat Committee.

<sup>165</sup> Interview with the President of the Ramallah Zakat Committee.

<sup>166</sup> Focus group with 10 beneficiaries of the Ramallah Zakat Committee.

<sup>167</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>168</sup> Interview with Jamal Qasem.

in general when beneficiaries come to collect their monthly cash assistance. Compared to committees in other governorates, the Hebron Committee benefits from an active business and trade economy. For this reason, it regularly receives donations from local businesses and has a warehouse filled with food and goods. To ensure the quality of donations, it only accepts new clothing and requires that all food donations be sent to the Ministry of Health for testing. While food and clothing packages are primarily given to families registered with the committee under the cash assistance programme, the committee will give in-kind donations to anyone seeking assistance at the committee headquarters.<sup>169</sup>

### 5. Seasonal assistance

The main seasonal projects are related to religious holidays, especially Ramadan and Eid al Adha, which both have an important charity component. Ramadan is typically the most active time for the Zakat Fund and committees: the Fund organizes sensitization campaigns and events; and zakat committees receive the bulk of their local zakat and donations. The religious merit for paying zakat during this time of year is greater than at any other time, and for many Palestinians, paying zakat is closely associated with Ramadan. In addition to the annual zakat discussed previously, known as zakat al maal, there is another zakat specific to Ramadan, called zakat al fitr, which is to be disbursed during Ramadan. During this month, committees typically organize clothing donations and provide fast-breaking meals, called iftar, for poor families and orphans. In addition to this assistance, some zakat committees organize festivals during Ramadan.<sup>170</sup> On the occasion of Eid al Adha, zakat committees organize large-scale food donations.<sup>171</sup> Seasonal projects are also carried out at the beginning of the school year, with certain zakat committees organizing donations of school bags and supplies for children from poor families.<sup>172</sup>

## B. HEALTH-CARE SERVICES

After welfare activities, health services are among the most important activities of zakat committees. Clinics and hospitals represent more than half of all zakat committee projects, and expenditures on medical care and hospitals – excluding medical employee salaries – accounted for roughly 5 per cent of zakat expenditures in 2010, rating it among the most important activities after orphan sponsorship and poor family welfare programmes (figure II). Were zakat committees also to finance the salaries of staff, health-care services would represent at least 15 per cent of total financial assistance and would make health one of the most prominent sectors in terms of expenditures after orphan sponsorship.<sup>173</sup> Zakat committees currently manage 14 medical centres and clinics and two committees run major hospitals that rank among the best in the West Bank. Combined, these establishments treated 476,296 patients in 2011, of which 140,553 patients were treated in clinics and medical centres. The Al Razi Hospital in Jenin alone accounted for 310,543 patients, namely 9,050 in-patient and 301,493 out-patient cases (figures V and VI).<sup>174</sup>

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<sup>169</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>170</sup> Interview with Qasem Jamal; Palestinian Zakat Fund, 2012a.

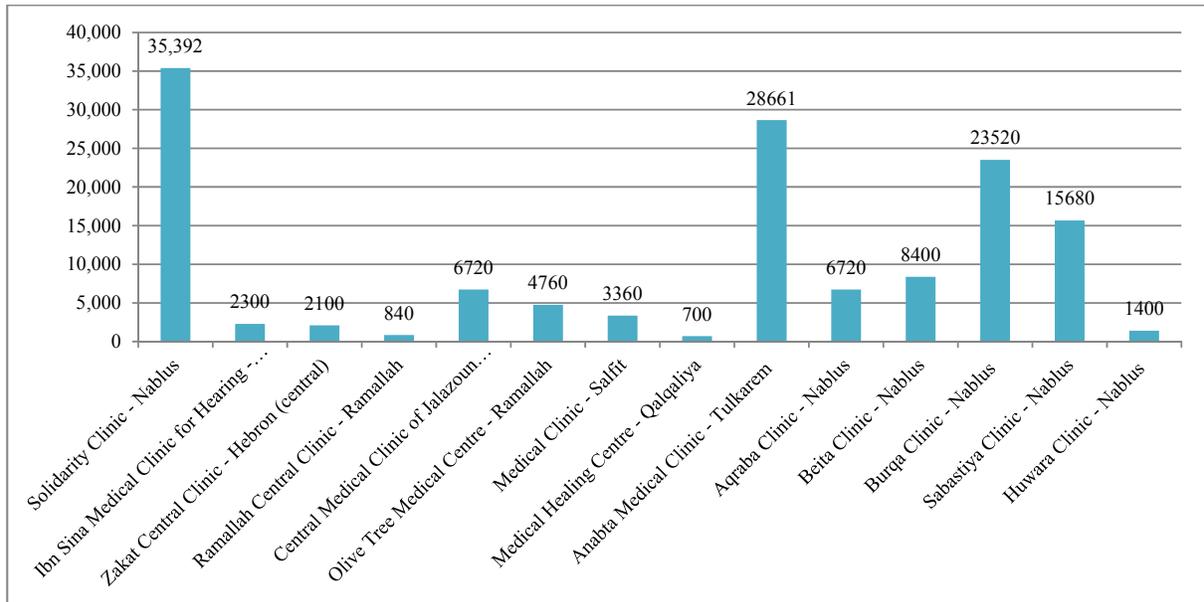
<sup>171</sup> Ibid.

<sup>172</sup> Ibid.

<sup>173</sup> Expenditures on the salaries of health-care employees were estimated considering their likely share of all employee salaries, which currently make up 28.3 per cent of total expenditures. According to the General Manager of the Zakat Fund, the salaries of hospital, clinic and school employees represent most of employee salary expenditures. It can thus be estimated that the salaries of hospital and clinic employees make up one third of total expenditures on employees, or roughly 10 per cent of total expenditures. Palestinian Zakat Fund, 2012a; interview with Jamal Qasem.

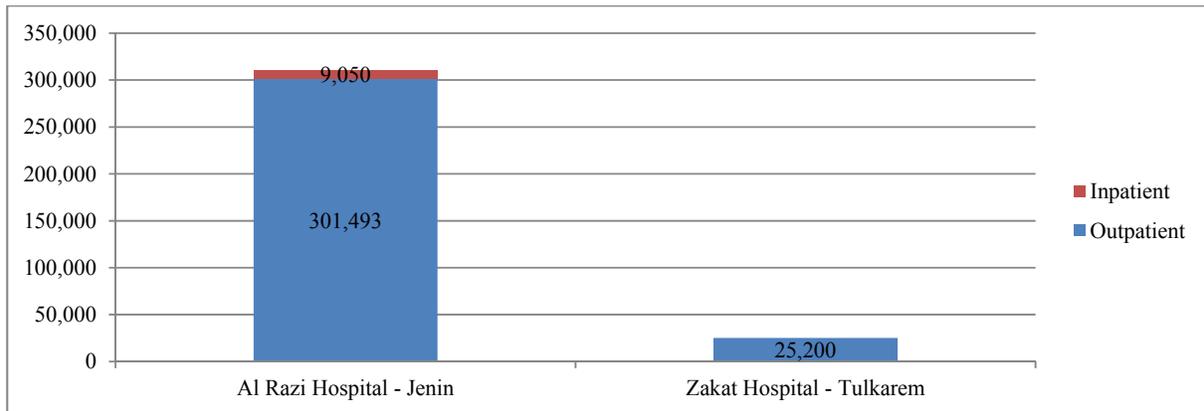
<sup>174</sup> Ibid.

**Figure V. Number of patients by zakat committee clinics and medical centres, 2011**



Source: Compiled by author, based on Palestinian Zakat Fund, 2012a.

**Figure VI. Number of patients by hospital, 2011**



Source: Compiled by author, based on Palestinian Zakat Fund, 2012a.

### 1. Clinics and medical centres

Zakat clinics and medical centres offer basic health services and low-cost or discounted medicines that help to reduce the financial burden related to health care on patients. These centres are usually located in central areas of the city; coverage in rural areas is generally limited. The Hebron Central Zakat Clinic is a good example of a typical zakat clinic. It is located along the border of the old city so that it is accessible to residents in both the old and new areas of Hebron. Additionally, this location allows it to better serve the Palestinians living along the Israeli settlements in the centre of the old city, who tend to be poorer and particularly vulnerable.<sup>175</sup> The clinic offers dental services, a pharmacy, a laboratory, and basic cardiological and orthopedic services. It charges NIS 15 (just above US\$ 4) per visit and provides low-cost services and

<sup>175</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

medicine. Orphans registered with the committee under the age of 15 receive free services. However, doctors report that, given the philanthropic nature of the clinic and the high level of need, they sometimes provide basic services for other patients who present themselves to the clinic but have no ability to pay.<sup>176</sup> The Hebron Zakat Committee also arranges for private doctors to offer their services at the clinic on a regular basis, providing free check-ups during certain periods of the month. The committee is trying to improve the quality of the clinic in order to attract regular, full-paying customers whose fees can cover subsidies for poor patients, but considerable work is still to be done before the clinic reaches a level comparable to private clinics.<sup>177</sup>

## 2. Zakat hospitals

There are two major zakat hospitals in the West Bank, namely the Al Razi Hospital in Jenin and the Tulkarem Zakat Hospital, which play a special role in the provision of health care. Both hospitals are located in the northern areas of the West Bank where poverty rates are the highest. They offer a wide variety of specialty health services and enjoy a good reputation in the West Bank, in particular the Al Razi Hospital in Jenin, which is among the best hospitals in the West Bank.<sup>178</sup> It was founded by the Jenin Zakat Committee in 1990, has expanded significantly in the past 10 to 15 years and now provides all major health services except for radiology, which Israel does not allow in the West Bank. Its capacity for out-patient treatment and its actual utilization are considerable. The Ministry of Health regularly buys services from Al Razi for patients covered by the Government health insurance. However, due to funding constraints, the Ministry has fallen significantly behind on its payments. Furthermore, Al Razi loans equipment to the Jenin Public Hospital free of charge. It is the exclusive provider of services for the refugees covered by UNRWA in Jenin and serves as a referral clinic not just for Jenin, but also the governorates of Nablus and Tulkarem.<sup>179</sup>

The Al Razi Hospital has 45 beds, 18 specialized doctors, 5 general practitioners, 45 nurses, and 25 paramedical staff. Al Razi applies a preferential pricing policy to make services more easily affordable for poor and vulnerable populations and relies on the zakat committee's registry of beneficiaries to identify these people. For instance, orphans (those without a father) and the poor pay 40 per cent of the regular fees. UNRWA covers 75 per cent of the fees for its beneficiaries, so that these patients in fact only pay 25 per cent of the regular fees. If needed, Al Razi will also help patients to travel abroad in order to benefit from medical services not offered by the hospital. According to its policy, the hospital charges the lowest possible amount for all medicines and services even from its regular patients. Even with these discounts, however, not all residents can afford the fees at Al Razi. In order to remedy the gaps in coverage for rural areas, the General Manager of the hospital envisages the operation of mobile clinics. However, necessary steps in this direction have yet to be taken.

Subsidies and low fees make Al Razi reliant on donations for roughly 20 per cent of its funding, especially from religious and non-governmental organizations in Jordan, Kuwait and Saudi Arabia. Private organizations in the United States and Canada had also been important sources of donations prior to 2007, but funding from many of these sources stopped due to fears that the money was being channeled to Hamas, or would be flagged as potential terrorist financing.<sup>180</sup> Both Al Razi and the Tulkarem Zakat Hospital spend revenues from treatment fees to pay hospital staff salaries, so that donations can be used on beneficiaries to the greatest extent possible.<sup>181</sup>

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<sup>176</sup> Interview with a dentist and doctor at the Hebron Zakat Clinic, Hebron, 1 June 2013.

<sup>177</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>178</sup> Interview with Assad Remlawi.

<sup>179</sup> Interview with the General Manager of Al Razi Hospital and member of the Jenin Zakat Committee, Jenin, 23 May 2013.

<sup>180</sup> *Ibid.*

<sup>181</sup> Interview with Jamal Qasem.

The Tulkarem Zakat Hospital is newer and faces greater financial difficulties, but it is still considered a high-quality hospital that plays an important role in providing health care in the region.<sup>182</sup> Although construction of the hospital began in 1992, it was not completed until 2002 due to a variety of factors, including Israeli restrictions on construction. The Tulkarem Hospital has 54 beds, 5 specialized doctors, 7 resident doctors, and 55 nurses. It offers fewer specialized services than Al Razi but provides good pediatric, obstetric and gynecological health care. UNRWA and the Red Crescent rely on its services for patients in the Tulkarem region. The Ministry of Health buys services from the Tulkarem Hospital, but, as is the case with Al Razi Hospital, it has a poor payment record and owes approximately NIS 3 million (about US\$ 824,600) to the hospital.<sup>183</sup>

The Tulkarem Zakat Hospital offers preferential prices to poor families and orphans registered with the Tulkarem Zakat Committee, similar to the ones at the Al Razi Hospital. Orphans pay 30 per cent, poor families pay 40 per cent of the regular fees. Additionally, families who have been displaced by the Israeli separation wall pay 60 per cent of the regular fees. The Tulkarem Zakat Hospital also strives to keep even its regular fees at the lowest possible amounts.

Similar to Al Razi, the hospital in Tulkarem faced comparable decreases in funding around 2007, which compounded the financial problems of the committee in general and the hospital in specific. As of March 2013, the hospital had not been able to fully pay its employees for three months. To remedy these financial difficulties, the Zakat Fund stepped in to manage the finances of the hospital more closely. Consequently, the Fund called for a variety of reforms, including instituting zakat committee board members, separating the management of the hospital from the zakat committee, placing a financial observer from the fund in the hospital, and temporarily instating the General Manager of the Zakat Fund as the supervisor of the hospital.<sup>184</sup>

Despite the services provided by these two zakat hospitals, there are still only 0.5 hospital beds for every 1,000 people in Jenin,<sup>185</sup> and further steps are needed to meet health needs in the North. For this reason, the Zakat Fund, together with the Jenin Zakat Committee, is working on a new major hospital in the north of Jenin. This hospital is expected to provide most major surgical services, including heart and brain surgery, and serve roughly 400,000 patients. It will coordinate with the Al Razi Hospital but will serve a different geographic area. At the time of writing, the estimated completion date for the new hospital was 2015. The total cost of the hospital of US\$ 17 million is primarily covered by donors in Jordan.<sup>186</sup>

The zakat committee clinics and hospitals are licensed and monitored by the Ministry of Health in the same way as any other non-State clinic or hospital. They must comply with basic standards covering cleanliness, quality and human resources, but there are no regulations on fees or salaries. If the clinics or hospitals fail to comply with these regulations, the Ministry of Health issues several warnings and may even shut the institution down. However, given its limited human and financial resources, the actual level of oversight exercised by the Ministry of Health is limited.<sup>187</sup>

### *3. Importance of health projects*

A variety of factors have contributed to the prioritization of health-care activities among zakat committees. Health care represents a basic need, and zakat committees have realized that investments in health-care services could provide broader improvements in community welfare than cash assistance, and

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<sup>182</sup> Interview with Assad Remlawi.

<sup>183</sup> Interview with the General Manager of the Tulkarem Zakat Hospital.

<sup>184</sup> Interviews with the General Manager of the Tulkarem Zakat Hospital and Jamal Qasem.

<sup>185</sup> Interview with the General Manager of Al Razi Hospital and member of the Jenin Zakat Committee.

<sup>186</sup> Interview with Jamal Qasem.

<sup>187</sup> Interview with Assad Remlawi.

often with more efficiency. In addition to adhering to the Qur’anic guidelines for zakat beneficiaries, maximizing the number of beneficiaries despite limited funding is an important challenge for zakat committees as they prioritize their activities.<sup>188</sup> The managers of the two major zakat hospitals pointed out that the experiences of the first and second intifadas made them particularly aware of the health needs of the population, as the uprisings brought about heightened health needs and limited access to care due to Israeli mobility restrictions and closures.<sup>189</sup> This is an important example of how zakat committees have addressed the vulnerability and enhanced the resilience of West Bank residents in the light of the ongoing occupation. The prominence of zakat committee health projects is a response to the ongoing weaknesses of the public system, which faces serious funding and capacity shortages, especially related to basic medicines and specialized services, as discussed previously. Zakat committees provide an alternative to the public health-care system, seeking to fill the gaps in the public system and expand access for the poor and marginalized.<sup>190</sup>

### C. EDUCATION

Poor students are included in the groups of beneficiaries listed in the Qur’an, and education is another important activity of zakat committees. Support to students from poor families is provided by certain committees in the form of cash assistance to cover school and university fees, which falls under cash assistance by the committees to poor families. As mentioned previously, this support can come from donors as part of orphan sponsorship.<sup>191</sup> In addition, zakat committees manage their own schools and kindergartens. Currently, they run five kindergartens, four institutions providing school and kindergarten, and two elementary schools without kindergarten, which, in total, serve 4,300 students across the West Bank (table 5).

The nature and purpose of these schools vary. Some are designed exclusively to provide education to poor students and orphans. For example, the Generation of the Future School in Nablus is a school for male orphans, including refugee children. All fees are covered by the zakat committee, and the students receive a high-quality education that includes the regular national curriculum as well as Qur’anic memorization. However, it does not offer comparable services for female orphans.<sup>192</sup>

TABLE 5. ENROLMENT IN ZAKAT SCHOOLS AND KINDERGARTENS IN THE WEST BANK, 2011

| Name of school/location                                     | Number of students |
|---|--------------------|
| Quranic Academy/Nablus                                      | 561                |
| The Islamic Fraternity School/Bethlehem                     | 330                |
| The Generation of the Future School and Kindergarten/Nablus | 80                 |
| The Faith School and Kindergarten/Jenin                     | 798                |
| The Generation of Hope School and Kindergarten/Hebron       | 320                |
| Model Family schools and kindergartens/Tulkarem             | 1 294              |
| Kindergarten (A+B)/Bethlehem                                | 225                |
| Kindergarten of New Growth - Bayt Fajar/Bethlehem           | 102                |
| The Light of Islam Kindergarten -Al Khadar/Bethlehem        | 130                |
| Buds of Faith Kindergarten/Qalqaliya                        | 200                |
| Anabta Kindergarten/Tulkarem                                | 260                |

*Sources:* Compiled by author, based on Palestinian Zakat Fund, 2012a, and interview with Naghm Khayat (on Nablus).

<sup>188</sup> Interview with Jamal Qasem.

<sup>189</sup> Interviews with the General Manager of Al Razi Hospital and member of the Jenin Zakat Committee and General Manager of the Tulkarem Zakat Hospital.

<sup>190</sup> Interview with Jamal Qasem.

<sup>191</sup> Ibid.

<sup>192</sup> Interview with Naghm Khayat, Manager of the Quranic Academy and member of the Zakat Committee.

Zakat-sponsored schools do not necessarily provide targeted support for disadvantaged students. For example, the Qur'anic Academy in Nablus admits students based on merit, not need, and only covers student fees in exceptional cases and depending on special donations. Rather than expanding access to education, the primary goal of the school is to build a generation that has both a strong academic and religious education. Similar to the Generation of the Future School, it teaches both the national curriculum and Qur'anic memorization. The quality of the education offered at the Qur'anic Academy is high: 100 per cent of the first graduation class passed the national graduation exam, and half of them scored above 90 per cent.<sup>193</sup> Fees at the school are comparable to private school fees. However, school officials state that revenues from fees only cover the salaries of the staff, and thus seek out private donations for scholarships and new projects.<sup>194</sup>

Other schools vary their fees based on the situation of their students. The Faith School and Kindergarten in Jenin analyses the situation of each student and reduces fees based on their level of need, with a priority for orphans. Even the full fee of NIS 210 per month for kindergarten and NIS 320 per month for all other grades (US\$ 80-88 per month) are lower than private school fees of NIS 400 per month (US\$ 110). The committee had previously been able to fully cover the fees for poor orphans, but now can only afford to offer reduction of fees due to funding decreases, with the result that the number of orphans studying at the school has dropped from 200 to 45.<sup>195</sup> It is important to note that several zakat committee schools, including the Faith School and Kindergarten in Jenin, do not require students to take Qur'anic memorization. Certain zakat committees support separate Qur'anic memorization centres that are completely separate from the regular educational system. These centres serve 800 children across the West Bank.<sup>196</sup> The large number of kindergartens and mixed school-kindergarten institutions stems partly from the fact that the public education system currently does not provide kindergarten classes for all students, although the Ministry of Education has recently opened up eight classes in a small number of governorates and hopes to expand this trend to other governorates. For this reason, a variety of non-State actors, including zakat committees, are active in providing early childhood education.<sup>197</sup>

Zakat schools are licensed by the Ministry of Education and regulated like any other non-State school. The Ministry requires that all non-State schools use the national curriculum or an approved foreign curriculum, and that all books be approved by the Ministry of Education. They are particularly concerned about books that might contradict national values in their teaching in the areas of history and geography. The Ministry of Education does not regulate fees or salaries of non-State schools, partly due to the absence of an education law providing an applicable framework. Similar to the Ministry of Health, the Ministry of Education lacks the capacity to effectively monitor all schools, with one employee having to monitor as many as 230 schools.<sup>198</sup>

#### D. PRODUCTIVE PROJECTS

Productive projects are an interesting component of the zakat committees' activities and can be divided into two different categories. The first category includes projects managed by the zakat committee but employing local community members. Depending on the project, the primary goal of these activities may be to provide steady, flexible funding for the zakat committees (the kind of special fundraising projects mentioned in section IV.B, except that these are created by zakat committees, rather than the Zakat Fund) and to create employment opportunities for people in the community. The second category of projects includes those owned by beneficiaries that are primarily created to provide families in need with a source of income. Typical projects include raising bees and livestock, small agricultural projects, sewing, and small

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<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

<sup>195</sup> Interview with the General Manager of the Jenin Zakat Committee.

<sup>196</sup> Palestinian Zakat Fund, 2012a.

<sup>197</sup> Interview with Omar Anbar.

<sup>198</sup> Ibid.

craft production.<sup>199</sup> Even though some committees have engaged in projects of these two categories for several years, they have not been particularly successful. In Tulkarem, almost all of the productive projects failed, primarily due to poor economic conditions and repercussions of the Israeli occupation and practices.<sup>200</sup>

The Al Safa Dairy in Nablus is one example of a large-scale productive project. It was created in 1999 by the Nablus Zakat Committee using loans from the Islamic Development Bank with the following objectives: to provide steady employment for community members on a larger scale than small productive projects would allow; to reduce the shortage of local milk in the area (which required residents to depend on imported Israeli milk); and to serve as a steady source of income for the committee.<sup>201</sup> Al Safa is now a major dairy company in the region employing 87 people.<sup>202</sup> In previous years, the level of need of the applicant's household was considered in the hiring process, whereas nowadays, employees are hired mainly based on merit. In recent years, the company has not been profitable. It struggles with the payment of its employees and has difficulties producing profits that can be dedicated to new investments in the dairy or given to the zakat committee. In view of these problems, the General Manager of the Zakat Fund stepped in as supervisor, and a new manager with a solid financial and business background was hired.<sup>203</sup> While there certainly are advantages to larger-scale production, the experience of Al Safa Dairy leaves some arguing that productive projects of a bigger scale lack the flexibility of smaller projects and questioning the viability of this model.<sup>204</sup>

Despite the limited success of productive projects in the past, the Zakat Fund has not been immune to the trend of increasing attention on productive projects that align with the sustainable development model (as described in the section on social protection trends above). Some committees are exploring potential new productive projects and the Zakat Fund is working with banks on the development of a fund to provide families with revolving loans for income-generation projects.<sup>205</sup> These projects are attractive because they improve the stability of funding and ideally help families move out of poverty, rather than simply providing relief. At the same time, however, the limited success of these projects in the past makes certain officials question the viability of productive projects in the West Bank, where, as mentioned previously, real sustainable development can only take place following the end of occupation. Some are sceptical that the poor economic situation, dominance of imports in the market because of the blockade (figure VII),<sup>206</sup> and threat of instability jeopardize the success of such projects. Additionally, these officials suggest that the need for basic goods is so high that the main focus of the zakat committees should be on relief.<sup>207</sup>

Some of these challenges can be overcome, but it is clear that if the zakat committees and other actors continue to pursue productive projects, they will need to introduce rigorous and innovative market research, business plan development, training, and marketing support to ensure the success of these projects under the current unfavourable conditions.

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<sup>199</sup> Interviews with Jamal Qasem and a member of the Nablus Zakat Committee.

<sup>200</sup> Interview with the General Manager of the Tulkarem Zakat Hospital.

<sup>201</sup> Interview with Nidal Shendi, General Manager of the Al Safa Dairy, Nablus, 22 May 2013.

<sup>202</sup> Palestinian Zakat Fund, 2012a.

<sup>203</sup> Interview with Nidal Shendi.

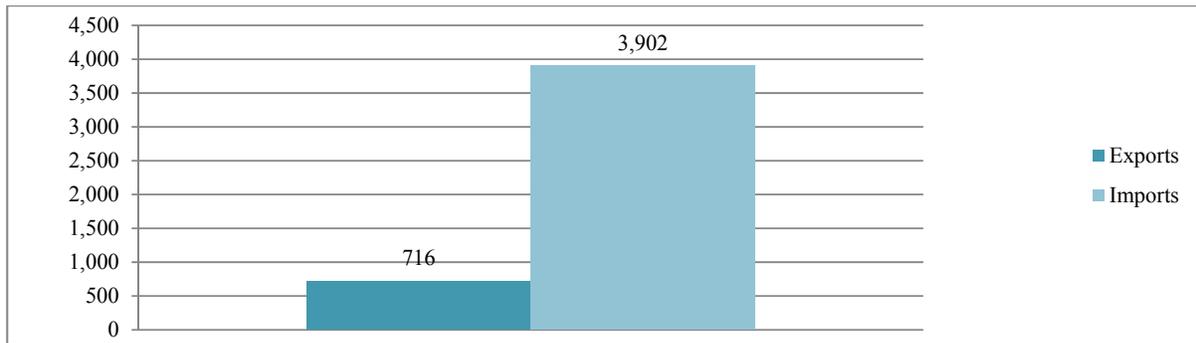
<sup>204</sup> Interview with the President of the Ramallah Zakat Committee.

<sup>205</sup> Interview with Jamal Qasem.

<sup>206</sup> For more details on the economic repercussions of the Israeli occupations of Palestinian territory see United Nations, 2015; Export.gov, n.d.

<sup>207</sup> Interviews with the President of the Ramallah Zakat Committee and Ameen Enabi.

**Figure VII. West Bank imports and exports, 2011**  
(Total registered value in million US\$)



Source: Compiled by author, based on PCBS, 2013.

#### E. EVALUATION OF ACTIVITIES

There is no strong evaluation culture among zakat committees in the West Bank. Most committees consider their yearly audit as the primary form of evaluation and do not perform any additional type of formal evaluations of their activities.<sup>208</sup> While the Zakat Fund endorses a greater results-based culture, it does not have any policies or guidelines in place that encourage or require evaluations of activities. Instead, the approach of committees to evaluation is more informal and theoretical. They keep their doors open inviting individuals to come to them with feedback and concerns and ask questions to beneficiaries directly in order to identify their perspectives. It is not clear whether there are concrete procedures for accomplishing this, such as longer office hours or on-call employees, though individual employees or committee members may choose to take such measures.<sup>209</sup> In the case of the Hebron Zakat Committee, the General Manager independently initiated formal evaluations. Furthermore, the committee is seeking additional funding and support for the execution of a more comprehensive and, if possible, external evaluation.<sup>210</sup>

### VI. FUNDING FOR ZAKAT COMMITTEES

#### A. ZAKAT

Zakat, especially local zakat, contributes only a small portion to the funding of most zakat committees, whereas other types of funding, in particular sadaqa (mainly for orphan sponsorship) and in-kind donations, make up a much larger portion. In 2011, zakat committees received funding worth US\$ 103,174 in zakat, compared to US\$ 9.7 million from donations for orphan sponsorship.<sup>211</sup> This imbalance can be, in part, explained by the very small percentage of West Bank residents who pay zakat. While difficult to measure, only an estimated 3 to 5 per cent of West Bank residents eligible to pay zakat actually pay zakat to the committees.<sup>212</sup> The majority of Palestinians prefer to make their contributions directly to neighbours, friends and family members in need instead of paying them to zakat committees. They consider this informal method of paying zakat more direct and convenient.<sup>213</sup> Moreover, as mentioned previously, a great portion

<sup>208</sup> Interview with the deputy to the General Manager of the Zakat Fund, Ramallah, 22 May 2013.

<sup>209</sup> Interviews with the President of the Ramallah Zakat Committee, Jamal Qasem, the General Manager of the Jenin Zakat Committee and the General Manager of the Tulkarem Zakat Hospital.

<sup>210</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>211</sup> Palestinian Zakat Fund, 2012a.

<sup>212</sup> Interview with Jamal Qasem.

<sup>213</sup> Interview with the President of the Ramallah Zakat Committee.

of zakat, namely 60-70 per cent,<sup>214</sup> is paid during Ramadan since the act of paying zakat during this month has a much higher religious value.

### 1. *Changes in local zakat payment*

Dissatisfaction with the current structure of the zakat system may be another explanation for the low rates of payment to zakat committees. Particularly following the 2007 reforms, which dissolved the 92 zakat committees and increased the authority of the Ministry of Awqaf and Religious Affairs over the committees, some community members, including wealthier ones, have stopped paying their zakat to the committees. In Hebron, one wealthy resident even hired his own social workers to identify persons in need and distribute his zakat to them, rather than going through the committees. According to Hebron Zakat Committee officials, there may be a variety of reasons for the general reluctance to pay zakat to committees, namely: the selection of zakat committee members by the Ministry of Awqaf and Religious Affairs, whereas some individuals prefer that members be selected by the community; the smaller number and more centralized nature of zakat committees, which could make it harder to stay in touch with the needs of residents; and the preference of some individuals for the committees to remain non-governmental in nature.<sup>215</sup> Another review of Palestinian zakat committees following the 2007 reforms has painted a similar picture.<sup>216</sup>

In order to encourage payment, it is common practice that the Zakat Fund and zakat committees produce advertisements and brochures on the importance of paying zakat and the activities of zakat committees in order to re-establish the confidence of the public in the committees.<sup>217</sup> Following criticism in the local media as a result of its relationship to the Government and the selection process of committee members, the Hebron Zakat Committee is actively pursuing the option of community meetings and other measures to help the public understand the committee and its work.<sup>218</sup>

### 2. *Zakat collection process*

Whereas most donations from abroad come in the form of general donations and sadaqa, some are paid in the form of zakat. As is the regular process for foreign donations, foreign zakat exceeding a certain amount donated to zakat committees has to be processed by the Palestinian Central Bank and authorized by the treasury. As concerns local zakat, there are several collection methods. One of the main methods are zakat coupons that are printed by the Zakat Fund, especially during Ramadan. The coupons represent different amounts of money and are colour-coded based on their purpose, such as orphan sponsorship and support to poor students. The use of coupons helps to track and record donations.<sup>219</sup> Another method are small zakat donation boxes which are placed around the community where people can donate small change, particularly in stores. The owner of the location of the donation box signs a contract with the committee that he or she will monitor the box at all times.<sup>220</sup> In addition, zakat can be paid directly at the offices of the zakat committees. Receipts are issued for all donations, and information on the donor and the amount of the donation are entered in the zakat committee records.<sup>221</sup> However, to minimize the amount of cash and to improve the ability to track payments, the Zakat Fund recommends the use of bank transfers, in particular for larger donations.

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<sup>214</sup> Interview with Jamal Qasem.

<sup>215</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>216</sup> Schäublin, 2009, pp. 48 and 51.

<sup>217</sup> Interviews with Jamal Qasem, the General Manager of the Jenin Zakat Committee and the General Manager of the Hebron Central Zakat Committee.

<sup>218</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>219</sup> Interview with Jamal Qasem.

<sup>220</sup> Interviews with the General Manager of the Tulkarem Zakat Committee and Jamal Qasem.

<sup>221</sup> Interview with Jamal Qasem.

## B. SADAQA AND ORPHAN SPONSORSHIP

In-kind donations are almost exclusively local, a main part coming from businesses that receive tax deductions for donating surplus inventory.<sup>222</sup> As concerns sadaqa and orphan sponsorship cash donations, however, much of the money, an estimated 85 per cent for orphan sponsorship, comes from international sources. Prominent donors include Islamic and charitable associations in Jordan, the United Arab Emirates, Kuwait, and Saudi Arabia, in addition to Islamic and Palestinian advocacy groups in France, the United Kingdom and other European countries, such as the Charitable Works Association of the United Arab Emirates, the Charitable Advocacy Associations of France and Italy, Interpal in London, the World Assembly of Muslim Youth in Jeddah, the Qatar Foundation, the Committee for Zakat and Islamic Advocacy for the Palestinian People in Jordan and the Palestinian Charitable Association of Kuwait.<sup>223</sup>

Currently, multilateral and bilateral donor organizations are not among the major source of funding for zakat committees. There is a certain interest among zakat committees in attracting this type of funding, especially considering some financial problems of recent years. However, there is also some hesitation:<sup>224</sup> zakat committees have prided themselves on avoiding dependency on Western donors and on applying only Islamic values and religious conditions in matters of zakat, which, according to the committees, makes them more grounded in Palestinian society.<sup>225</sup>

### *Changes in international funding*

A series of events have affected foreign funding of zakat committees. First and foremost, increased attention to and penalties for donating to organizations labeled as terrorist by the United States Government has created some hesitancy among international donors and individuals abroad in donating to zakat committees. In particular, the designation by the United States of Hamas and other Palestinian groups as terrorist organizations has limited funding from organizations and individuals in the United States and Canada, which used to be important sources of funding for zakat committees.<sup>226</sup> Based on this trend, committees, especially in the lower-income governorates and those along the separation wall in the West Bank, have described a funding crisis in recent years. The Tulkarem Zakat Committee estimates that international funding is currently only 5 per cent of what it was a decade earlier, making them almost wholly dependent on domestic donations, primarily from past and current residents of Tulkarem.<sup>227</sup>

At the same time, efforts by the Zakat Fund to improve its financial transparency by increasing oversight and verification mechanisms for received donations have likewise discouraged donors, as they now must undergo more elaborate and time-consuming procedures. Additionally, some Islamic donor organizations seem to disapprove of the increased centralization and the level of control by the Palestinian Authority over the zakat system based on the 2007 reforms and, as a consequence, have repurposed their donations to other organizations. In all, zakat committees lost an estimated 20-50 per cent of funding in 2007 compared to earlier years.<sup>228</sup> Due to the lack of comprehensive data on the financial resources of the 92 zakat committees prior to 2007, however, it is impossible to verify these estimates.

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<sup>222</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>223</sup> Interviews with Jamal Qasem and the General Manager of the Tulkarem Zakat Committee; Ministry of Social Affairs, 2010a, pp. 15-16.

<sup>224</sup> Interview with a member of the Nablus Zakat Committee, Nablus, 22 May 2013.

<sup>225</sup> Interview with Jamal Qasem and the President of the Ramallah Zakat Committee.

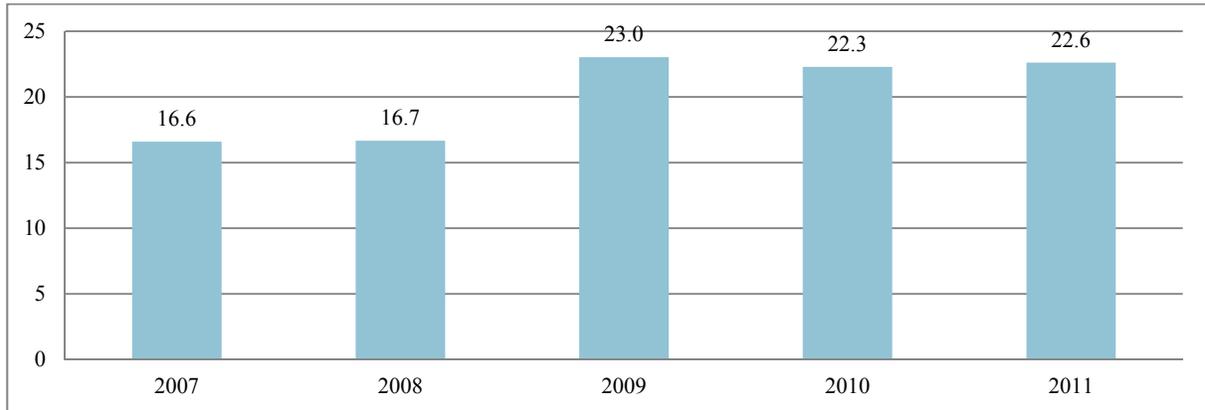
<sup>226</sup> Interviews with the General Manager of the Tulkarem Zakat Committee and the General Manager of the Jenin Zakat Committee.

<sup>227</sup> Interview with the General Manager of the Tulkarem Zakat Committee.

<sup>228</sup> Schäublin, 2012, p. 5.

In recent years, some zakat committees and institutions have witnessed improvements in their funding levels. The increased transparency and effectiveness seem to have helped convince donors that these institutions are neither affiliated with terrorism nor dominated by political interests.<sup>229</sup> This is reflected in a significant increase in total funding received by zakat committees between 2008 and 2009, as seen in figure VIII.

**Figure VIII. Changes in funding of zakat committees, 2007-2011**  
(Million US\$)



Source: Compiled by author, based on Palestinian Zakat Fund, 2012a.

### C. AWQAF

Awqaf endowments (land, buildings and cash) are donated to zakat committees under Islamic law and kept in charitable trusts. Proceeds from the trust go to the zakat committee and are utilized for a specific purpose identified by the donor. In the West Bank, these endowments are normally land and buildings that the zakat committees can rent out, using the proceeds as additional funding for their activities. It is important to note that, given the sensitive religious status of awqaf as absolutely inalienable religious endowments, the Ministry of Awqaf and Religious Affairs did not change the ownership status of awqaf when it reformed the zakat system. Awqaf ownership has so far only been amended when an individual committee member had been appointed as waqf administrator, in which case the responsibility was transferred to the zakat committee itself. Now, some committees even rent awqaf land to the Ministry of Awqaf and Religious Affairs.

The Nablus Committee has been endowed with 53 awqaf properties, which is more than any other committee, followed by Tulkarem, Hebron and Ramallah.<sup>230</sup> Not all committees have awqaf properties, however. According to the committee of Tulkarem, the desperate economic situation can make collecting rent as a charitable, non-profit organization quite a challenge. Many people renting their properties cannot afford to pay, and the committee does not feel comfortable demanding the money. This resulted in the collection of as little as approximately US\$ 21,000 in rent over the past five years instead of the actually due amount of almost US\$ 85,000.<sup>231</sup>

<sup>229</sup> Interviews with the General Manager of Al Razi Hospital and member of the Jenin Zakat Committee and Jamal Qasem.

<sup>230</sup> Interview with Jamal Qasem.

<sup>231</sup> Interview with the General Manager of the Tulkarem Zakat Committee.

## D. OTHER SOURCES OF FUNDING

Additionally, zakat committees receive a significant portion of their funding from the fees collected at their different institutions, particularly hospitals, schools and clinics (figures II and III). Many of these institutions collect small fees from beneficiaries, while others collect regular fees from non-poor customers. These fees are primarily used to cover the salaries of employees in the institutions themselves, which represent a significant portion of zakat expenditures. Total employee salaries – including all zakat committee employees and employees in zakat institutions – constitute almost 30 per cent of the total expenditures of zakat committees, namely roughly US\$ 5.7 million in 2011 (figure II).<sup>232</sup> According to Islamic law, expenditures on the administration of zakat should not exceed one-eighth of total zakat resources.<sup>233</sup> The much higher proportion witnessed in the West Bank can be explained by the fact that this figure includes not just the actual zakat committee employees, but also the employees of the institutions founded by zakat committees. Although exact numbers are not available, it is clear that a significant portion of the US\$ 5.7 million for employee salaries goes to employees in schools, clinics and hospitals and not to the zakat committees themselves. It is also important to note that the salaries of employees in zakat institutions in general come from the institutions' revenues, rather than from donations given to the zakat committees.<sup>234</sup>

In addition to schools, hospitals and clinics, several zakat committees have created special fundraising projects designed to provide funding for the zakat committees, as mentioned in section V. Such productive projects include the Al Safa Dairy as well as other small productive or agricultural projects. These projects are an attractive funding source because they are not tied to a specific purpose and can be used to cover administrative costs and investments of the committees. In reality, however, the profitability of the projects (and thus their contributions to the zakat committees) has been limited so far.<sup>235</sup>

## VII. TARGETING MECHANISMS

### A. IDENTIFYING THOSE IN NEED AND POTENTIAL GAPS

The targeting system currently used by zakat committees is based on the submission of applications by beneficiaries and a household visit by social workers. The targeting process relies entirely on internal information; the committees do not use data on poor households from such external sources as the Ministry of Social Affairs. For both the poor families and orphan sponsorship programmes, a family member or representative goes to the zakat committee headquarters to fill out an application for assistance.

The reliance on applications submitted by beneficiaries creates the same potential for gaps in coverage that exists within the programme of the Ministry of Social Affairs. These gaps may emerge because those in need either are not aware of the assistance provided by the zakat committees, lack the resources to go to the zakat committee and fill out the application or are embarrassed to seek out help. The first two possibilities are especially problematic for people in remote and rural areas.<sup>236</sup> As regards applying for assistance, the above-mentioned regulation of the zakat committees on who needs to fill applications themselves and who can send a representative is less rigid than the procedure at the Ministry of Social Affairs, which was a major complaint about the Cash Transfer Programme. This facilitates matters especially for older persons, persons with disabilities or chronic illness, and women with children at home who can send a representative to the zakat committee, which helps reduce gaps in coverage.<sup>237</sup>

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<sup>232</sup> Interview with Jamal Qasem; Palestinian Zakat Fund, 2012a.

<sup>233</sup> Kahf, n.d., p. 5.

<sup>234</sup> Interview with Jamal Qasem.

<sup>235</sup> Interviews with the General Manager of the Tulkarem Zakat Committee and Nidal Shendi.

<sup>236</sup> Interview with the secretary of the Palestinian Zakat Fund, Ramallah, 22 May 2013.

<sup>237</sup> Focus group with 10 beneficiaries of the Ramallah Zakat Committee.

The zakat committees acknowledge the potential for coverage gaps, but contend that their strong connection to local communities ensures that people are aware of the assistance provided by the committees, and that they can reach out to community members to identify persons in need. In particular, the Hebron Zakat Committee explains that the members of the board form good relationships with the heads of extended families, so-called mukhtars, and rely on them to provide information on people in need.<sup>238</sup> Additionally, zakat officials contend that the close-knit communities that characterize Palestinian society ensure that neighbours will reach out to families in need and connect them to zakat and other forms of assistance, especially in the case of a recent death of a head of household.<sup>239</sup> In a small focus group of beneficiaries, some of the female participants were initially not aware of the assistance provided by zakat committees, especially those from rural areas and one Christian woman, but were later informed of it by family or neighbours.<sup>240</sup>

At the same time, however, some worry that the centralization of dozens of zakat committees into one committee per governorate based in the city centre has negatively affected the ability of zakat committees to stay in touch with the needs of the community. One associative actor said that many people in rural areas are now scarcely aware of the existence of zakat committees.<sup>241</sup> However, the President of one zakat committee argued that the more centralized nature of the committees actually reduces the obstacles associated with the third barrier, namely the shame associated with needing to reach out for financial assistance. According to his experience, keeping the committee in the city provides a level of anonymity that would disappear if there were smaller committees in every village, thus addressing what he considered to be the most significant obstacle to reaching everyone in need.<sup>242</sup>

Concerns about fully engaging people in rural areas and the burden of traveling to the central committees to receive assistance, especially in light of mobility restrictions, have prompted the Zakat Fund to support the creation of branch committees in some governorates. Currently, the Committees of Jericho, Tulkarem, Bethlehem and North Hebron are in the process of developing branch committees to better serve villages in their governorates. The Zakat Fund will select the members of these branch committees, as well as a small number of employees. These committees will introduce an additional level of oversight, reporting to the central committees, the Fund and the Ministry of Awqaf and Religious Affairs. However, it is important to note that all donations collected by the branch committees from the local community are to be spent only in that community.<sup>243</sup>

## B. SELECTING BENEFICIARIES

The Zakat Fund has created application forms for poor families and orphans. For the poor families' assistance programme, information must be provided on the following: all family members, including their age, education, health, employment, and income status; all forms of income of the family, including any other assistance the family might receive; detailed living conditions, including the quality of housing, utilities and amenities, and whether they rent, own, or share a home; and detailed health of any members of the family with chronic illnesses, which many committees will verify by means of documentation from health institutions.<sup>244</sup> The household situation of each beneficiary is periodically reviewed to see whether their situation has improved since the last assessment.<sup>245</sup>

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<sup>238</sup> Interviews with the General Manager of the Hebron Central Zakat Committee and the Secretary of the Palestinian Zakat Fund.

<sup>239</sup> Interview with Jamal Qasem.

<sup>240</sup> Focus group with 10 beneficiaries of the Ramallah Zakat Committee.

<sup>241</sup> Interview with the Director of the Palestinian Youth Organization.

<sup>242</sup> Interview with the President of the Ramallah Zakat Committee.

<sup>243</sup> Interview with Jamal Qasem.

<sup>244</sup> Interviews with Jamal Qasem and the General Manager of the Jenin Zakat Committee.

<sup>245</sup> Interview with Jamal Qasem.

The system currently provides committees with a fair amount of flexibility to determine which families are eligible for financial assistance, although the Zakat Fund is making efforts to introduce a more standardized, point-based system (discussed in greater depth below). The social worker who visits the family to verify their responses on the application makes observations on the needs of the family. The president of the committee or the manager of the family assistance programme then provides their own comments and decides on whether to support the family or not.<sup>246</sup> The typical beneficiary family is a household without regular income because the male head of the household is unable to work due to medical issues. Some of these families already receive assistance from the Ministry of Social Affairs, which does not necessarily affect the decision of the zakat committee whether or not to support them if it is determined that the family needs further assistance.<sup>247</sup> Zakat committee officials have a certain flexibility when considering the specific needs and conditions of each family, particularly families with limited or irregular income who face burdens associated with chronically ill family members or a large number of dependents. This flexibility is crucial for zakat committee officials as it allows them to target their assistance to those really in need. In addition to greater presence on the ground and more profound knowledge of the community, zakat committee officials appreciate that this flexibility gives them an extra comparative advantage over the Ministry of Social Affairs, whose targeting procedures are not very clear to them (which reflects the limited communication between the two institutions).<sup>248</sup>

The registration of orphans varies somewhat from the procedure for poor families, demanding less comprehensive information on the needs of the household. This is likely because all poor orphans are considered eligible for assistance, whereas zakat committees try to select only extremely poor and vulnerable families.<sup>249</sup> A separate application must be filed for each child. As mentioned previously, orphans in this particular cultural context are children without a father, regardless of the mother's situation. The application includes questions on the "social status" of the mother, namely, whether she is widowed, divorced, remarried, abandoned, or deceased; and on housing conditions, possessions, and monthly financial needs of the family (housing, water, medical treatments, school, debts, other). The mother or guardian needs to provide documentation to prove the information on the form, including a birth certificate and proof of identification of the child, as well as a death certificate of the father.<sup>250</sup> The social worker includes all of this information in a recommendation on the level of need of the orphan. The next section of the application asks for detailed information on the child, including information about their health, special needs and school performance, in addition to information on the child's moral character, praying habits and level of Qur'anic memorization. It is unclear to what extent this information is used to identify eligible orphans, but it is communicated to donors in the regular reports on the children they sponsor.<sup>251</sup>

The targeting mechanisms used by committees may undergo some changes in the coming future. The Zakat Fund has developed a point-based system for selecting beneficiary families, although it does not appear to be in use in any committee. This point-based system is linked to a computerized registry currently being developed by the Zakat Fund to record information on all beneficiaries and donors. This registry will automatically calculate a score identifying the level of need for each household. At the time of writing, the Zakat Fund was hoping to launch this registry as a web-based system, but pending additional funding, the system will only operate remotely.<sup>252</sup> The Zakat Fund will not pursue this funding approach until the draft

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<sup>246</sup> Ibid.

<sup>247</sup> Interviews with the President of the Ramallah Zakat Committee, the General Manager of the Tulkarem Zakat Committee, a member of the Nablus Zakat Committee, the General Manager of the Hebron Central Zakat Committee and the General Manager of the Jenin Zakat.

<sup>248</sup> Interviews with the President of the Ramallah Zakat Committee, the General Manager of the Hebron Central Zakat Committee and the General Manager of the Jenin Zakat Committee.

<sup>249</sup> Interview with the Secretary of the Palestinian Zakat Fund.

<sup>250</sup> Ibid.

<sup>251</sup> Interviews with the General Manager of the Jenin Zakat Committee and Jamal Qasem.

<sup>252</sup> Interview with the technician for the Ministry of Awqaf and Religious Affairs and Manager of Orphan Sponsorship at the Zakat Fund.

zakat law is passed and regulates its independent status, so it is likely that the rollout of the registry will occur some time in the near future.<sup>253</sup>

Under the new point-based system, more points would be allocated for female-headed households with many children; households where the head of household or older children do not have permanent employment; households that do not receive assistance from other organizations; households with children at university; and households with family members with poor health. While many of these variables already inform current allocation decisions, the reformed system changes the targeting standards to a certain extent: first, the system counts against families receiving other forms of assistance, which is currently not common practice among zakat committees; and secondly, it is important to note that the number of variables, at 13, is relatively small and that the actual amount of income received (whether through work, assets or assistance) is not considered, which could skew results. While the point-based system may assure greater consistency in allocation decisions across social workers and committees, it may reduce the accuracy of the needs assessment. For these reasons, the points-based system may need to be revised following introduction and testing in different committees. Should this system be adopted, there may also be criticism among zakat committee members on the reduced flexibility of social workers in determining the needs of households, particularly as this is considered an advantage of the zakat committees in comparison to the Ministry of Social Affairs.

## VIII. COORDINATION WITH OTHER SOCIAL PROTECTION INSTITUTIONS

### A. CURRENT FORMS OF COORDINATION

There is significant room for improving coordination between the Zakat Fund and committees and other actors in the field of social protection. In most cases, information at both the local and central levels is shared to a minimal extent and on an ad-hoc basis. Recently, the Zakat Fund has begun to provide the Ministry of Social Affairs with information on the cumulative number of beneficiaries and total expenditures by activity for all zakat committees (it should be noted, however, that this is the same amount of information publicly available on the Zakat Fund's website).<sup>254</sup> Even though the amount of information shared is still limited, some improvement could be recorded regarding basic knowledge of the activities of the zakat committees and the amount of resources they possess.<sup>255</sup> Since the Zakat Fund still lacks formal information-sharing procedures, the responsibility for sharing information on beneficiaries – a key component for reducing duplication – lies with the zakat committees.<sup>256</sup> However, so far, there is no systematic exchange of information and data on specific beneficiaries between the Zakat Fund and committees on one side and the Ministry of Social Affairs and other involved institutions on the other beyond sporadic personal phone calls and messages, and even these tend to be limited.<sup>257</sup>

The following recent developments may be steps towards improved information-sharing and coordination: first, the current development of a common registry for beneficiaries and donors could provide a central and comprehensive electronic database incorporating information from all zakat committees (although the potential of this system will only be fully realized once the Zakat Fund acquires a server for the purpose of sharing the database and accessing it remotely);<sup>258</sup> and, secondly, the creation of takaful (solidarity) committees, led by the Governor's offices in Nablus and Hebron.

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<sup>253</sup> Interview with Jamal Qasem.

<sup>254</sup> Palestinian Zakat Fund, 2012c.

<sup>255</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>256</sup> Interview with Jamal Qasem.

<sup>257</sup> Interviews with Jamal Qasem, the General Manager of the Tulkarem Zakat Committee, the President of the Ramallah Zakat Committee, the General Manager of the Hebron Central Zakat Committee and a member of the Nablus Zakat Committee.

<sup>258</sup> Interview with a technician for the Ministry of Awqaf and Religious Affairs and Manager of Orphan Sponsorship at the Zakat Fund.

Nablus created the first takaful committee for social assistance programmes in 2011, and Hebron is in the process of creating a similar committee.<sup>259</sup> The Nablus Takaful Committee includes the Ministry of Social Affairs, the Governor's Office, the Department of Commerce, the Business Forum, the municipality, the Nablus Zakat Committee, two charitable associations and the Red Crescent. The original objective of this Committee was to establish coordination between the many different organizations providing food and other in-kind donations around the major religious holidays (especially during Ramadan and Eid al Adha). The experience gained within the Committee increased awareness of the degree of duplication between different organizations and served as foundation for greater information-sharing and coordination during the rest of the year. Under the leadership of the governor's office, the members of the Nablus Takaful Committee have begun sharing information on their activities and collaborating, leading to the launching of some projects of its own. In particular, the Committee manages the Tkeya, a group of persons who cook and deliver food to needy families on a rotating basis.<sup>260</sup>

While the Nablus Takaful Committee has encouraged greater support for information-sharing and coordination, the issue of leadership of initiatives has yet to be resolved.<sup>261</sup> If appropriately institutionalized and aligned with the coordination efforts of the Social Protection Team at the central level, these local coordination committees have the potential to provide an effective platform for reducing unnecessary duplication and improving the coverage and effectiveness of different social assistance programmes, including the zakat committees.

The centralization of the zakat system has not contributed to improved coordination among zakat committees themselves, as it has not yet created formal, regular mechanisms for sharing information and experiences across institutions. The creation of the Zakat Fund has the potential to intensify regular, and ad-hoc sharing of experiences and collaboration between different committees, which would be highly beneficial given the extent of activities and challenges that are common to the different committees. The variation in size and activity between committees suggests that certain, mainly larger, committees could provide insight and advice for other, smaller, ones. For instance, the experiences of the Al Razi Hospital and Al Safa Dairy could be valuable for committees seeking to build similar large-scale activities.

## B. FACTORS AFFECTING COORDINATION

The relative isolation of the zakat institutions seems to be based on a variety of factors. In addition to the factors that have complicated coordination between actors engaged in social protection generally, the unique nature of the zakat committees seems to have contributed to their even greater isolation from other social protection actors. The zakat committees are different from NGOs, particularly those with a more secular orientation. Their increasing affiliation with the Government since the 2007 reforms has only deepened their separation from NGO networks.<sup>262</sup> However, the zakat system is not technically governmental, especially at the level of the zakat committees, and their assistance is not part of the network of governmental institutions and ministries involved in social protection either. Particularly given the traditional and religious status and mission of the zakat committees, some governmental actors and zakat committee members actually suggest that they should remain separate from the mainstream, secular and governmental social protection framework.<sup>263</sup>

The tendency of isolating zakat committees from governmental and non-governmental actors is further based on the misconception that they only provide assistance to practicing Muslims and that they offer

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<sup>259</sup> Interview with the General Manager of the Hebron Central Zakat Committee.

<sup>260</sup> Interview with Heygham Doyket, Financial Manager of Tkeya and representative of the governor's office.

<sup>261</sup> Interview with Jamal Qasem.

<sup>262</sup> Interview with the Director of the Palestinian Youth Organization.

<sup>263</sup> Interviews with Ayman Fawadleh, the President of the Ramallah Zakat Committee and Samir Abdulah.

assistance in the form of small handouts, Qur'anic memorization and other religious activities that may not align with national and international development goals and the methodology of the Government and other major social protection actors such as UNRWA, donors and NGOs.<sup>264</sup>

Yet, officials at the Ministry of Social Affairs recognize the importance of zakat committees at the central level for the social protection framework and see significant potential for coordination with the Zakat Fund and committees. In particular, officials express an interest in developing a common definition of poverty and streamlining the distribution of benefits.<sup>265</sup> However, a number of considerations need to be kept in mind in order to improve coordination. First, awareness needs to be raised among involved actors that information-sharing is indispensable to reduce duplication. Secondly, since the assistance provided by both the Ministry of Social Affairs and the zakat committees is relatively small, it is considered complementary rather than duplicating by most officials from both the zakat system and the Ministry of Social Affairs.<sup>266</sup> In particular, officials at the central and local levels at the Ministry do not see the same degree of negative consequence of duplication with the zakat committees as with UNRWA, which may be related to the smaller amount of assistance offered by the zakat committees or UNRWA's own policies.<sup>267</sup>

Finally, and as discussed earlier, the Zakat Fund and committees are represented by employees of the Ministry of Awqaf and Religious Affairs at the Social Protection Team, and any coordination with the Ministry of Social Affairs and other actors in the team is mediated by the Ministry of Awqaf and Religious Affairs.<sup>268</sup> Coordination between the Ministry of Social Affairs and the Ministry of Awqaf and Religious Affairs is not very strong, and cooperation currently exists only at the strategic level, with no exchange of data.<sup>269</sup> While the overlap between the goals and activities of the zakat committees and the Ministry of Social Affairs is considerable, this is less true for the Ministry of Social Affairs and the Ministry of Awqaf and Religious Affairs, as social welfare and social service provision are not dominant components of the mission of the Ministry of Awqaf and Religious Affairs, which may exacerbate coordination problems between the two ministries.

While some improvements have been achieved in the coordination with zakat committees in recent years, much work remains to be done before the formal, institutionalized degree of coordination envisioned by the Ministry of Social Affairs can be reached. Not only will formal information-sharing practices have to be improved and areas of cooperation expanded, but the role of the committees within the larger social protection framework will have to be established and communicated more clearly.

## IX. CONCLUSION

Zakat committees in the West Bank, similar to many other grass-roots organizations, have played a highly important role in social assistance and the provision of social services. Their contributions have been particularly important to help West Bank residents cope with the ongoing Israeli occupation and its repercussions. This, along with the grass-roots, community-based manner in which the committees were created, has earned them a reputation as unique, well-respected, and important social and religious institutions. Their role began to shift as the Palestinian Authority became more actively engaged in social protection, and assistance from NGOs and international organizations increased. With the development of a more complex social protection framework, zakat institutions took on a secondary position. The zakat

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<sup>264</sup> Interviews with Ayman Fawadleh and Samir Abdulah.

<sup>265</sup> Interviews with Daoud al Deek, Ayman Sawalha and Khaled Barghouti.

<sup>266</sup> Interviews with the General Manager of the Hebron Central Zakat Committee, the General Manager of the Tulkarem Zakat Committee, the General Manager of the Jenin Zakat Committee and Amein Enabi.

<sup>267</sup> Interviews with Daoud al Deek, Ayman Sawalha, Khaled Barghouti and Ayman Fawadleh.

<sup>268</sup> Ibid.

<sup>269</sup> Interview with Ayman Fawadleh.

committees were not immune to the social and political events in the Occupied Palestinian Territory and the international arena. The inter-Palestinian division together with increased international pressure to monitor Islamic charities contributed to the decision of the Palestinian Authority to reorganize the zakat system in 2007. This reorganization significantly changed the management structure of the committees, their level of autonomy and the nature of their interaction with local communities. Despite these changes, however, the types of activities pursued by the committees remained fairly constant, even if their budgets and number of beneficiaries changed.

Despite progress in various areas, the 2007 reform process is far from being finalized. The Palestinian Authority has not yet passed the draft zakat law that is to cement the legal status of the Zakat Fund. The Zakat Fund and committees are still negotiating ways to deal with some of the consequences of the reforms, including the decision to create branch committees that shall engage local communities more effectively. Committees are struggling to rebuild local and international confidence in the committees to make up for the significant funding lost following concerns about terrorist financing and the new structure of the zakat committees – two different issues that require different strategies. Additional policy reform, including increased local participation in the selection of zakat committee members, may be necessary to increase public confidence in the committees in some governorates. Awaiting the passage of the draft zakat law, the Zakat Fund has the opportunity to assess the effectiveness of the administrative structure in place since 2007 and suggest potential modifications once the legal status of the Zakat Fund is consolidated.

These and others changes may help maximize the potential benefits of the more centralized zakat system created by the 2007 reforms. While committees have benefited from the more systematic financial oversight and transparency associated with the reforms, the Zakat Fund could do more to encourage collaboration across zakat committees. Such collaboration is an important advantage of a more centralized system that is still to be realized to a considerable extent. The activities pursued by most committees are similar, but vary in scope and method of implementation, so sharing experiences, good practices and lessons learned holds significant potential for improvement. In order to fully realize the potential benefit of the 2007 reforms, the Zakat Fund could create a platform for zakat committees to share experiences, expertise and possibilities for collaboration on a formal and regular basis. Strengthened collaboration within the zakat system can serve also as a stronger foundation for coordination with other actors engaged in social protection outside the zakat system.

The zakat committees enjoy certain comparative advantages over other non-governmental institutions of social protection, including their relatively long legacy, religious legitimacy, unique official yet not fully governmental status, relative independence from the dominant multilateral and bilateral donors, proliferation throughout the Occupied Palestinian Territory, and ability to understand and react to the needs of the community. All of these factors contribute to the importance of zakat committees in the larger social policy framework, especially to provide assistance at the local level, which is expected to increase even further through the creation of branch committees. This does not mean, however, that zakat committees cannot or should not be increasingly involved in social service provision at a larger scale, as the success of the Al Razi Hospital demonstrates.

Additional comparative research would be needed to draw more reliable conclusions about why some zakat committee activities, such as the Al Razi Hospital, have been so successful while other large-scale projects, such as Tulkarem Hospital and Al Safa Dairy, have faced more difficulties. The following can serve as potential explanations. First, Al Razi Hospital established a fairly sustainable financing mechanism based on graduated fees and secure sources of international funding that allowed it to navigate some of the instability within the Occupied Palestinian Territory.<sup>270</sup> In contrast, fees at Tulkarem Hospital are subject to extreme discounts (roughly 60 to 100 per cent more discounted depending on the population), and the hospital suffered a drastic decrease in international funding. These two factors combined threaten its ability

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<sup>270</sup> Interviews with the General Manager of Al Razi Hospital and a member of the Jenin Zakat Committee.

to manage basic operational costs. Based on these findings, it should be an important first step for zakat committees considering the development of such large-scale service provision projects to analyse the ability of local residents to pay and the long-term prospects of external financing. Furthermore, Al Razi Hospital seems to have benefitted from a management board that is independent from the zakat committee, made up of a wide variety of qualified professionals. In contrast, Tulkarem Hospital was managed directly by the Tulkarem Zakat Committee until 2012, when the Ministry of Awqaf and Religious Affairs mandated the creation of a separate hospital board made up of medical and business professionals.<sup>271</sup> The central Zakat Fund also identified the lack of professional capacity, particularly in the areas of financial and business management, as a major issue limiting the success of Al Safa Dairy, and has sought to address this gap.<sup>272</sup> These experiences suggest that, when it comes to large-scale projects, zakat committees should explore the need for independent management structures and assure sufficient and diverse professional capacity from the onset of a project. While secure financing mechanisms, strong management structures and professional capacity are important to the success of large-scale zakat projects, it is also important to note that, in the West Bank, unpredictable events and constraints will largely affect the success or failure of a project. In Tulkarem, for example, Israeli restrictions on Palestinian construction delayed the finalization of the hospital by almost a decade.<sup>273</sup> During the second intifada, Al Razi Hospital played an important humanitarian role, which led to increased financial support.<sup>274</sup> It is almost impossible for any zakat committee to anticipate or avert such external factors.

All zakat committees focus primarily on the provision of financial and in-kind assistance, and orphan sponsorship is by far the dominant activity. The designation of a child without a father as an orphan ensures support to female-headed households, a particularly vulnerable demographic in the West Bank, although the lack of attention to the mother herself may be problematic from a rights-based perspective. There is a certain risk that this attention to orphans disadvantages vulnerable male-headed households. The poor-family assistance helps mitigate this concern even though it is comparatively lower than orphan sponsorship. It may be valuable to assess the effectiveness of the current targeting methods in a typical region in the West Bank to identify the degree to which zakat committees succeed in reaching eligible beneficiaries with the greatest needs. As the Zakat Fund considers shifting to a different, point-based targeting mechanism, this could feed ongoing discussions with empirical evidence. Zakat committees that have sought to balance assistance programmes with health and education projects have also made important contributions to the provision of social services, particularly in the area of health. The success of the Al Razi Hospital is proof of the potential active and important role of zakat committees in the provision of social services in the West Bank.

While productive projects represent a smaller and less successful area of zakat committee activity, they will likely receive increased attention in the coming years. To improve the effectiveness of these projects, it would be beneficial for zakat committees and the Zakat Fund to jointly develop strong income-generation units that can support business plan development, training and marketing to ensure that projects can overcome some of the challenges associated with the occupation and current economic environment in the Occupied Palestinian Territory. This could involve coordination with governmental bodies and NGOs with experience in income-generating projects, as well as the private sector.

In order to maximize the benefits of its activities, especially within the context of limited resources, it would be highly advantageous if the Zakat Fund created a systematic evaluation process to provide committees with clear evidence on the effectiveness of their different activities, possible areas of improvement and most beneficial utilization of their resources. While conducting such evaluations may consume a considerable portion of the already limited resources and time of the zakat committees, it is important to ensure that those

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<sup>271</sup> Interview with the General Manager of the Tulkarem Zakat Hospital.

<sup>272</sup> Interview with Jamal Qasem.

<sup>273</sup> Interview with the General Manager of the Tulkarem Zakat Hospital.

<sup>274</sup> Interview with the General Manager of Al Razi Hospital and member of the Jenin Zakat Committee.

resources are being used in the most effective way to fulfil the objectives of the committees and meet the needs of the population. Given its oversight role, the Zakat Fund may be especially qualified to conduct such evaluations.

Ultimately, the success of the zakat committees depends on their coordination with other social protection actors. The zakat committees in the West Bank operate in the context of a complex and often fragmented social protection environment. There has been movement towards improved coordination between some social protection actors in recent years, particularly through reforms in the Ministry of Social Affairs. However, considerable institutional and organizational barriers are still to be overcome before the formal, institutionalized degree of coordination can be reached at the level of programme implementation that is necessary to most effectively reduce gaps and duplication in assistance. All social protection actors face challenges when it comes to improved coordination, but zakat committees may be particularly affected. The unique existence of zakat committees between the public and the non-governmental spheres tends to imply that they are marginalized in both the governmental and non-governmental formal and informal networks, which is emphasized even further by their special religious status and misconceptions about the nature of their work. However, some officials actually believe that the isolation of the zakat committees from secular and governmental institutions helps protect the integrity of their religious mission. Finally, the ambiguous legal status of zakat committees and the Zakat Fund pending the passage of the draft zakat law further complicates their ability to create formal collaborative relationships, particularly given that the Zakat Fund is currently subsumed by the Ministry of Awqaf and Religious Affairs.

The passage of the draft zakat law is expected to help overcome this last challenge, and some improvements in the areas of information-sharing and collaboration at the local and central levels show that there is potential for improved coordination. However, reaching a more formal, effective level of coordination will require greater information-sharing and clarity on the unique role envisaged for zakat committees in the social protection framework. There are certain steps that could be taken towards achieving these goals, and improved coordination in social protection more generally. The existence of misconceptions about the nature of the activities of zakat committees and their real role in social protection suggests that specific efforts should be made to spread awareness of the zakat committees among governmental and non-governmental actors, which could be done in the shape of, for instance, a formal workshop on the role of zakat committees in social welfare. Encouraging such direct interaction among various actors engaged in social protection could strengthen the foundation for coordination and information-sharing.

Improving information-sharing practices between zakat committees and the Ministry of Social Affairs as well as other non-governmental actors is important to prevent duplication and facilitate coordination. The improvements achieved by the Ministry of Social Affairs in recent years in its relationship with other ministries, together with its effective coordination with the WFP, demonstrate that intensified coordination is possible with a variety of actors. In addition thereto, recent achievements, such as the Ministry of Social Affairs' consolidated beneficiary database and the efforts by the Zakat Fund in preparing a similar database, create a firm base for regular, formal information-sharing. Demonstrating to all actors the value of sharing beneficiary and activity information will be important to build commitment to these practices. This could be achieved in various ways, such as an analysis of the number of beneficiaries that receive assistance from both the Cash Transfer Programme and zakat committees, or a one-time joint activity between the Ministry of Social Affairs and zakat committees, or various non-governmental organizations and zakat committees.

Ideally, coordination between zakat committees on the one hand and governmental and non-governmental actors on the other would take place in a formal manner at both the central and local levels. The Takaful Committees in Nablus and Hebron provide a valuable framework for such engagement. Central support for establishing such committees in other areas – such as access to some resources or support from the Ministry of Social Affairs – could help build on these achievements.

Ultimately, improved coordination between zakat committees and other social protection actors is predicated on strengthened coordination between the Ministry of Social Affairs and non-governmental and

intergovernmental organizations more generally. Addressing any issues that may be limiting the effectiveness of the Social Protection Team and establishing a framework for the implementation of the social protection plan are important steps towards this goal.

This report has sought to provide zakat officials and other social policy actors with information on the role of zakat committees in social protection and how they can best contribute to poverty reduction. By providing a broad overview of the structure, activities and targeting methods of the zakat committees in the context of a larger social policy framework, it sought to highlight their advantages, successes and challenges. Understanding these challenges and successes is expected to help officials improve the effectiveness of the zakat system and enhance coordination with other social protection efforts in the West Bank.

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Annex

**INTERVIEW LIST**

| Interviewee  | Date and Location                |
|--|----------------------------------|
| 10 beneficiaries of Ramallah Zakat Committee (focus group)   | Ramallah, 29 May 2013            |
| Abdulah, Samir, Director of the Palestinian Economic Policy Research Institute (MAS)                           | Ramallah, 27 May 2013            |
| Al Deek, Daoud, Assistant Deputy Minister, Ministry of Social Affairs  | Ramallah, 3 June 2013            |
| Anbar, Omar, General Director of General Education, Ministry of Education                                      | Ramallah, 2 June 2013            |
| Barghouti, Khaled, Deputy General Director to Combat Poverty, Ministry of Social Affairs                       | Ramallah, 3 June 2013            |
| Dentist and doctor at the Hebron Zakat Clinic  | Hebron, 1 June 2013              |
| Deputy to the General Manager of the Zakat Fund  | Ramallah, 28 May 2013            |
| Director of the Palestinian Youth Organization   | 1 June 2013                      |
| Doyket, Heygham, Financial Manager of the Tkeya and representative of the Governor's Office                    | Nablus, 22 June 2013             |
| Enabi, Amein, Director of the Ministry of Social Affairs Ramallah Directorate                                  | Ramallah, 2 June 2013            |
| Fawadleh, Ayman, General Directorate of Social Sector Planning, Social Protection, Ministry of Planning        | Ramallah, 28 May 2013            |
| General Manager of Al Razi Hospital and member of the Jenin Zakat Committee                                    | Jenin, 23 June 2013              |
| General Manager of the Hebron Central Zakat Committee  | Hebron, 1 June 2013              |
| General Manager of the Jenin Zakat Committee   | Jenin, 23 June 2013              |
| General Manager of the Tulkarem Zakat Committee  | Tulkarem, 23 June 2013           |
| General Manager of the Tulkarem Zakat Hospital   | Tulkarem, 23 June 2013           |
| Khayat, Naghm, Manager of the Quranic Academy and member of the Nablus Zakat Committee                         | Nablus, 22 May 2013              |
| Member of the Nablus Zakat Committee   | Nablus, 22 May 2013              |
| Member of the North Hebron Zakat Committee   | Ramallah, 28 May 2013            |
| President of the Ramallah Zakat Committee  | Ramallah, 21 May 2013            |
| Qasem, Jamal, General Manager of the Palestinian Zakat Fund  | Ramallah, 21 May and 28 May 2013 |
| Qurie, Dua'a, Executive Director of the Palestinian NGO Network (PNGO)   | Ramallah, 1 June 2013            |
| Remlawi, Assad, MD, Assistant Deputy to Minister of Health   | Ramallah, 2 June                 |
| Sawalha, Ayman Assistant Deputy Minister for Social Development, Ministry of Social Affairs                    | Ramallah, 3 June 2013            |
| Shendi, Nidal, General Manager of the Al Safa Dairy  | Nablus, 22 June 2013             |
| Technician for the Ministry of Awqaf and Religious Affairs and Manager of Orphan Sponsorship at the Zakat Fund | Ramallah, 28 June 2013           |
| Ziad, Karabelieh, Executive Director of the Employment Fund  | Ramallah, 3 June 2013            |