

Brief Review: Islamic Charities

Sep 1, 2008



Articles & Testimony

The Price of Fear: The Truth behind the Financial War on Terror. By Ibrahim Warde. Berkeley: University of California Press, 2007. 261 pp. \$24.95. Understanding Islamic Charities. Edited by Jon B. Alterman and Karin von Hippel. Washington, D.C.: Center for Strategic and International Studies, 2007. 200 pp. \$21.95, paper.

"Terror networks often use compromised or complicit charities and businesses to support their objectives." [1] Such were the findings of the Financial Action Task Force (FATF) -- the 34-member multilateral body that aims to set global standards for preventing money laundering and counterterror financing regimes -- in its recent report on terrorist financing. In fact, FATF warned that "the misuse of nonprofit organizations for the financing of terrorism is coming to be recognized as a crucial weak point in the global struggle to stop such funding at its source." [2]

The findings of this technocratic, nonpartisan, multilateral body must come as an unwelcome surprise to Price of Fear author Warde, adjunct professor at the Fletcher School of Law and Diplomacy at Tufts University. In Warde's parallel universe, the financial war on terror is a farce, and governments -- especially the U.S. government -- are not to be believed when they point to successes in either stemming the flow of funds to terrorists or following financial trails to ferret out terrorist networks. According to Warde, the myth of a financial front in the war on terror is but a facade erected to create the illusion of victory in an otherwise set of failed policies. The Price of Fear flies in the face of the extensive available evidence and simply falls flat. Nowhere is this more pronounced than in Warde's treatment of the abuse of charities for terrorist financing, which he dismissively describes as a "reflexive equation of Islamic charities with terrorism." Tell that to British authorities who found that during "2006 a significant proportion of investigations into the financing of terrorism included an assessment of links to charitable organizations." [3]

Unlike Warde's book, Understanding Islamic Charities is a serious study. A policy monograph, it approaches the issue from the perspective of aid organizations and gives credence to the idea that there are critical needs that Islamic charities are best situated to address for geographic, cultural, or religious reasons. The chapters share a thematic focus on the need to highlight opportunities to facilitate aid, and while thoughtful and well-reasoned, the monograph is largely unsatisfying -- like a short story that ends too quickly. Its flaws lie in two critical misunderstandings.

First, the authors assume that promoting opportunities for charitable giving is incompatible with reducing the risks that those opportunities will be abused for illicit purposes. They inform us, for example, that due diligence on the part of charities is difficult, costly, and has limited value. The real question, in fact, should be how to streamline due diligence and make self-regulation more cost effective. Second, the authors repeatedly conflate the financing of extremist ideologies with the financing of terrorism. Arguably, charities -- Islamist or otherwise -- should not be financing extremist ideologies in the first place. But the real debate is over a completely different threshold: violence. Balancing the risk of violence and the opportunity for charity, the authors display a disquieting level of comfort with erring on the side of charity.

That said, *Understanding Islamic Charities* raises several significant issues worthy of further research. Can governments take a more surgical approach to designating charities, weeding out bad actors in those cases when the entire charity is not corrupted? Could European governments better use intelligence to drive their financial investigations as agencies do in the United States? How can government outreach to the charitable sector be improved, and can the rules governing nongovernmental organization activities be more transparent?

There can be no doubt that charity is a value of paramount importance to donors and recipients alike. Recognizing, as illicit actors already have, that the charitable sector is vulnerable to abuse and devising policies that protect charities from abuse even as they promote charitable giving is the true challenge. *Understanding Islamic Charities* makes an effort to start addressing these questions even if it leaves the reader largely unsatisfied. *The Price of Fear* makes no such effort.

Notes

1 Financial Action Task Force: *Terrorist Financing* (Paris: Organization for Economic Cooperation and Development, 2008), p. 8.

2 Financial Action Task Force on Money Laundering: *Combating the Abuse of Non-profit Organizations* (Paris: Organization for Economic Cooperation and Development, 2002), p. 1.

3 *The Financial Challenge to Crime and Terrorism* (London: HM Treasury, 2007), p. 56. ❖

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