



# Foreign financing of Islamic institutions in the Netherlands

A study to assess the feasibility of conducting  
a comprehensive analysis

Stijn Hoorens, Joachim Krapels, Magda Long, Tom Keatinge, Nicole van der  
Meulen, Kristy Kruithof, Jacopo Bellasio, Anna Psiaki and Gursel Aliyev



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## Summary

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Funding of Islamic institutions and related activities by foreign government entities has received considerable attention in the Netherlands in recent years. Public debates appear to be fuelled by intelligence reports and media coverage of several cases of donations to mosques in the Netherlands from government-sponsored entities in several Middle Eastern countries. These have given rise to concerns that these donations may be granted on the basis of certain conditions, for example in return for influence on the institution's governance, daily management or religious practising. Ultimately, there is a risk that such influence leads to behaviour or activities that are in conflict with democratic values.

### Research scope and objectives

The size and nature of foreign funding of religious institutions is subject to speculation. Foreign funding is not registered centrally, nor is there an obligation to report such donation. Hence, little is known about the origins of funding to mosques in the Netherlands, which is why it is difficult to draw any firm conclusions as to whether these concerns are justified. As specified in the so-called *Motie Segers*, the Dutch Parliament (*Tweede Kamer*) indicated that there is a need to provide an overview of the size and scope of foreign financial support provided to Islamic institutions in the Netherlands. The Research and Documentation Centre (*Wetenschappelijk Onderzoek- en Documentatiecentrum*, WODC) has tackled this through a staged approach. The first phase was commissioned in June 2014 and comprises an assessment of the feasibility of conducting a full analysis of the size and scope of foreign funding of Islamic institutions in the Netherlands and the possible conditions under which foreign funding might be provided. This document reports on the results of that feasibility study.

The terms of reference requested that the study should focus on mosques or mosque-related organisations (e.g. *moskeeverenigingen*) and two higher education institutes (HEIs). Moreover, the present feasibility study focuses on potential funding provided by foreign state(-related) entities. Whilst the study is not limited to data only available in the public domain, such public sector data will provide a first and the main step in determining the feasibility of a more comprehensive assessment. Where possible, we identified and requested access to classified sources to complement the analysis.

### The context of foreign funding of religious institutions

Background literature suggests that for historical reasons, mosques in the Netherlands have typically taken the form of associations (*verenigingen*) and foundations (*stichtingen*). Besides the flexibility offered through their legal structure, the ease of setting up such legal entities seems another appealing feature. As such there is limited external oversight of foundations and associations. Additionally, Islamic organisations in

the Netherlands and elsewhere have been under increased scrutiny since the events of 9/11. These factors seem to have limited the financial transparency of Islamic institutions. External financing of associations and foundations – whether religious or not – is common in the Netherlands and elsewhere. And despite the tradition of community-based donations, the costs of large projects, such as (re-)construction of mosques, are unlikely to be raised within the local community. As public sector funding to religious institutions does not exist in the Netherlands, large external donations are practically inevitable. Hence, there is little doubt that such funding by foreign actors, including governments and related central funds, to Islamic institutions in the Netherlands exists.

Islam is not the only religion with strong philanthropic traditions. Faith-based philanthropy (*Zakat* for Muslims) plays an important role in other religions such as Hinduism (*Daan* or *Seva*) and Christianity (giving of *alms*). However, Western countries have historically been a source, rather than a recipient, of faith-based foreign donations. Funding to religious (non-Muslim) Diasporas in Western countries does not appear to occur regularly. We have identified little evidence of funding from state actors abroad to other religious communities in Western countries. Moreover, we did not identify any indications of an institution-funding mechanism as opposed to individuals or groups. These findings seem to suggest that funding from foreign state actors to religious institutions in the West may be more common for Islam than for other religions.

## Approach

In addition to a review of the literature and documentation available on the topic of this study and a set of scoping interviews with key informants, we have taken a quasi-experimental approach to testing the availability and relevance of information. This approach consisted of two main components:

1. A systematic and comprehensive appraisal of data available in the Netherlands on Islamic institutions offering insight into the size and scope of foreign funding and its potential influence. This information has been derived from public sector sources, such as the trade register at the chamber of commerce, the land registry, municipal archives, customs, court cases, and online sources, as well as from some confidential sources made available to us.
2. A systematic and comprehensive appraisal of publicly available data in six potential source countries on funding of Islamic institutions in the Netherlands.

With these sources we assessed the feasibility of conducting a full assessment for two samples of institutions out of a long-list of 355 Islamic institutions in the Netherlands. One sample (n = 19) consisted of mosques and HEIs selected from a pool of institutions that had featured in the media for various reasons. This sample included institutions that, on the basis of these reports, have received special attention in the context of the subject of this study. The other sample (n = 20) comprised a control group of randomly selected institutions. The information collected for both samples was then triangulated across the different sources.

Despite having offered anonymity to key informants and assurance that data would be treated confidentially, several organisations and individuals appeared hesitant to contribute to this feasibility study. The limited data availability has complicated this assessment. Notwithstanding these

complications, we summarise the key findings and conclusions below in relation to each of the research questions formulated for this study.

### Size and scope of funding

We have assessed the type of information and evidence on foreign financing that can be derived from public sources and assessed the likelihood that a full-study, with additional resources, would be able to generate answers to all the research questions.

*What information is available in the Netherlands about the nature and size of funding of Islamic institutions by foreign state actors and types of funders?*

From the available documentation it is known that official links exist between mosques in the Netherlands and foreign governments (e.g. Diyanet) or international organisations (e.g. Milli Görüş). However, the documentation reviewed does not provide any indication of the possible size of such funding from Turkey to Dutch institutions. The links to foreign funding of Islamic institutions in the Netherlands that have been identified in the literature and online material could in several cases be confirmed by data from public institutions and from confidential sources (see Table S.3Table).

**Table S.3: Overview of data from public authorities and online material**

Data source	Data available?	With regards to religious institutions, does it provide...	
		Indications of foreign funding?	Figures of foreign funding?
Land Registry ( <i>Kadaster</i> )	Yes	Yes: through mortgages	No
Annual reports	Yes, but only for a few institutions	No	No
Customs: cash transfer	Yes	No	No
Permits from municipalities	Yes	Yes	Yes, in one instance
Police records	Not made available within the study's timescale	<i>Not available</i>	<i>Not available</i>
Prosecutor files	<i>Not analysed</i>		
Court cases – ( <i>Rechtspraak.nl</i> )	Yes	Yes	No
General web searches	Yes	Yes	No
Diplomatic sources	No, but we were made aware of correspondence between Ministry of Foreign Affairs and one source country embassy	Yes	No, only in one specific case an amount was mentioned
Intelligence reports	Yes, one FIU report was reviewed after signing an NDA	Yes	Yes, in some cases

Access to police records was not offered within the timescale of the study. As a consequence, we were unable to analyse these data and follow-up subsequent links to prosecutor files. With more time and resources available in a full study however, these data would likely be available.

*Based on the available information, is it possible to approximate the size and scope of the identified foreign funding by foreign state actors?*

The collected data provided verification of individual cases reported in the literature or the media of funding to specific Islamic institutions in the sample. However, they do not allow for a general estimate of the size of foreign funding. Literature suggests that informal and cash payments play an important role in financial transactions between Islamic organisations and communities. Moreover, a crucial type of information –that of transactions between bank accounts – is not publicly available. While some individual cases of foreign donations could be verified with, for example, the use of data from the Land Registry, they are unlikely to offer an effective approach to identifying or scoping the broader funding environment.

Moreover, caution is required when trying to extrapolate the findings beyond the two samples. The differences in the findings between the random sample and the purposive sample suggest that those institutions that, for instance, regularly feature in the news are not representative of the entire population of Islamic institutions in the Netherlands. For instance, the purposive sample contains several institutions with recent construction projects or plans, requiring considerable amounts of funding. Compared to institutions that are more in the limelight, the random sample barely contained any indications of foreign funding.

*What would be the reliability of estimates of the nature and size of foreign funding of Islamic institutions in the Netherlands?*

One of the reasons for the difficulty of deriving solid conclusions from the available evidence is the rather diverse data quality. Whilst information in the public records tends to be reliable, data for sample institutions are not always complete. Moreover, there is little transparency of the financial status, income or expenditure of Islamic institutions. For instance, of the 39 institutions in the two samples, we only identified one annual report, which did not provide information about donations.

However, in case of a comprehensive assessment, it seems necessary to access additional data which is not publicly available rather than just improving the quality of the current public data. Intelligence information as well as data from banks on international account transactions would potentially provide more insight into the financial flows to religious institutions in the Netherlands. Such intelligence information, however, is not available to (research) institutions without a special investigation mandate. Moreover, even for intelligence agencies it would likely be difficult to obtain account transaction data for a large sample of institutions without a collective suspicion of illegal or harmful activities.

### Influence of funding on Islamic institutions

Whilst foreign funding can be expected and is not *a priori* problematic, there are concerns that foreign state actors might provide funding to Islamic institutions in the Netherlands under certain conditions, potentially giving rise to behaviour or activities that are in conflict with democratic values. In this study we have relied primarily on indirect proxies to providing potential indications of conditions to foreign funding. The outcomes or manifestations we have examined were based on data sources listed in Table S.4.

**Table S.4: Overview of data from public authorities on influence**

<b>Data source</b>	<b>How would influence be identified?</b>	<b>Do the data provide insights into influence or conditional funding?</b>
Land Registry ( <i>Kadaster</i> )	Ownership and mortgage arrangements	No
Chamber of Commerce	Board membership	Possibly, in some cases
Police and prosecutor records ( <i>not available</i> )	(suspected) crimes, offences or wrongful acts attributed to funding	<i>Not available</i>
Court cases	(suspected) crimes, offences or wrongful acts attributed to funding	No, with some exceptions

*What do we know about the nature of the identified foreign financing and, if applicable, under which conditions the funding is provided?*

On the basis of the sources reviewed it is not possible to derive any generalizable conclusion about possible conditions under which funding is provided. It seemed that it is only possible to verify potential influence on the institutions' governance through a review of board membership over time from Chamber of Commerce records. We use the term 'foreign' board members for those board members who were born outside the Netherlands and whose current address is also abroad. Out of the total number of 1266 board members that the 39 sample institutions have had over more than the past two decades, 37 have been based abroad. They refer to 19 unique individuals (one may have multiple separate board tenures) distributed across 14 institutions, 16 of whom are still active. At the moment, 17 per cent of board members in the purposive sample are 'foreign', compared to only 1.5 per cent in the random sample.

In some cases, links to foreign funders and international intermediaries for specific institutions reported in the literature, media and by intelligence agencies appeared to correspond to board memberships from the same countries. This could be taken as an indication that the funder may have some influence on the management of or practices at these institutions. Yet caution is required, as nothing is known about the nature of these arrangements. Moreover, the frequency of foreign board membership in the purposive sample appears to be much higher than in the random sample, suggesting that institutions featured in the media are not necessarily representative of the entire population of mosques.

Other data sources, such as court cases, construction permits, literature or online sources verified several cases that were reported in the media, but provided no additional insights into funding conditions or influence.

*What is the quality of the assessment of conditions under which the funding is provided?*

While information received from the public authorities tends to be reliable, it does not allow us to draw any substantial conclusion on possible conditions that might be attached to the foreign funding of mosques in the Netherlands. Even if there are indications of potential irregularities, it is practically impossible to establish a causal relation with the role of foreign funding.

Attempts to further improve the quality of the current data are therefore unlikely to increase the possibility to generate insights into any conditions attached to funding. It is also unlikely that with

additional public sources, such as police records, a more precise and reliable examination could be made. While it would increase the accuracy of the assessment of, for example foreign board members, this is unlikely to yield any additional insights into the nature of these arrangements.

### Information from retrieved source countries

We have systematically reviewed the information available from public sources in six potential funding countries: Morocco, Kuwait, Qatar, Saudi Arabia, Turkey, and the United Arab Emirates. Whilst we have not identified evidence of funding to Islamic institutions in the Netherlands from other countries, it cannot be ruled out either.

*What information is available in the selected source countries about the size and scope of the funding to Islamic institutions in the Netherlands?*

In general, there is very little transparency of the expenditure of donor or funding agencies in the Middle East, Turkey, and Morocco. Few regulations or laws appear to govern donations to other countries. Even in countries where laws and regulations governing the establishment and management of charities and foundations exist (e.g. Saudi Arabia or UAE), there is little transparency. Such existing regulation should allow local state institutions to have a clear picture of sources of funding and recipients of programmes of state-licensed charities, foundations and organisations, but we have traced little information. Also, media in source countries have reported on the attendance of embassy or consulate representatives at some launch events and inaugurations. This seems to suggest that some source countries' diplomatic missions might have a more comprehensive picture of activities and funding emanating from state-registered charities than immediately available through publicly available (annual) reports.

*Is it possible to trace specific examples of foreign funding of Dutch Islamic institutions in both the source country and in the Netherlands, and thus, to what extent are these sources mutually supportive?*

Documentation from government institutions and donor agencies in source countries selected for this study suggests that there is an active policy of funding religious activities abroad in the majority of source countries. Our review of source countries' charities and foundations seems to indicate that countries with a significant Muslim population in Asia and Africa are prioritised both in terms of volume of funds disbursed and number of programmes run. With only a few exceptions, funding to Islamic institutions based in the Netherlands could not be cross-verified with publicly available information in source countries.

### Extending the analysis or adding information sources

Based on our analysis, we do not expect that expanding the study by adding data sources or extending the analysis would provide evidence upon which a reliable and comprehensive estimate of the scope, size, and influence of foreign funding of Islamic organisations in the Netherlands can be made. However, it would be possible to investigate the financial accounts and funders of each individual institution in more detail. For instance, current and historical affiliations of all board members, available from the Chamber of Commerce records, might in individual cases reveal information about (alleged) links to (international or intermediary) organisations that are thought to be involved in funding Islamic institutions in Western Europe.

Other sources of data, such as self-reported data, police records or prosecutor data, might help to gain insight into the conditions of funding. It might be possible to investigate each individual institution in more detail to map the links between financial flows, institutions, individuals and their actions, which may or may not reveal evidence of influence. However, aside from the resource-intensiveness of such an exercise, it tends to be difficult to verify these links when relying on information available in the public domain. Hence, it would require the capabilities and a mandate of special investigative (intelligence) agencies.

While a study could theoretically be expanded with intelligence and bank transfer data, we do not recommend embarking on a comprehensive analysis of all Islamic institutions based on such data. Foreign funding and even influence on Islamic institutions in the Netherlands is not *a priori* problematic, undesirable, or illegal. The material and immaterial costs of such an invasive and resource-intensive approach should not be disproportionate to its potential benefits. Even for an institution with a special investigative mandate, such as an intelligence agency, it will be practically and legally problematic to conduct such a comprehensive assessment of Islamic institutions.

## Recommendations

Given the limited feasibility of a comprehensive assessment, we end this study with some general recommendations on how to improve understanding of the international landscape for funding of Islamic institutions and to increase financial transparency of Islamic institutions in the Netherlands.

### *Focus on internationally operating intermediaries*

Through the analysis of publicly available and confidential information and through the interviews we identified a number of internationally operating intermediary organisations which seem to be involved financing Islamic institutions in the Netherlands. While a systematic analysis of these intermediary organisations was outside the scope of this study, they do appear as organisations that would be of interest in a further study as they could potentially play a role in the foreign financing of Islamic institutions in the Netherlands. A more thorough study of these organisations would therefore increase the understanding of the international landscape for funding of Islamic institutions, in terms of their aims, activities and financial flows.

### *Facilitate improving financial transparency among Islamic institutions*

There is little financial transparency among Islamic institutions and umbrella organisations in the Netherlands. Our recommendation would be to encourage these organisations to improve this transparency, avoiding any unnecessary invasive investigation of those institutions that have nothing to hide. Institutions and umbrella organisations should be encouraged to publish their annual report or share it with the government, presenting information about donations and other funding from abroad. The Dutch government could play a role in this process by facilitating co-regulation or stimulating self-regulation, possibly in collaborating with umbrella organisations.

Alternatively, regulation and monitoring of the charitable sector may be widened in combination with the obligation to report donation of amounts above a certain threshold from funders residing abroad. Details

of the name of the organisation, institution type, the value of the donation, and its purpose may be captured and kept confidential to the monitoring agency.

Whilst it is unlikely that all institutions will comply with these approaches, it will help focus the efforts and resources on a small sample of non-transparent institutions and hence increase trust and transparency within the community of Islamic institutions as a whole.