

Muslim Charities in Southern Thailand and the need for Countering Terrorism-Financing Legislation to prevent insurgency funding by Kenneth George Pereire

10 May 2007

Synopsis: The Thai government is drafting new legislation that seeks to regulate Muslim charities, or zakat¹, as part of the effort to ensure efficiency and transparency in the distribution of funds, to help Muslims in the three southernmost provinces pull themselves up from the poverty trap.²

The Zakat Funds Bill will also enable the authorities to scrutinize and monitor movements of money to put it beyond the reach of Islamic militants/Malay separatists who are waging a violent insurgency against the state and a campaign of terror against the civilian population.³ Some of the donations, channeled through Muslim charities in foreign countries, are known to be diverted to support insurgents and international terrorists.⁴

There is now greater realization in Bangkok that in order to stem their own insurgency in the south, it is critical to target and disrupt the money flow to the insurgents. The first step in doing this is to devise appropriate counter terrorism financing legislation. The Thai government has previously for example, never taken action against suspected Muslim charitable organizations that may have been used to finance the insurgency. With the insurgency raging for more than 3 years since it escalated in 2004, it is critical and timely that the Thai government look towards alternative approaches towards stemming the insurgency. Disrupting the money trail of the insurgents is one of them.

Our Analysis:

At present, Thai and international Muslim charitable organizations, such as Saudi charities, give their money directly to administrators of mosques and religious schools. There is virtually no way of monitoring how these funds are spent.⁵ An example of this is the case of Ismail Lufti, rector of Yala Islamic College, who mentioned that charitable funds received from his Saudi connections are disbursed to needy Thai Muslims who approach him without question.⁶ Once the funds are disbursed, there is little way of monitoring how those funds are used. This provides the opportunity for the insurgents to abuse the money for their own ends..

¹ Zakat, or alms tax, is one of the major religious duties of Muslims, who are required to give a certain portion of their income to orphans, the poor and other deserving recipients.

² "Muslim charities in the spotlight", *The Nation*, 4 May 2007.

http://www.nationmultimedia.com/2007/05/04/opinion/opinion_30033344.php

[Accessed on 10 May 2007].

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Joseph Liow interview with Ismail Lufti in 2006.

The new law is attempting to address this and other possible abuses. The draft legislation is being prepared by the Social Development and Human Security Ministry and will be submitted to the Cabinet over the next few weeks. If the Zakat Funds Bill becomes law, a new government administrative body will be created to facilitate and monitor Muslim charities, which will be registered as juristic persons.⁷ This will mean that the new government administrative body will be recognized by law as an independent institution and vested with the mandate to monitor, regulate and if necessary, clamp down the activities of Muslim charities.

All provincial and community level zakat funds, as well as donations taken by mosques, will be required to register as juristic persons and will be subject to official scrutiny.⁸ This is an important and necessary safeguard to prevent funds from being siphoned off into the hands of insurgents at the various stages of money transfer.

The Zakat Funds Administrative Office will take in donations from Thai Muslims and international Muslim charities as well as government funds for Muslim community development and development grants from non-Muslim organizations. More importantly, these funds will be administered separately.⁹ With greater accountability of the funds and a central body that is subject to official scrutiny, the likelihood of abuses of Zakat money will be minimized. The government hopes to better identify Muslims in need of assistance, strengthen Muslim communities and raise quality of life as well as end the insurgency and restore peace in the South.¹⁰

For this important legislation to be implemented, there is a need to address the issue in a very sensitive manner. Zakat is ideally supposed to be raised by Muslims for Muslims. There should be no outside involvement.¹¹ Hence, if the Southern Thai Muslims misinterpret the Zakat Funds Bill to mean additional measures by the Thai authorities to pry open their personal lives and roll back their rights as Muslims, the implementation of the Zakat Funds Bill is likely to have grave consequences.

There is also the possibility that mosque and religious school administrators, who exert tremendous influence over the community, may object to this proposal and use it to widen the rift between the Muslim community and the government. One of the grievances in the south involves perceived government, read Buddhist, interference in Muslim lives. This is yet one more example that could undermine efforts not only in the money front, but on the wider political front.

The Zakat Funds Bill will be a very effective tool to disrupt the activities of the insurgents. If applied correctly, the insurgency will likely reduce in intensity over the long term. However, if the Zakat Funds Bill is not implemented carefully, it can be a

⁷ "Muslim charities in the spotlight", *The Nation*, 4 May 2007.

http://www.nationmultimedia.com/2007/05/04/opinion/opinion_30033344.php

[Accessed on 10 May 2007].

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

double-edged sword and actually stir up even more trouble within the southern Muslim community. This will further worsen the conflict. Legislation to counter the financing of terrorism must be implemented very carefully taking into account the sensitivities of the people as well as aspects of human rights, otherwise legislation will be counter-productive when addressing ideologically driven insurgency and terrorism.

Written by:
Kenneth Pereire
Research Analyst
ICPVTR, RSIS
11 May 2007