



Private  
Banking



UNIVERSITY OF  
CAMBRIDGE  
Judge Business School

# Giving in the Gulf Cooperation Council (GCC)

Evolving towards strategic philanthropy



“Philanthropy in the GCC is certainly growing. With this growth, we must always remember that the goal for philanthropists should not just be about the amount they give but the social impact they create.”

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## 1. Foreword



H.S.H. Prince Max von und zu Liechtenstein

Dear Reader

Philanthropy holds immense promise for helping to address the greatest challenges faced by society today. By engaging and showing leadership as change-makers, private philanthropists play an ever-expanding role in supporting solutions that address environmental and societal challenges.

We have observed that philanthropy has generally grown in the Gulf Cooperation Council (GCC) over the past ten years, both in terms of profile and volume. We are seeing increasing numbers of successful business leaders and families committing to expanding their philanthropic practices, the emergence of regional philanthropic networks and greater government encouragement of the growth of the sector. GCC philanthropists may have flown under the radar in the past, but today, a strong and vocal community of philanthropists is emerging that is keen to share leading practices, engage internationally and scale up their philanthropic portfolios.

Despite this growing importance and scale, in-depth research on philanthropy in the region has been remarkably limited. Our goal with this pioneering research is to help address this knowledge gap. This report provides valuable insights into fundamental trends, opportunities and challenges that can help inform future research and capacity-building agendas on philanthropy in the region. The insights drawn from the interviews and data reveal a vibrant philanthropy sector, rooted in long-standing traditions of giving that are deeply engrained in Arab culture and have been passed down for generations, with promising prospects for continued growth.



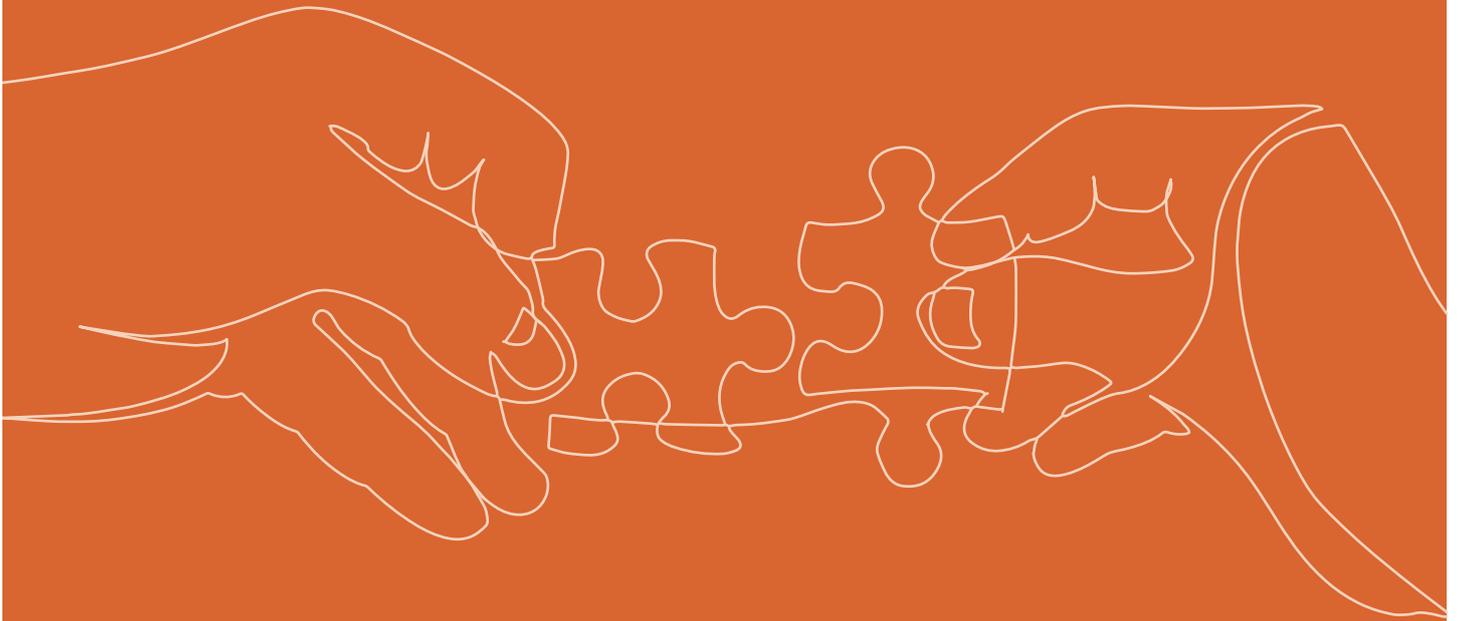
Professor Mauro Guillén

This report sheds important light on the unique socioeconomic and cultural context of giving in the region, an appreciation of which is crucial for gaining a nuanced understanding of the practices and opportunities. A particularly noteworthy finding is the growing interest in strategic philanthropy, inspired by the view held by philanthropists that more strategic, collaborative and evidence-based approaches can have a greater impact in society.

These insights herald exciting times ahead for philanthropy in the region and the potential to help address some of our toughest social and environmental challenges. We would like to thank all the participants who have generously shared their insights and journeys for this study. We hope that it will serve as a catalyst for future research, collaborations and discussions about philanthropy in the region, and ultimately contribute to achieving greater impact through philanthropy.

H.S.H. Prince Max von und zu Liechtenstein  
Chairman LGT

Professor Mauro Guillén  
Dean, Cambridge Judge Business School



“I see the region moving towards more strategic giving, and hope that we can bring more trust, transparency and data-driven measurements into the sector.”

## 2. Executive summary

We estimate the size of philanthropic giving in the GCC to be approximately USD 210 billion (see Section 4) and expect it will continue to grow. With the deep-seated Arab traditions of giving and generosity and the growing prosperity and ambitions of GCC philanthropists, all signs point to a promising future for philanthropy in the region. The GCC enjoys unique characteristics, including the combination of Arab and Islamic cultures of giving, growing wealth and prosperity, emerging new generations of philanthropists and ambitious government transformation plans. The intersection of these factors ultimately shapes the motivations, practices and trends in giving in the region. Philanthropy in the region is evolving, featuring a thriving and growing community of philanthropists who are increasingly seeking to collaborate and exchange best practices both regionally and internationally, and ultimately scale up their contributions to society.

Our goal with this study is to deepen knowledge about the motivations, practices and trends in philanthropy in the GCC. Due to the lack of data on giving in the region, this pioneering study is based on the review of existing literature and interviews with 32 philanthropists, experts and professionals across the six GCC countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. We uncover 15 findings that illuminate the fascinating flavor of philanthropy in the GCC.

Our study reveals interesting trends in the region. Religious beliefs are tightly interwoven with family and societal values that shape giving. While a minimum level of giving is mandated by religion, philanthropic practices in the GCC extend far beyond this on a voluntary basis, which philanthropists see as part of their duty as members of society.

Philanthropy in the GCC region is also becoming more strategic. While giving has traditionally been rooted in less formal charitable giving, the new generation of philanthropists is increasingly seeking to contribute with a more long-term, sustainable impact through more strategic means. As Millennial and Generation Z family members emerge to take the helm of family businesses and philanthropic activities, their aspirations will shape the evolution of the sector in

the coming years. With this group comes growing demand for greater innovation and entrepreneurial approaches to philanthropy, supported by robust data and sound methodologies. There is also mounting recognition of the value of collaborations and working together. The growing link between government initiatives and philanthropy also gives philanthropists opportunities to scale up their impact through collaboration and by aligning with national developmental goals.

Philanthropic capital in the region is expected to grow rapidly with the maturation of capital markets and the growing ambitions of family offices. However, little is known about the ambitions of the sector, where philanthropy could most add value and what is needed to support its growth and maximize its social impact. Philanthropy in the GCC is notoriously low profile, owing to the deeply rooted culture of humility, discretion, and anonymity embraced by GCC philanthropists. Furthermore, the traditionally limited emphasis on and standardization of systematic reporting further magnifies the structural scarcity of data in the region.

Other structural challenges exist that could hold back the potential of philanthropy in the GCC. There is, for example, a growing divergence between the aspiration to pursue strategic and evidence-based philanthropy and the cultural tradition of discretion. Philanthropists will need to find ways to balance between these contrasting factors. The sector suffers from issues relating to capabilities, access to talent and general image, especially in contributing to developmental outcomes beyond only charitable relief. Addressing these challenges offers a wealth of opportunities to conduct further research to deepen understanding and facilitate growth.

The Arab world is a vast network of regions that, while sharing commonalities, are also highly diverse in terms of their socio-economic, cultural and institutional characteristics. Philanthropy in the region is no different, and appreciation of these nuances can provide beneficial insights. We hope that our study will serve as a catalyst for further research, discussions, collaborations and debates about philanthropy in the GCC, and that it will ultimately inspire greater impact.

### **Motivations and practices**

**While religious beliefs are an essential motivation for giving, a closer look reveals how family values are also paramount**

While giving in the GCC is deeply rooted in religious beliefs, philanthropists are also deeply motivated by the legacies of their families, often inspired by the teachings and observations of their parents and grandparents. In fact, religious, family, cultural and individual values are often tightly interwoven, rather than distinct elements. Giving legacies and practices are passed down from one generation to the next, as family members take the helm of their family businesses and philanthropy.

**While difficult to estimate, philanthropy extends far beyond religiously mandated giving**

Zakat is one of the pillars of Islam, an obligatory minimum charitable contribution, although giving in the GCC often extends beyond this through sadaqah and awkaf practices<sup>1</sup>. While strictly voluntary from a religious perspective, philanthropists, particularly high-net-worth individuals and families, often view these as part of their duty to give back to society that comes with wealth and prosperity. While accurate estimates are lacking, a majority of the philanthropists and experts we interviewed for this study believes that the size of this form of giving far exceeds the obligatory zakat.

**GCC traditions of giving have roots in less formal practices**

Giving in the GCC has traditionally been of the less formal and discrete variety, especially favored by prior generations of philanthropists seeking to simply “do good”. Decision-making relating to their giving was conventionally based on assessments of community needs according to personal knowledge, relationships and judgement. Discretion and privacy are central values. More direct giving also makes philanthropists feel more confident about the effective use of their funds, in particular given concerns about the capabilities of the non-profit sector.

**Generational shifts are leading to growing aspirations to achieve more systemic, longer-term sustainable impact**

New generations of philanthropists are increasingly leaning towards more strategic approaches in order to address root causes of societal challenges and focus on sustainable, longer-term, systemic impact. As they take over the giving

legacies of their parents, this generation is becoming increasingly mindful of the benefits of greater strategic focus, rooting giving in theories of change and embracing innovative, market-based practices, while also taking inspiration from other regions.

**In the GCC, funding for education and health dominates, with an added international focus on poverty and relief**

Many philanthropists in the GCC recognize education and healthcare’s potential to improve the conditions and self-sufficiency of communities. Furthermore, GCC society traditionally places great importance on knowledge and learning. GCC philanthropists tend to focus within the region, often within their home countries. However, some operate in the broader Arab region as well as internationally, motivated by more expansive definitions of “community”. Despite aspirations to internationalize, complexities in cross-border operations can be a hindrance.

### **Approaches and strategies**

**GCC philanthropists increasingly aim to align giving with government priorities for national development**

A notable feature of the GCC region is the link between the philanthropy sector and government priorities. Government transformation programs across all GCC countries over the next decade establish ambitious socio-economic development goals around which philanthropists can align their efforts and collaborate, especially those aspiring to have a longer-term impact. GCC philanthropy has also benefited from government policy and regulatory efforts directed at boosting the sector, further catalyzed by positive examples set by ruling families.

**Growing interest in applying innovation and entrepreneurial principles in philanthropy**

As philanthropists increasingly seek to become more strategic in their giving, interest in applying innovation and entrepreneurship to giving is growing. This can include the application of principles for agile, adaptive and iterative innovation to develop solutions that more closely address the needs of communities. More nascent is the interest in bringing novel practices such as social entrepreneurship and market-based solutions into the sphere of philanthropy. These developments will hold promise if knowledge, capability and structural barriers can be addressed.

<sup>1</sup> Refer to Section 3 for an explanation of zakat, sadaqah and awkaf.

### **Growing desire for data and evidence-based impact assessment**

The growing focus on strategic philanthropy is also giving rise to a desire for more robust approaches to assessing philanthropic impact. Most philanthropists evaluate the impact of their giving in some form, even if in a less formalized way. Output-focused metrics currently predominate; however, philanthropists increasingly aspire to measuring outcomes and ultimate impact. Addressing the lack of knowledge and robust data are key paths for development, especially with regard to how to assess long-term, sustainable and systemic impact.

### **COVID-19 pandemic has encouraged reflection on the need for systemic change**

While the long-term impact of COVID-19 is yet to be seen, there is hope that the pandemic has triggered greater drive for systemic improvements by drawing attention to the importance of developing a robust social infrastructure, such as healthcare and education. Behavioral shifts emerging from the pandemic, such as the expansion of digitalization, also provide opportunities for innovation.

### **Growing interest in collaborations and partnerships**

There are growing aspirations among philanthropists to engage in collaborations in order to have a greater impact. To date, collaborations between philanthropists and implementation partners have been more popular, while collaborations only between philanthropists have been less so. Factors such as a lack of visibility and data on philanthropic activities pose barriers to greater collaboration. The emergence of some philanthropy networks for engagement and knowledge sharing are promising.

## **Challenges and opportunities**

### **Limitations in information and knowledge are key hurdles to achieving strategic philanthropic goals**

The low level of information and knowledge to support strategic philanthropy is a challenge in the region. This relates not only to data about communities in need and the giving activities of the network of philanthropists, but also to knowledge to support innovation in strategic philanthropy, such as how to assess impact. Some organizations are actively investing in compiling data for the sector where more work is needed.

### **The discrepancy between a culture of discretion and the need for greater visibility is becoming more pronounced**

The increasing interest in strategic philanthropy is further deepening this divergence, as the growing desire for data-driven insights stands in contrast to deep-rooted traditions of discretion and privacy. These discrepancies are a unique feature of philanthropy specific to the GCC. Intergenerational differences between more informal and strategic views of giving reflect the transitional nature of philanthropy in the GCC, giving rise to complexities that philanthropists must navigate. Philanthropists need to find ways to balance between these contrasting dimensions.

### **Issues relating to capabilities, talent and perception underscore the need for greater professionalization**

General concerns about the capabilities, efficiency and trustworthiness of non-profit organizations in the GCC region have often prompted philanthropists to work more directly. Mixed views also exist in GCC society about the role of philanthropy in supporting developmental goals beyond only charitable relief. Furthermore, the sector has struggled to be viewed as an attractive destination for talent. However, work on capacity building for non-profits is starting to emerge.

### **Digitalization can empower greater inclusion of communities and donors**

GCC society has some of the highest levels of digitalization and internet penetration, a fact that has been fueled by government programs and policy goals. Digitalization offers opportunities for enhancing philanthropy, such as enabling greater inclusivity of communities and donors, greater engagement and awareness about the sector, and more efficiency and insights. However, the use of technologies must be inclusive and accessible to ensure benefit to all communities.

### **Opportunities to enhance regulations to cater for the shift towards more strategic approaches in philanthropy**

The past decade has seen many efforts by GCC governments to reform and improve regulatory frameworks to catalyze growth of the sector. With the growing desire to embrace more strategic approaches to philanthropy, opportunities arise to build further on this work, such as enhancing philanthropy regulatory frameworks to cater to novel forms such as social entrepreneurship and other market-based approaches.



“Philanthropy and giving are deeply engrained in the region and date back centuries.”

### 3. Introduction

Over the past ten years, philanthropy in the Gulf Cooperation Council (GCC) has grown in terms of both profile and volume<sup>i</sup>. This has in part been driven by the increase in the number of successful business leaders committing to starting or expanding their philanthropic practices, as well as the emergence of regional philanthropic networks<sup>ii</sup> and the improved understanding and documentation of regional philanthropy that this brings with it<sup>iii</sup>. With the deep-rooted Arab traditions of giving and generosity and the growing prosperity and ambitions of GCC philanthropists, all signs point to a promising future for philanthropy in the GCC.

The term philanthropy is derived from the Greek “philos”, which means loving, and “anthropos”, which means human-kind. Those who practice philanthropy are called philanthropists. Over the years, the meaning of the term has expanded to include many acts that pertain to benevolence, generosity and a love of giving and humanity. Philanthropists can be individuals or families who conduct their benevolent acts not for their own benefit, but out of an interest in the outcomes of their generous deeds for people, society and the common good.

According to some reports, giving in GCC countries is booming<sup>iv</sup>. The region features a vibrant, ever growing community of philanthropists who are increasingly motivated to scale-up their philanthropic contributions, exchange knowledge and collaborate regionally and internationally.

Philanthropic traditions have a rich history in many cultures. The historical roots of philanthropy can be traced back thousands of years, when people engaged in philanthropy for a variety of reasons, such as out of kindness and concern for the common good, or as a route to “gain recognition, prestige, and power”<sup>v</sup>, while others emphasized how philanthropic deeds can receive the blessing of the gods. Philanthropy is mentioned in the Torah, the Bible and the Al-Quran, as well as in the teachings and scriptures of many other religious traditions including Buddhism and Hinduism. It is also present in various cultures, such as that of the Japanese and Native Americans. For non-religious people, the concept is related to and motivated by doing “good” or “moral” acts.

“Giving” can refer to a diverse range of practices. Mechanisms such as donations and gifts are usually associated with what some consider to be a more traditional view of giving in the

form of charity, which generally focuses on addressing suffering or symptoms of social problems<sup>v</sup>. Conversely, philanthropy is often associated with the aim of eliminating social problems altogether<sup>v</sup> by addressing root causes. This is often done by investing in specific, socially impactful projects and causes that can benefit society as a whole in areas such as education, healthcare, scientific research, libraries, museums, etc.

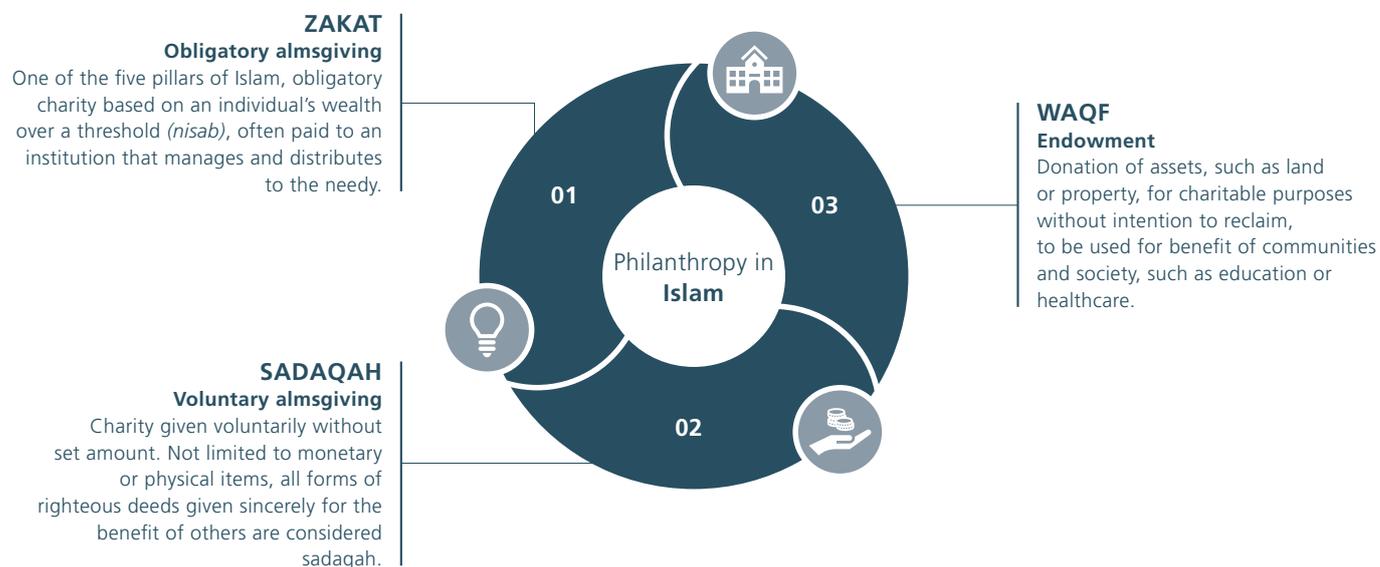
Philanthropists are by no means a homogeneous group – while there are many common factors that define them, there are also idiosyncratic characteristics that differentiate them. They can also be diverse in their understanding of philanthropic practices and the types, purposes and structures related to deploying philanthropic capital. Philanthropists may also focus on having a measurable social and environmental impact over “giving money and stepping away”.

#### 3.1. Overview of philanthropy in the GCC

The tradition of philanthropy in the GCC is deeply rooted in the religious traditions and cultural practices of Arab society. In religious terms, philanthropy and giving are deeply engrained in the region and date back centuries. The principle of giving is tied to piety, a strong belief in God, and the relationships and acts that bring people closer to God and result in them being rewarded by God in their lifetime and the hereafter. Islamic religious philosophy centers on the notion that, while everything on earth is subservient to humankind<sup>vi</sup>, human beings are also merely trustees, not the absolute owners<sup>vii</sup>. Thus, philanthropy from an Islamic perspective is seen as a social and religious act, involving a commitment of financial or in-kind contribution that helps to achieve religious, family and social cohesion and broaden social welfare and benefits.

In the region, philanthropy is also seen as a social manifestation of morality and benevolent behavior. Individual and family giving in all countries in the region focus on the importance of family kinship, social links and cohesion, generous support and community development, which are all strengthened by philanthropic practices. Philanthropy is considered an influential factor that enhances one’s benevolent contribution to the societal and public good in the form of social endowments (waqf khayri). For centuries, individuals, families and businesses have felt they have a responsibility and therefore contributed to the welfare of the less privileged and financially disadvantaged. The responsibility of each Muslim for other

Figure 1: Forms of giving in Islamic traditions



individuals in society is also deeply rooted in Islamic religious teachings. Philanthropy and charitable giving are thus considered both a mandatory religious act stipulated in the Al-Quran, and an act of piety as an obligation to God.

There are three major tools for charity in Islam: zakat, waqf (endowment) and sadaqah (voluntary giving), as described in Figure 1. Islam, like many other religions, advocates the obligation of giving through zakat, and strongly encourages voluntarily giving to the poor and needy with sadaqah. Zakat in GCC countries is generally managed by government institutions. In addition to zakat and sadaqah, there is waqf, another form of giving. Established by individuals under Sharia law, waqf – or its plural form awqaf – is an endowment structure that has existed in the Arab region for centuries to support different causes – religious, educational, healthcare, housing and many other social initiatives – and is often considered a legacy after death. This fundamental religious notion taught by the Al-Quran and the teachings of Prophet Muhammad s.a.w.<sup>2</sup> instils the principle that those who own property and have wealth must in the case of zakat give and be benevolent. In the case of sadaqah and waqf, they are encouraged to do so. According to beliefs, this will tend to increase rather than reduce individual wealth, and is a form of gratitude and thanks to God for giving this wealth initially.

### 3.2. Growth of philanthropy in the GCC

Although interest in philanthropy has been growing in the GCC region over the past few years, there has been limited work by academics and practitioners focusing on the structure, drivers and enablers of philanthropy, the supply and demand in this sector, and the impact of philanthropy in the GCC region. There is a vital commercial and social need to understand the barriers and challenges that exist, which opportunities and processes can be developed to support philanthropy, and how primary research findings relating to these issues can be transformed into actionable practices that deliver value and impact for all stakeholders.

Philanthropy is considered an important pillar of the social and economic structure of the Middle East, and family businesses are hugely influential in this sector. In the GCC region, reports indicate that family businesses comprise up to 90% of the private sector economy<sup>viii</sup>, and 80% of the workforce<sup>ix</sup>. GCC family businesses have founded and support some of the largest philanthropic organizations, which contribute to various initiatives that address areas such as religion, society, education and healthcare. Many of the wealthy individuals, families and institutions in the region believe that philanthropy supports and bolsters their religious beliefs and obligations for zakat. This presents a vast pool of resources that can be

<sup>2</sup> s.a.w. stands for: Sallallahu 'alayhi wa sallam, meaning peace be upon him.

unlocked and channeled towards socially impactful programs, and can address issues in areas such as education, healthcare and employability. Many family businesses embrace philanthropy above and beyond their religious obligations of zakat through sadaqah and waqf.

Reports also show tremendous growth in the number of philanthropic foundations and non-profit organizations operating in the GCC<sup>2</sup>, with indications that the sector will continue to boom. Over the past few years, the ecosystem has expanded from a small number of organizations to dozens thereof, ranging from broad development funds to specific issue-focused family philanthropies. These funds tend to emulate the structure and process of the foundations in the Western world, while drawing on a history, culture and tradition of generous giving. Nonetheless, GCC philanthropists have to date tended to rely primarily on ad-hoc donations and grant-making activities.

### 3.3. Key macro trends in the GCC region

The philanthropy sector, like any sector in an economy, can be impacted both positively and negatively by shifts and disruptions in the macro environment (see Figure 2).

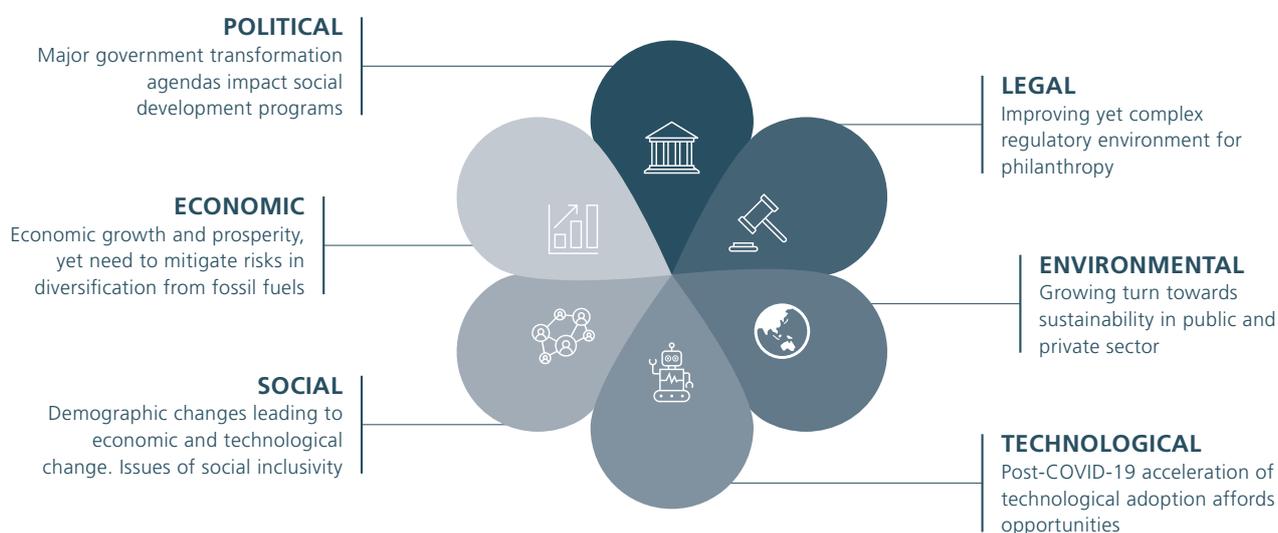
#### Political

In recent decades, GCC governments have embarked on ambitious national transformation programs for socio-economic development through the reduction of reliance on fossil fuels, growing economic diversification and sustainable development. As with all other countries around the globe, the COVID-19 pandemic has further drawn attention to the need for ensuring robust and resilient societies through infrastructure development, both hard (e.g. energy, food, water, transportation, communications), and soft (e.g. human capital, healthcare, education, finance and public sector services).

The Bahrain Economic Vision 2030, which was launched in October 2008, is a comprehensive economic vision that provides direction for the continued economic development of Bahrain and sets the goal of building a better life for every citizen. The transformation plan defines aspirations across the economy, government and society.

Kuwait has formulated the Vision 2035, which aims to transform Kuwait into a regional and international financial and trade hub to attract foreign investment with a focus on the private sector, creating competition and improving production efficiency. The pillars of the Kuwait Vision 2035 and National Development Plan are strategically linked to the UN Sustainable Development Goals (SDGs) and targets.

Figure 2: PESTEL analysis of trends in the macro environment impacting philanthropy in the GCC



Oman has developed Vision 2040, which rests on three important pillars: people and society; economy and development; and governance and institutional performance. These pillars include a focus on enhancing family and community health and well-being; Omani identity and heritage; developing entrepreneurial capabilities and ensuring economic growth and prosperity; environmental sustainability; and governance effectiveness and the rule of law.

With the Qatar National Vision 2030, Qatar aims to develop a nation that is “capable of sustaining its own development and providing a high standard of living for its population and future generations”<sup>xi</sup>. The plan is based on four pillars: human development, social development, economic development and environmental development.

A prominent policy initiative is the Saudi Arabia Vision 2030, which relates to the Kingdom’s efforts to diversify the economic structure to reduce dependence on the fossil fuel sector and increase growth in other sectors. The Kingdom’s aspirations are reflected in a national transformation program centering on the following themes: ambitious nation, thriving economy and vibrant society<sup>xii</sup>. The objective is to further develop public sector services, as well as other sectors such as education, health, infrastructure, recreation and tourism. Of note is the fact that the non-profit sector is positioned prominently in this plan, with ambitions to grow the sector to 5% of GDP, catalyzed by various government initiatives, such as the recent announcement of the first of its kind Prince Mohammed bin Salman Nonprofit City.

As for the UAE – given its structure as a federation with seven constituent emirates, namely Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain, there is one common vision for all of the emirates and independent, individual visions for each one. Abu Dhabi is the largest and wealthiest in economics terms, while Dubai has considerable autonomy. The UAE’s development, achieved through effective policies, economic progress, social transformation, technological applications and overall growth in many sectors, in recent years has attracted significant attention and admiration. The UAE government has also sought to stimulate the philanthropy sector, such as the declaration by His Highness Sheikh Khalifa bin Zayed Al Nahyan, former President of the UAE, of 2017 as the Year of Giving.

### **Economic**

Following periods of substantial growth over the past several decades, a key economic challenge for the region will be to sustain growth and high living standards while diversifying economies away from fossil fuels and effectively managing scarce resources including water, food and energy. These aspirations have motivated the ambitious plans for transformation mentioned previously, with a key focus on themes including clean and renewable energy, smart agriculture, water desalination and efficiency, and advanced digitalization. Such initiatives require long-term policy commitment and a significant investment in resources. However, with the global rise in public and private sector interest in sustainability and green technologies, the emphasis on sustainable development sectors in the GCC provides opportunities for access to vast pools of capital, technological development and talent.

Overall, most studies, including those of the World Bank<sup>xiii</sup> and the Economic Intelligence Unit<sup>xiv</sup>, are generally optimistic about the region’s long-term prospects, despite the dampening effect of the COVID-19 pandemic. With the combination of oil-based wealth, long-term strategic vision and investments into transformation programs, pandemic-related economic slowdowns are likely to be only temporary. An analysis of various studies and statistics shows the pivotal role of both government policy and increased contributions from the private sector in increasing economic growth to boost employment and income.

### **Social**

This dimension relates to changes that affect society generally, such as demographic changes, which will have an impact on the labor market. Issues like urbanization, water shortages, climate change and the generation gap will all have an impact on socio-economic aspects in the GCC countries. Societal development programs feature prominently in the transformation programs of all GCC nations, with major investments in areas such as education, healthcare, employment, culture and heritage. Another key focus area is empowering groups such as youths, rural communities and women with a view to boosting employability and entrepreneurship.

### Technological

Innovative technologies are important factors that influence societies and economies, and this is certainly the case in the GCC. Incorporating technology will enable the development and implementation of new business models and contribute to the societal and consumer experience. Digitalization will play a substantial role in the region, which has the highest rates of internet penetration in the world, with over 90% of households using the internet across GCC countries. In addition, significant public and private sector investments are being made in the development of digital technologies such as artificial intelligence, the Internet of Things, 3D printing, block-chain and high-speed connectivity. These technologies are seen as basic enablers for the strategic development of other key sectors such as space technologies, smart cities, agriculture, mobility, etc., which will have a substantial impact on society and the economy. These trends are in no small part also shaped by active and progressive government policies to promote uptake and leadership in technology as part of their ambitious transformation strategies.

### Environmental

Policies designed to achieve net zero, protect natural capital and support the achievement of the Sustainable Development Goals (SDGs) is one way that the impact of climate change on all countries is being felt. The application of circular economy principles will also contribute to furthering more sustainable and equitable economic growth and development without a detrimental impact on natural and social systems. Given the geographical and climate characteristics of the region, emphasis is not only being placed on economic diversification away from fossil fuels; there is also an increasing focus on investments in cleantech, such as renewable energy, robust food and water systems, and other areas.

### Legal

Philanthropy in GCC countries can be subject to government oversight and rigorous legal requirements, especially with respect to establishing foundations and other organizations, fundraising and international funds transfers. Regulatory controls relating to fundraising and monetary transfers in the region follow the adoption of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regulatory and legislative frameworks in GCC countries, based on international financial regulatory frameworks and standards. However,

in the GCC, legislative and regulatory reforms relating to philanthropy have been evolving over the past decade. Many of these developments – such as conducive policy developments in the Kingdom of Saudi Arabia and the UAE – have been aimed at facilitating growth in the philanthropy sector by reducing bureaucracy and improving governance of philanthropic organizations. Overall, these factors constitute considerations that could impact how philanthropists seek to achieve their goals and allocate philanthropic capital.

### 3.4. Overall opportunities for philanthropy in the GCC region

Over the last 30 years, the Gulf area has generally experienced an increase in wealth and achieved high levels of economic prosperity due to high oil revenues. However, there are still major social and economic challenges to be addressed over the next decade. This includes demographic challenges with the rise of the youth populations that could also bring increased levels of youth unemployment, not to mention the potential fall of oil revenues due to a switch in global demand arising from pressures to seek non-fossil fuel alternatives. These trends will have a significant impact on national economic growth and development, especially in the short and medium term, which could trigger social and civilian unrest, as has been seen in some countries in the Middle East.

Against this backdrop, the tremendous focus and growth of philanthropy in the region has vast potential to address regional challenges. However, despite this growth, GCC philanthropists – mainly represented by large family businesses – have yet to unlock the full potential of philanthropy to address systemic issues and achieve sustainable impact. Beyond zakat, which is primarily collected and administered by government entities, giving in the GCC to date has largely been based on more informal approaches involving more ad-hoc charitable donations, grants or gifts. Reports also indicate that there is an overall scarcity of data about philanthropic activities in the region, making it difficult to gain a clear picture of the breadth, scale and thematic focus of giving activities<sup>xv</sup>. There has also generally been a lack of focus from many philanthropists and organizations in the sector with regard to conducting or publishing impact assessments. This lack of data is a notable barrier to gaining a deeper understanding of the types of interventions and support that could help the region's philanthropy sector achieve its full potential.



“In general, our countries are financially secure. The hardest part is not finding finances but running a proper foundation, getting the right support and people.”

## 4. Key findings about philanthropy in the GCC

We estimate the size of philanthropic giving in the GCC to be approximately USD 210 billion and expect it will continue to grow. The scale and breadth of philanthropy in the GCC is difficult to estimate due to the structural scarcity of data on giving practices in the region. This is attributable to the deep-rooted culture of discretion embraced by GCC philanthropists. Given these challenges, we made our market size estimates based on a triangulation of multiple sources, including zakat obligatory giving, extrapolation from existing studies of giving and wealth in GCC countries, and expert opinions<sup>3</sup>. Zakat alone accounts for a multibillion-dollar pool of funds, and most of our interviewees expect that beyond this 2.5% obligatory contribution, undisclosed giving through sadaqah and awkaf constitutes multiple orders of magnitude in additional resources. The following is an example given by one philanthropist about the significant amount of undisclosed giving:

“We are spending at least 2.7% (of GDP) every year and that applies to all GCC countries. This is only the disclosed activity, there are plenty of donations that are not registered. I would say add another 10%.”

Philanthropist

Overall, most of our interviewees were optimistic that giving in the GCC is set to grow. For instance, one philanthropist told us that they plan to increase funding and “also hope my foundation will grow 100 times.” The deep-seated culture of giving, generosity and community in GCC society provides a sturdy foundation upon which philanthropy can flourish, fueled by economic prosperity and the success of family businesses.

Prolific actions by GCC governments are also catalyzing philanthropy, both broadly through ambitious socio-economic developmental plans such as those mentioned in the previous section, as well as focused policy and regulatory initiatives to boost and shore up the philanthropy and non-profit sectors. The COVID-19 pandemic has also drawn attention to the vulnerabilities of less fortunate segments of society and the need to invest in the development of social infrastructures such as healthcare, education and employability.

“Arabic people are community-centered and giving is predominant in our culture. Philanthropy is seen as an extension to how our societies operate. Resources, economic diversification and well-developed infrastructure and transport systems mean that organizations here are able to generate and deliver new and innovative opportunities in philanthropy. The GCC represents bright new ideas, organic growth and progress in the developing economy context.”

Philanthropy professional

Philanthropy in the region is also becoming more strategic, shaped to a large extent by the demands of the next generation. From our limited sample, the majority of philanthropists that we interviewed expressed their ambition to not only increase but uplift their giving towards more strategic, structured and institutionalized philanthropy, reinforced by a greater use of data and evidence-based methodologies for impact assessment. The Cambridge Centre for Strategic Philanthropy defines strategic philanthropy as:

“Any form of impact-driven giving that is evidence-based and uses creative planning, agile execution and diligent follow-through in order to achieve the intended results. It encompasses a wide range of practices from traditional grantmaking through to newer models for generating impact.”

Centre for Strategic Philanthropy

<sup>3</sup> Further details of the estimation method can be found in Section 5.

These newer models can also include market-based approaches such as social entrepreneurship or blended finance that combines developmental and private philanthropic capital<sup>xvi</sup>. The LGT Guide to Strategic Philanthropy<sup>xvii</sup>, co-authored by Philanthropy Insight, sheds further light on the differences between the characteristics of more informal, charitable giving and more strategic forms of philanthropy (see Table 1).

It is important to note that in the GCC region, the sector's long-standing traditions of less formal giving appear to be in a transition phase. Our findings suggest a gradual acceleration in terms of strategic giving in the GCC. We expect that the greater institutionalization of giving and adoption of novel and innovative methods will likely further boost the growth of the GCC philanthropy sector. In the following section, we elaborate on our main findings.

“We give because we care, we want to give back as the country needs it, people need it and it's part of our culture, and Islam. Prophet Muhammad s.a.w. always spoke about the importance of zakat and giving to the poor. My values are linked to what is good and what can be done to support the needy.”

Philanthropist

**Table 1: Comparison of less formal charitable giving versus strategic forms of philanthropy<sup>4</sup>**

Charitable giving	Strategic philanthropy
Focuses on the effects of the problem, or the symptoms	Addresses the root causes of the problem
Short-term fixes	Longer-term solutions
May be service provision	Limited service provision, seeks sustainable social change
Reactive, responds to requests	Proactive, builds on best practice, identifies and fills gaps
May create dependent communities	Creates empowered, independent communities
Impulsive, emotional, often temporary	Thoughtful, planned, strategic (heart and head)
Unfocused, hard to say no	Focused, increasingly expert
May just involve check-writing, and/or funding one or two organizations	A portfolio of strategic, planned interventions seeking to achieve sustainable transformation
Understanding of impact is limited, as evaluation and analysis is limited	Measurement of outcomes, evaluation of impact, lessons learned and shared
Provides for (gives to) those meant to benefit	Actively engages, empowers and builds capacity of the communities meant to benefit
Has no end	Designed to be sustainable, to create a shift in the system, beyond dependence on private capital
May do harm – who knows?	Proactively seeks to do no harm

<sup>4</sup> © Philanthropy Insight 2019 as published in the LGT Guide to Strategic Philanthropy 2022

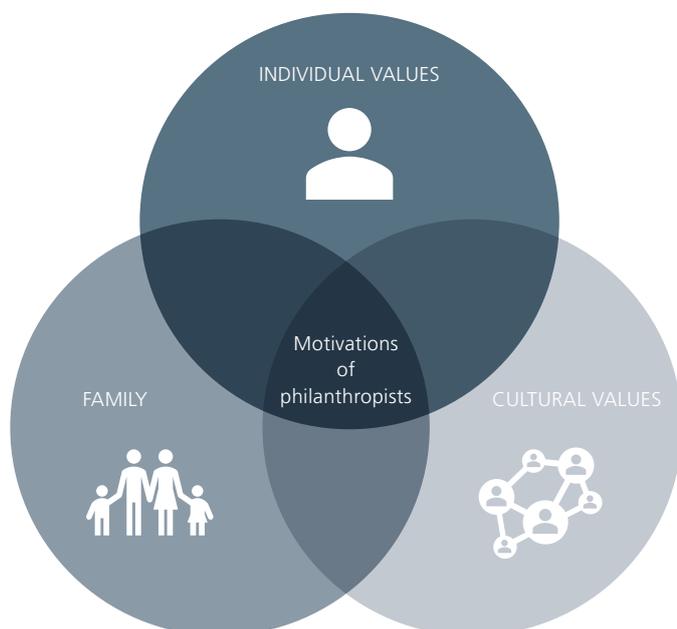
#### 4.1. Motivations and practices

**While religious beliefs are an essential motivation for giving, a closer look reveals how family values are also paramount**

Though it has been well established that the tradition of giving in the GCC is deeply rooted in religious beliefs and values, our findings indicate that philanthropists are equally influenced by the giving traditions and legacies of their families, as well as their individual passions and experiences. Indeed, in GCC society, religious beliefs are tightly interwoven with family, individual and cultural values (see Figure 3). These dimensions are tightly interconnected, often viewed as synonymous and difficult to demarcate.

Almost all of the philanthropists we interviewed conveyed a keen desire to preserve, continue and uplift their family legacies of giving. Traditions of giving and generosity to the community are often expressed as being deeply embedded in the core values of the family and constitute a central facet of the legacy they wish to preserve and pass down to future generations. Most of our interviewees, especially the younger generation of philanthropists, would refer to the teachings and practices of their parents, grandparents and other family members as having a pivotal influence on their own giving. These traditions are often deeply instilled from a young age, reinforced through observations of the significant role that philanthropy played in the lives of their parents, reflected in their generosity and hands-on practices of giving to their communities. Some philanthropists have also been directly involved in supporting the giving activities of their family members. Such learnings have a formative impact on how they view their own roles in addressing societal challenges and their obligations as members of society that come with economic prosperity.

**Figure 3: Interconnected motivations of philanthropists in the GCC**



“Philanthropy has always played a very major role in my parents’ life. The first memory I have is when my mother was heading the organization for orphans. She used to invite a lot of orphans to our house, we spent time with them and played with them. Both my mother and father have done a lot of philanthropic work, establishing organizations and foundations.”

Philanthropist

A further nuance of giving in the GCC is the less distinct demarcation between “business” and “family” values. Family businesses make a substantial contribution to the region’s economy, accounting for up to 90% of the private sector according to IMF estimates <sup>xviii</sup>, and 80% of the workforce <sup>xix</sup>. The distinction between family and business reputation can be quite blurred, and many GCC families also increasingly seek to connect the brand and reputation of their businesses with legacies of giving and community contributions. This trend is being further fueled by the growing focus on responsible and sustainable businesses. Thus, when it comes to giving practices in the region, the lines between the individual, the family and the business can be less distinct. One philanthropist described this as follows:

“In our religion, giving is equal to reward – no matter whether the reward is equal to ten times or 10 000 times the amount we give, it is a great ‘return’. We are business people, my family, and my grandfather used to say: How can you let a deal like that go! In our family business, we count God as the fifth partner. The family’s philosophy is to give 2.5% (at least) of the net profit as zakat from the group; and on top of that, 20% of the net dividends received by family members.”

Philanthropist

The aim to preserve and uplift the family’s legacy of giving is also prominent in cases where family giving has been structured into foundations. Where the next generation has either assumed responsibility for foundations established by their parents or has itself set up foundations in their family’s name, the founder’s vision and values often feature prominently in the foundation’s mission. At the same time, the new generation may also seek to impart their own values, ideas and passions.

The personal experiences and passions of individual philanthropists can also influence their preferences for forms and directions for giving. Experiences with hardship, such as poverty or health issues experienced or observed first-hand were regularly cited as motivating factors for supporting particular causes, rooted in a desire to prevent others from experiencing similar hardships. Other, non-hardship-motivated personal experiences can include observations of philanthropic programs in other regions or learning and educational experiences.

#### **While difficult to estimate, philanthropy extends far beyond religiously mandated giving**

While Islam obliges minimum zakat giving, our study indicates that giving in the GCC goes beyond this form of charity. As outlined previously, almost all members of GCC society contribute to zakat, both individuals and businesses, meaning that the obligatory 2.5% charity contribution can be considered a minimum basis for the size of giving in the region.

In fact, many individuals and families opt to voluntarily contribute more according to their means, and for wealthy families in particular, going beyond this is the norm. One philanthropist observed that individuals and family businesses in GCC society would not only “never ‘cheat’ the zakat,” but would also easily give 10–20% of their wealth, if not more. A key difference is that while zakat funds are primarily managed by government entities, other allocations to other forms of giving can be more directly influenced by the philanthropist.

“The amounts are not part of a religious zakat percentage but rather defined using a needs-based approach; where I determine how much is needed, and of that, how much of my wealth I can afford to give.”

Philanthropist

For those with means, the culture of voluntary giving that goes above and beyond mandatory zakat is seen as a duty to give back to society that comes with wealth and prosperity. In other words, while strictly voluntary from a religious perspective, it is seen as part of their obligations and responsibilities as members of the community. While increasing zakat contributions beyond 2.5% is one way to increase giving, many philanthropists also utilize the mechanisms of sadaqah and awkaf. These paths offer opportunities for philanthropists to become more directly involved in causes that they are passionate about. Beyond financial capital, support can also be provided through other forms of capital, such as time, networks and expertise.

#### **GCC traditions of giving have roots in less formal practices**

Giving in the GCC has traditionally been less formal and more direct, an approach that was especially favored by prior generations of philanthropists. This form of giving can involve providing relief via charitable donations or gifts through bank transfers or cash in hand, either directly to communities in need or through trusted parties. Decision-making by philanthropists with regard to the scale and direction of their giving is often needs-based, and evaluated through personal knowledge, relationships and instinct for the potentiality for doing good with the resources at hand. In many cases, giving may be one-off donations with limited follow-up, although repeated giving can be common.

Giving has generally remained undisclosed and private, a practice commonly cited as being consistent with religious and cultural traditions of discretion. This tradition follows the teachings of the Prophet Muhammad s.a.w.: “A man who gives in charity and hides it, such that his left hand does not know what his right hand gives in charity”<sup>xx</sup>. This tradition refers to the purity of purpose and motivations of doing good, and avoiding ar-riyaa, or seeking to gain praise and recognition from others.

In addition to religious and cultural motivations, we observed that this more direct, less-formalized form of giving is driven by philanthropists’ desire for trust and transparency. Many philanthropists indicated how direct giving enabled them to directly assess the needs of communities and observe how the funds are utilized, and thus gain greater confidence that their funds reach those in need.

“I don’t see my role as anyone special, I’m doing my duty to my people, and I want to stay under the radar.”

Philanthropist

As a result, giving has mostly been relationship-based, with philanthropists preferring to work with trusted organizations or communities. Government-backed organizations and programs were also frequently indicated as being more trustworthy. This motivation suggests a general lack of trust in the non-profit sector, including concerns about transparency and efficiency in how funds are deployed. Furthermore, formalization can sometimes be viewed as conflicting with goals of sincerity in giving by some more traditionally oriented philanthropists.

#### **Generational shifts are leading to growing aspirations to achieve more systemic, longer-term sustainable impact**

While philanthropists in the GCC have traditionally favored less formalized approaches, the new generations are increasingly leaning towards more structured and strategic approaches to philanthropy. The differences between charitable giving and more strategic forms of philanthropy are outlined in Table 1. Family members from Millennial and Generation Z groups are progressively moving into influential leadership roles in family businesses and taking the helm of their family’s philanthropic activities and foundations. The influence of family features prominently – most philanthropists that we interviewed expressed their ambitions to not only preserve but expand and uplift the legacies of giving established by the previous generations.

The primary motivation for this shift to a more strategic approach is the aspiration of philanthropists to elevate their contributions to society through a more sustainable and long-term impact. Philanthropists are increasingly seeking to move from temporary or one-off relief activities to deeper, longer-term engagement that more specifically addresses underlying causes of societal challenges. In the words of one philanthropist, they seek not to simply “parachute in aid” or “put a plaster over a wound for a day.” Instead, they embrace the ethos that “by empowering communities such as women champions, miracles happen,” that can only materialize through deep community engagement and

“long-term commitment.” Growing interest can also be seen in novel mechanisms such as social entrepreneurship and other market-based approaches, although such activities are limited in practice. One philanthropist explained how they focused on creating greater awareness in the region:

“I see part of my role as also changing the way people think about philanthropy in the region. We try to spread the idea of thinking more strategically and long term, because otherwise you cannot sustainably help a whole community to be more self-dependent. Moving beyond ‘I just have to give cash in hand, and my job is done.’ We also try to influence other family foundations. The conversation is always easier when they involve the next generation.”

Philanthropist

Embracing greater portfolio focus, rather than broad approaches, is also seen as a more effective way to deploy philanthropic resources. In identifying their strategic focus, philanthropists consider not only the needs of society, but also their internal capabilities, such as knowledge, networks and identities of the individuals, families and their businesses. For example, one philanthropist explained how their work on home renovation programs for the needy was in part inspired by the family businesses’ involvement in the construction sector, and the “opportunities for volunteerism of our staff to build people’s homes and be part of something related to their industry.”

Overall, our research identifies a growing trend towards more strategic and sustainable forms of impact through philanthropy and a shift from “simply supporting, towards investing into development through philanthropy,” as one philanthropy expert explained. The emerging needs and aspirations of this generation will substantially shape the development of the sector in the GCC region in the coming years.

A notable facet of the shift towards a more strategic approach to philanthropy is an increasing emphasis on theories of change on how transformative impact can be achieved, as a foundational thesis to guide giving. A common theme that emerged was how education and skills development were precursors for longer-term community transformation and self-reliance. For instance, an executive at a family foundation explained how their work is rooted in the mission of “unlocking human potential,” and based on the theory of change that “investing in education and healthcare enables people to achieve their full potential.” Another foundation focuses on advancing children’s literacy as a foundation for future opportunities, as one executive explained:

“We aim to develop literacy skills and a love of reading for youth who cannot easily access books. The ultimate objective is to encourage learning, self-sufficiency and better future opportunities in the workforce.”

Philanthropy professional

An interesting observation was how philanthropists who subscribed to more informal charitable giving – that is, just “do good”, often still articulated some form of theory of change that motivated their activities. For instance, several philanthropists we interviewed highlighted how they saw education as a way to provide better opportunities and employability, or how supporting girls’ and women’s empowerment is critical as this plays a pivotal role in family well-being. One philanthropist stated:

“A college fee or any other qualification after basic schooling will help create a better future.”

Philanthropist

Figure 4: Spectrum of forms of giving



Overall, strategic philanthropy in the region is still nascent but growing. For many philanthropists, this shift is often a progression over a spectrum. Their journey towards strategic philanthropy often begins with taking responsibility for the giving practices of their parents. As they seek to scale up philanthropic contributions, they over time seek to introduce greater structure and strategic focus, supported by more scientific and professional approaches to introduce greater transparency, efficiency and effectiveness through sustainable change (see Figure 4).

Several organizations in the GCC serve as exemplars of embedding more strategic approaches into missions, focusing on identifying and addressing root causes. The Saudi Arabia-based King Khalid Foundation, for example, implements programs to support employability and small- and micro-entrepreneurship, and supports social entrepreneurship

for novel solutions to social issues. Similarly, the Al Jisr Foundation in Oman focuses on “the cycle of poverty through strategic healthcare and education initiatives”<sup>xxi</sup>.

**In the GCC, funding for education and health dominates, with an added international focus on poverty and relief** Philanthropists have traditionally favored giving to causes closer to their hearts, and their choices are often strongly shaped by family values and legacies. Figure 5 shows the top thematic areas identified in our research, while Figure 6 indicates the commonly mentioned communities targeted by philanthropists in their giving activities.

Figure 5: Commonly mentioned thematic areas



Figure 6: Commonly mentioned communities



# Ms. Mira Al Busaidi

Oman

Executive Director, Al Jisr Foundation  
Director and Board Member, Al Basma Foundation

Ms. Al Busaidi talks about how her whole family engages in philanthropy in their home country, Oman. “You would hear us during lunches bouncing ideas around about how we can better help communities with the challenges they face. My whole family’s passion for philanthropy is something you can see and feel. My mother, brother and my younger siblings – we are all very driven by it.”

Ms. Al Busaidi has helped to transform the work of her family foundation, the Al Jisr Foundation, which focuses on breaking the cycle of poverty through strategic health-care, education and social initiatives, towards more strategic philanthropy with a strong focus on measurement and evaluation. The first thing Ms. Al Busaidi did when she took over the foundation was to educate herself. She explains, “I think when the next generation engage, they are keen to learn and to change the way of giving back. My brother and I were very aligned when we took over the foundation. We wanted to be strategic and ensure that our giving had a meaningful, lasting and sustainable impact. As a foundation, we do our research before we embark on new initiatives, and we find impact measurement extremely important. We are also helping to develop the whole ecosystem for this region, learning from each other, and we have those open discussions to understand what works and what doesn’t.”

Together with her foundation, she has worked to bring key actors together in Oman, and they have high hopes that family foundations all over the Gulf could collaborate and engage in a dialogue to also increase efficiency. According to Ms. Al Busaidi, the objective is to move away from charity and to think long term and strategically about changing entire systems. She also speaks with her team regularly about evaluation and recognizes the difficulties as data for basic assessments and measurements are not always easily accessible.

Ms. Al Busaidi fully acknowledges that it is the government’s role to achieve their vision for the country and wants to

ensure that philanthropic funding plays a complementary role. She also believes that if religiously motivated giving in the region were more organized, philanthropy could truly play a supportive and complementary role to all initiatives spurred by the government to strengthen local communities. “I so believe in the power of these partnerships and collaboration – not only with other family foundations, which I hope we will see more of, but also with the government,” she concludes.



Geographically, giving by GCC philanthropists is primarily focused within the region, often within their home countries. However, some philanthropists and foundations operate in the broader Arab region as well as internationally, where in addition to the aforementioned thematic areas, poverty alleviation and disaster relief programs also featured.

Based on the input received from our interviewees, many GCC philanthropists aspire to expand their regional and international reach. GCC philanthropists often focus their giving to communities that they feel an affinity with, and greater internationalization is in part motivated by broader definitions of “community” beyond immediate national or regional borders, not only considering the diaspora in other countries, but also the broader Muslim “ummah”<sup>5</sup> in regions such as Africa and Asia. Also of note was one philanthropist’s mention of how they expanded their view of “communities” to run programs in the home countries of the employees of their businesses. Our interviewees indicated that international philanthropic activities beyond the GCC into areas such as the broader Middle East, Africa and Asia regions can also include addressing themes of poverty alleviation, refugee welfare and disaster relief, in addition to the themes mentioned, such as education and healthcare. For instance, the COVID-19 pandemic and the Beirut explosion in 2020 resulted in a mobilization of giving by GCC philanthropists.

However, GCC philanthropists expressed that there are limitations in cross-border work arising from the complexities and risks involved, especially in regions where there are significant institutional voids. Furthermore, philanthropists need to consider complexities in cross-border fundraising and deployment. Thus, many interviewees highlighted the tendency to focus on home countries or regions where they either have a strong presence or have access to reputable partners that they trust and that are aligned in terms of values.

“We do a lot of work with refugees in the Levant – Lebanon, Jordan, etc. – where there is a good presence of established institutions like international NGOs. We find it easier to identify opportunities to fund and can focus on vetting the projects and making sure we are aligned in terms of values.”

Philanthropy professional

Our study also indicated an emerging interest in aligning philanthropic initiatives with the United Nations Sustainable Development Goals (SDGs), and the growing sustainability agenda more broadly. Several interviewees highlighted how SDG alignment could facilitate the shift towards strategic philanthropy by serving as a guiding star for the allocation of resources for sustainable impact. SDG alignment could potentially offer common frameworks and language between the public, private and non-profit sectors for aligning philanthropic missions, ambitions and strategic goals, and to facilitate greater mobilization of capital, partnerships and support. This view is also in part motivated by GCC government priorities with regard to the SDGs and sustainable development, for which most governments in the region have defined indicators, targets and programs that also offer opportunities for philanthropists to align and collaborate.

However, more education and awareness about how SDGs and the sustainability agenda can be effectively leveraged for philanthropy are still required. The SDGs, for instance, are generally viewed as macro-level indicators, while sustainability frameworks suffer from a lack of standardization and clarity. More work is needed to raise awareness and develop meso and micro-level frameworks to enable the alignment of philanthropic programs with these goals. One suggestion from an interviewee was to engage Muslim scholars to discuss how the SDGs can be aligned with religious traditions of giving in the region.

<sup>5</sup> Ummah is the Arabic word for “community”.

### Education

We observed that the focus on education, the most commonly mentioned area, is often rooted in the theory of its potential to enable transformative change for individuals and communities in need. Education also aligns with deep-rooted cultural values in the GCC and Islamic society relating to the importance of knowledge and learning, as well as national policy priority areas for socio-economic growth and employability pursued by GCC governments. Educational initiatives can range from providing scholarships for higher education, to supporting skills development programs such as literacy, language or vocational training, and in more advanced cases, funding research in healthcare, development and other areas.

Programs are also often geared to specific groups in need, such as children and youths, women, refugees and people with disabilities. The Al Maktoum Foundation and King Khalid Foundation, for example, provide university scholarships, and the Kalimat Foundation conducts literacy and book distribution programs for migrant and refugee children, as well as children with disabilities.

A related theme is skills development to support employability and entrepreneurship, which is similarly motivated by the goal to help vulnerable communities such as women, people with disabilities or refugees become self-sufficient. The Saudi Youth @ Work program organized by the King Khalid Foundation, for instance, works to boost youth employability by upskilling non-profit agencies in the Kingdom to deliver training on entrepreneurship and basic life skills. One philanthropist explained how they organized programs to train women in villages how to tailor and do embroidery, initially creating demand with their family business uniforms.

“Tailoring centers can be anywhere, you can produce basically anywhere, you just have to factor in transportation. So, we take jobs to places where jobs don’t exist.”

Philanthropist

Aside from direct giving, education-focused philanthropy may be conducted in more structured ways through foundations as well as endowments in partnership with educational institutions regionally or abroad. Other allocations of funds include capital assets such as building schools.

### Healthcare

Supporting access to healthcare was another regularly cited focus area, motivated by the premise that the cost and limited access to healthcare can become significant burdens not only to individuals but their families, communities and society at large. Common mechanisms include building and supporting healthcare facilities such as hospitals, care homes or specialist centers, as well as providing support for treatment for those in need. In addition to treatment for diseases such as cancer, there is an emerging interest in supporting programs focusing on wellness and preventative care such as nutrition, as well as in addressing conventionally “taboo” subjects such as mental well-being.

Some foundations are also expanding their activities to include supporting deep research and innovation in the area of science and technology, such as the extensive work by Community Jameel in research on segments such as health technology and infectious diseases. Similar to education, programs related to healthcare can range from direct donations to more structured programs and endowments with partners in the healthcare delivery, non-profit and research fields.

## 4.2. Approaches and strategies

### GCC philanthropists increasingly aim to align giving with government priorities for national development

A notable finding in our research is the growing link in the GCC between the philanthropy sector and government priorities. As outlined previously, all countries in the GCC have set ambitious programs for socio-economic development to transform and diversify their economies. Government transformation goals also involve considerable focus on building thriving and sustainable societies through developmental programs such as education, employment, healthcare and social infrastructure, themes that philanthropists also focus on.

This means that alignment with governmental goals and collaboration offer increasingly prominent opportunities for philanthropists, particularly those seeking to scale up sustainable, systemic and long-term impact. Indeed, many of our interviewees held the view that philanthropy can substantially complement government policy initiatives to address societal developmental needs for the future economy. For instance, philanthropists in Saudi Arabia frequently cited the Vision 2030 agenda as a guiding star when aligning their giving.

“Philanthropy could be complementary to all government initiatives. If we understand the goals of the country, we can contribute to bridging gaps through philanthropy. We should always ask, how can we help support our country’s vision?”

Philanthropist

Governments and ruling families in the region have also substantively influenced the development of the philanthropy and non-profit sectors. Royal families have generally demonstrated a strong commitment to and active involvement in philanthropy, often setting the precedent in institutionalizing philanthropy. Many prominent royal foundations were established and managed by members of ruling families, such as the King Khalid Foundation and Mohammed Bin Salman Foundation in Saudi Arabia, Al Maktoum Foundation in the UAE, Qatar Foundation, the Alnowair Foundation in Kuwait and the Royal Foundation for Humanitarian Action in the Kingdom of Bahrain.

Countries such as Saudi Arabia and the UAE have also more actively shaped the sector through policy developments. Saudi Arabia has notably identified the non-profit sector as a key enabler for the Vision 2030 plan, with aims to grow sectoral contribution to 5% of GDP. The government has increasingly advanced the view that the philanthropy and non-profit sector should play a significant role in sustainable development, beyond only charity. Numerous policy and regulatory initiatives have been implemented with the aim of facilitating sectoral growth, robustness and governance,

including the establishment of the General Authority for Awqaf, the National Center for Non-Profit Sector and recently, the Prince Mohammed bin Salman Nonprofit City. According to research by the King Khalid Foundation, the number of non-profit organizations in the Kingdom grew by 166% between 2017 and 2021. The recent launch of the Ehsan<sup>xxii</sup> crowdfunding platform for charitable donations is a further reflection of the government’s focus on embracing innovative technologies to engage broader society in philanthropy.

In the UAE, His Highness Sheikh Khalifa bin Zayed Al Nahyan announced that 2017 was the Year of Giving to stimulate the development of philanthropy in the country. In 2015, the Mohammed Bin Rashid Al Maktoum Global Initiatives was established, consolidating over 30 initiatives, many of which championed by His Highness Sheikh Mohammed bin Rashid Al Maktoum. The establishment of the Mohammed bin Rashid International Centre for Endowment Consultancy was a further effort to strengthen the capacity for philanthropy to address social issues in the region, in particular through the greater institutionalization of awqaf-based giving. In 2021, during the holy month of Ramadhan, His Highness Sheikh Mohammed bin Rashid Al Maktoum launched the 100 Million Meals campaign to raise funds for food aid to vulnerable populations around the world. The success of this program was followed by the One Billion Meals campaign in 2022. These policy initiatives offer positive prospects for the greater strategic focus and formalization of giving in these countries.

“Throughout the GCC, royal families and major business owners are actively fighting poverty and helping people in need.”

Philanthropist

Understanding national and regional development goals and aligning philanthropy with these priorities therefore offers synergistic opportunities, a facet unique to this region. Indeed, many of our interviewees highlighted how government initiatives and even direct partnerships with agencies offered potential to scale up programs to achieve sustainable and systematic impact beyond what might have been possible on their own. For instance, one philanthropist explained how they had started a program to provide women in villages with tailoring and embroidery training. They found an opportunity to scale up their program when the Ministry of Labor launched an initiative to boost employment for people with disabilities, and incentivized government agencies and private sector employers to get involved.

“We’ve received interest from large state-owned companies saying, ‘We want to create jobs for women in this village, but we don’t have jobs that would be suitable. Instead, we will pay for training centers and hire women to make uniforms for us.’ We turned this non-profit into an operator of tailoring centers. We have provided 150 women employment so far.”

Philanthropist

An interesting view is how philanthropy could provide ways to test and validate novel ideas for social initiatives before scaling up. In this way, philanthropy could constitute a phase in the development of societal initiatives as a form a “seed funding,” as an interviewee described to us, to incubate, refine, prove the viability and ultimately de-risk ideas before implementation at scale through government programs. One philanthropist explained how, in their efforts to introduce novel positive psychology methods in schools, testing and proving success with small scale pilots enabled them to scale up in collaboration with the government.

“In the beginning, we implemented in three schools with three teachers. Once we saw the success, we got consent from the Ministry of Education to work within the school system. We reached 12 schools and did a pilot study with about 1500 students. Once the research findings came out, it was very easy to go to the authorities and say, ‘We can make a difference, please support our scaling.’ With our track record, we were easily able to convince the authority to embed the program as a human capital development initiative for the state. And they’ve been supporting us throughout.”

Philanthropist

# Her Highness Sheikha Intisar AlSabah

Kuwait

Founder of Intisars, Ebbarra, Alnowair, Bareec and Intisar Foundation

Promoting mental wellness in her country Kuwait is the focus of H.H. Sheikha Intisar AlSabah's philanthropy. Breaking taboos, pursuing an evidence-based approach and collaborating with others has been her approach for over ten years.

She is bravely tackling what is still considered a taboo topic and is implementing her philanthropy in a way that could be a text-book example for strategic and sustainable impact. "With my philanthropy, I want to make sure that people thrive in this world, not only survive," she says.

After starting out by providing charitable donations in the areas of food and education, Sheikha Intisar realized that her donations – while still having a positive impact – were not the most efficient or sustainable way to give. She wanted to make sure her giving was truly having a significant impact and decided to focus her philanthropy in one area that others were not addressing: mental well-being.

For Sheikha Intisar, mental well-being forms the basis for more productive and peaceful societies. "It was common sense for me. I knew that – for myself – when I was emotionally stronger or emotionally more resilient, I was able to figure things out more quickly," she explains.

She uses drama therapy and theater techniques to change bullying into kindness and train high school teachers to introduce emotional wellness to their students, sometimes in the most challenging schools. Her team takes the findings from positive psychology science and translates them into easy-to-use tools. For every initiative, Sheikha Intisar and her team follow an evidence-based model: making a pilot study and a baseline assessment in order to ascertain the level of impact and only scaling pilots that work. In Kuwait, they work with the government to reach scale through the national education system, and with a number of UN agencies. But where possible, for example



in Lebanon and Jordan, they work directly with grassroots non-profit organizations and the communities.

"These constituencies are the ones holding the expertise, they have the network and the trust of the women we want to serve," she says.

Sheikha Intisar admits that she has not always taken a philanthropic approach to giving but started out in the more traditional sense of charity giving. She believes there is a change underway, albeit a slow one, with the new generations shifting towards more strategic giving.

### Growing interest in applying innovation and entrepreneurial principles in philanthropy

In line with the shift to a more strategic approach to philanthropy, we also observed growing interest in embracing greater innovation and entrepreneurship in giving, in several ways. There is a growing interest in bringing novel methods and techniques for social programs, potential that is inspired by scientific research. One philanthropist, for instance, described how they leveraged science-based therapy methods to facilitate learning for children with autism.

“ABA therapy is a scientific learning method for children with autism and other learning disabilities. It’s proven around the world, but it’s very expensive here, because of a lack of qualified teachers. There are many low-income families of children with autism who can’t afford treatment, but desperately need it. So, we decided to create this organization to support families to treat their children.”

Philanthropist

Many of our interviewees also saw substantial benefits in embedding more innovation and entrepreneurial principles into philanthropic practices. Like entrepreneurship, philanthropy involves the allocation of scarce resources to deliver positive, sustainable impact by fulfilling the needs of particular stakeholder groups. For instance, the process of developing philanthropic initiatives and solutions itself could benefit from the application of practices from product and venture building. Developing impactful solutions requires a deep understanding of and empathy with the needs of the communities involved. Embracing agile, adaptive and iterative test-and-learn approaches enables continuous innovation to identify what works best for their specific needs and context. One philanthropist explained to us the importance of this approach.

“With everything that we do, there’s always a pilot study to verify the effect of what we’re doing. And if it works, brilliant, and we grow it, if it doesn’t, then we stop it. Why can’t people think of philanthropy like you would of a company. Start a new HR policy, and if you realize it doesn’t work, do you scrap it? If it’s not working, don’t force it, try something new. For me, it’s elementary and it’s common sense. I see these big organizations come with the whole program written, done, funded, and they’re literally trying to shove it down people’s throats and it’s not working.”

Philanthropist

Working with early adopters in the field, this approach also helps to demonstrate solutions to wider stakeholder groups and attract greater support and resources, especially with relatively novel methods. One philanthropist explained how the successes they had with their pilot programs triggered “snowball effects” that brought others to their program.

### *Alternative mechanisms for philanthropy*

Also emerging is an interest in alternative and market-based approaches to philanthropy, such as social entrepreneurship. This interest is growing particularly among the new generation of philanthropists, who see less of a distinction between commercial and philanthropic or social goals, instead embracing more integrated views of how purpose, impact and profit could be aligned to improve society. This trend is in part inspired by exposure to practices in other regions, such as the Chan Zuckerberg Initiative, which is set up as a limited liability company that affords greater flexibility in resource allocation, such as through venture investments into social enterprises.

Several philanthropists we spoke to were inspired by how the alignment of social and commercial outcomes could offer novel paths for delivering greater impact through philanthropic capital. Employing business models that are strategically, operationally and financially self-sustaining, for instance, could enable enterprises or purpose-driven organizations to be less reliant on continuous fund injections to support long-term programs, while also generating multiplier effects on the impact of initial capital.

Despite growing interest, however, actual activities in this space are still limited to a few organizations. The King Khalid Foundation, for instance, has supported incubators and accelerators that help early-stage social entrepreneurs. Community Jameel also funds microfinance institutions to support women and youth entrepreneurs. Interviewees often cited a lack of clarity with regard to the regulatory categorization of these structures as philanthropic mechanisms, as well as a scarcity of knowledge and skilled talent. Adopting less dichotomous perspectives of non-profit versus for-profit sectors could provide greater opportunities, and aligns with the interests and passions of emerging philanthropists while also attracting high-quality talent.

### **Growing desire for data and evidence-based impact assessment**

Consistent with the greater strategic approach in philanthropy, our research shows a growing desire for more robust and scientific approaches to assessing philanthropic impact. Most philanthropists we interviewed emphasized that they aimed to do good through their giving, however, we observed a shifting trend in how they viewed “impact”. While some philanthropists stressed that they were less focused on measuring impact – emphasizing simply doing good through generosity – most of our interviewees did highlight that they consider some level of assessment of how, when and to whom to give (see Figure 7).

With more informal giving, evaluations are typically more instinctual and relational. Focusing on giving to communities with whom philanthropists have direct contact and relationships engenders greater trust that funds will be utilized well. For instance, one philanthropist described how they mainly focused on establishing endowments with educational institutions that they knew well. Government programs are also highly trusted:

“I would rather donate to, for example, a cause organized by the government, like a royal charity. I know my money is going to the right place. Whereas with an independent non-profit organization, I don’t know who’s behind it and where the money will go.”

Philanthropist

**Figure 7: Spectrum of perspectives on impact assessment**



However, those seeking more strategic forms of philanthropy are also increasingly focused on more structured and scientific means of assessing impact. We observed that philanthropists typically begin with assessing and reporting on output-based metrics, such as number of students sponsored, number of houses built or amount of funds allocated. Output-based metrics are often a starting point for more structured measurements as they are more directly observable and measurable with available data.

While output-based metrics can provide some indication of the impact of programs, interviewees frequently cited the desire to uplift assessment methodologies to consider more outcome or impact-based metrics that indicate the success of programs in achieving more sustainable, long-term impact.

“We have basic things such as the number of people impacted. You can put mechanisms in place to see every dollar spent, how many people benefit and so on. But how would you measure long-term impact in the community? That’s an issue we are currently facing. Like if you teach someone a certain level of English, what job can that person get, how will their family benefit, and so on, these are very long-term outcomes.”

Philanthropist

Several philanthropists described how they are starting to embed more sophisticated measurements based on leading and lagging indicators motivated by theories of change. For instance, if the goal of skills development programs is to uplift the earning potential for small business owners, measuring business outcomes such as revenue growth could be indicators of success. Education programs could be assessed by students gaining permanent employment. Another method could be linking to established frameworks, such as assessing English language training programs based on Common European Framework of Reference (CEFR) proficiency levels. In a minority

of cases, philanthropists have begun adopting more scientific methods to assess programs. One philanthropist explained how they employed scientific methods in their trials to assess the impact of their mental well-being programs.

“We’ve done research on the students’ outlook on life within six weeks of implementing the program. The ones who participated had a 4% improvement in outlook on life, and the ones in the control group had a 3% lower outlook, about a 7% variance. That proved beyond a doubt that even small things help students feel better. And we’ve actually had school reports of better academic performance, better emotional regulation, less violence in schools, and more collaboration between students and teachers.”

Philanthropist

Overall, a common theme that emerged is the greater desire and need for more structured, scientific and data-driven methods for assessing the impact of philanthropic programs, rather than “through instinct or tradition”, in the words of one philanthropist. This demand is consistent with the growing desire among philanthropists in the GCC region to uplift and address root causes of societal challenges. However, how to evaluate long-term sustainable impact is seen as particularly challenging. A lack of knowledge and innovation in impact methodologies, as well as a scarcity of high-quality and robust data were commonly cited barriers.

# Mr. Khalid Rashid Al Zayani

Bahrain

Founder, Rashid Al Zayani Foundation

Honorary Chairman, Al Zayani Investments B.S.C.©



Through the Rashid Al Zayani Foundation, Mr. Khalid Al Zayani supports and complements the government's efforts in the Kingdom of Bahrain with the purpose of building a stronger society. He stresses that spiritual and religious reasons are his main motivation to give, as well as the principles of zakat and sadaqah. He believes they can open up billions in funding to help vulnerable groups in society.

Mr. Khalid is primarily active in providing education, as he considers it, "a vital tool in helping families overcome poverty and social problems," and supports addressing root causes, not just symptoms. Over the years, his foundation has supported many students studying not only within the Kingdom but also abroad, in various fields. More recently, the foundation showed great flexibility in adapting to the circumstances and supported those most affected by the COVID-19 pandemic.

Together with his team, he focuses on creating long-term and sustainable impact by supporting, for example, home businesses for impoverished families or equal opportunities for those with disabilities. "We try to help people support themselves. We teach them a skill. It is not just about giving away money," he explains. At the same time, he recognizes that, "It is more difficult to help teach people how to fish rather than give them the fish," and knows that creating long-term and sustainable impact is the most challenging part of philanthropy.

The foundation develops assessment criteria for each program. Increasingly, they are looking at ways to assess not only short-term impact but also the long-term impact their programs may have. For example, for education programs, they have looked at how many participants have graduated, as well as how many have found permanent jobs.

Mr. Khalid and his team focus most of their giving in Bahrain, but they have also supported educational programs abroad. He believes that "there are many opportunities that exist today that didn't exist before when we did not have internet access, where knowledge is available for those who bother to explore it." His foundation actively collaborates with others to have a more significant impact. He hopes that more people will engage in philanthropy, not only through the traditional way of giving but also in innovative ways that can contribute to building stronger societies.

### COVID-19 pandemic has encouraged reflections on the need for systemic change

As in other regions in the world, the COVID-19 pandemic caused an immense crisis in the GCC, especially among vulnerable populations. In the immediate term, the pandemic affected the allocation of philanthropic resources, as many philanthropists increasingly focused their efforts on COVID-19 relief programs. At the same time, the realities of lockdowns and restrictions during the COVID-19 responses introduced new challenges for the actual delivery of projects, such as logistical barriers, limited access to communities and greater uncertainty in funding.

While the long-term impact of COVID-19 is yet to be seen, many interviewees we spoke to indicated hopefulness that the pandemic has triggered a greater drive for systemic improvements. The pandemic has drawn attention to structural challenges in society and the need for resilience and robustness in social systems such as healthcare and education. Furthermore, the radical shift in ways of living, working, learning and socializing and the rapid adoption of technology may open mindsets to new, innovative ways of delivering philanthropic programs. Leveraging technology such as telemedicine or digital learning, for instance, provides opportunities to engage wider groups of communities in impactful interventions, as well as the potential to leverage data for deeper insights to inform decision-making. However, technology must be used mindfully to be inclusive for the communities involved, such as considering specific context, access to technology and knowledge. Many respondents we spoke to were also hopeful about the opportunity to engender greater entrepreneurship and innovation with regard to finding solutions to address social problems.

“The silver lining is that COVID has changed mindsets. There seems to be more openness to invest into mission-driven businesses, and a realization that social issues can be addressed in new and innovative ways. People saw how innovative businesses can change lives, for example, using technology for home schooling, home deliveries, etc.”

Philanthropist

### Growing interest in collaborations and partnerships

Our research indicated that in their giving, some philanthropists in the region increasingly either seek to or have already actively engaged in some form of collaboration with other parties. The more traditional preferences for individual giving are increasingly giving way to demand for greater opportunities to work together with public, private and non-profit partners who share similar visions and missions. Most of our interviewees have emphasized collaboration as a means to achieve greater benefit and impact, through the pooling of funds, knowledge, networks and other resources. Benefits can be multiplied when working with partners with aligned visions, missions and synergistic capabilities.

“We have definitely started to have discussions with other family foundations on collaborations. If anything seems interesting to us, but we cannot 100% fund it, for example, we ask other foundations, are you interested in this project?”

Philanthropist

However, “collaborations” can be viewed in many ways. The most common forms to date are collaborations between philanthropists and implementation partners for specific programs. This can range from grant giving or endowments, to more sophisticated engagements where philanthropists become more actively involved in projects and work closely with implementation partners. These partners can include government agencies, local and international non-profit organizations, and educational institutions such as schools or universities, both within the GCC and abroad.

Collaboration with local partners in particular was often cited as a critical success factor for working with communities in the region. Working with local non-profit or non-governmental organizations who have established strong ties and gained the trust of local communities makes it possible for on-the-ground knowledge, expertise and networks to be leveraged. In their programs to promote reading and literacy in the region, the Kalimat Foundation, for example, collaborates with numerous NGOs, schools and charity organizations, which enables them to gain access to valuable resources and networks.

Furthermore, engagement and collaboration with government organizations can also be crucial success factors for scaling up programs in the region, especially given the more active role governments are playing in contributing to the achievement of developmental goals.

Less prevalent, however, are collaborations between philanthropists. This is not for lack of interest – many philanthropists we interviewed see opportunities to pool resources and capabilities with a view to greater outcomes. Such collaborations also ensure sustainability and de-risk initiatives, as one philanthropist explained to us, by avoiding “dependence on one large donor.” However, the limited visibility of the activities of philanthropists in the region, associated with cultures of discretion, is a commonly cited barrier. Nevertheless, interest is growing.

Thus, an important enabler for collaboration would be greater visibility into the activities and practices of different parties in the region for better knowledge exchange and coordination of efforts. Efforts are already emerging in this space, such as work by the Arab Foundations Forum, the Pearl Initiative and King Khalid Foundation on knowledge sharing, capacity building and networking. Several of our interviewees also emphasized how they remained continuously engaged with various other private and government organizations to exchange knowledge and identify future opportunities.

Many of our interviewees stressed the importance of adopting a strategic approach to collaboration. This includes ensuring a strong alignment with partners in terms of mission, values and ambitions, as well as being flexible to embrace common ground that achieves the goals of all parties. Considering more sophisticated collaboration structures was also an emerging theme, such as elevating beyond bi-and tri-lateral partnerships to include more coalitions of donors and implementing partners to pool resources, knowledge and networks. Developing mechanisms to facilitate coordination and alignment of more sophisticated coalitions provides substantial opportunities for greater impact through philanthropy.

Overall, embracing greater collaboration and establishing more structural mechanisms for facilitation provides significant opportunities, especially with the shifting demands in the

region. It is noteworthy that not all philanthropists had a favorable view of collaboration. A number of interviewees, for instance, specifically emphasized their wish to avoid partnerships with other philanthropists in order to preserve flexibility and independence on how they choose to organize their giving. This view appears to be held predominantly by philanthropists embracing more traditional forms of giving.

### 4.3. Challenges and opportunities

#### Lack of information and knowledge are key hurdles to achieving strategic philanthropic goals

“People here don’t need help with WHY, they know why to give. They need more HOW – new ideas.”

Philanthropist

A prominent and commonly cited challenge in the GCC philanthropy sector is the lack of data, information and knowledge to support strategic philanthropy. Data and information are considered crucial enablers for effective decision-making and impact assessment, especially for philanthropists seeking to elevate their giving. Philanthropists are increasingly seeking robust data to inform the analysis of how and where resources should be more effectively allocated. However, the availability of data, although it has improved over the last decade, remains a challenge, particularly at the granular level for vulnerable communities who are generally the target for philanthropy.

“Clear information is not always available. Correct data on target groups and organizations is key for informed decision-making. This has been significantly lacking. Good statistics and robust due diligence are always necessary, but accessing these costs time and money if not readily available.”

Philanthropy professional

Lack of information and data often results in philanthropists only working with organizations that they know and trust. One philanthropist commented, for instance, how many in their network would support particular organizations because, “I know these people, I know what they’re doing and I like their work, so I give to them blindly, because I know that it’s going to go to the right people.” However, this limits the options that philanthropists have. Furthermore, many philanthropists expressed how the challenge posed by a lack of data and transparency is even greater when giving internationally, where concerns about “being sure the money has reached where it should,” are even greater.

A related challenge is the lack of systematic data on philanthropic activities in the region overall. The sector is frequently described as relatively opaque in terms of gaining insights into the activities and initiatives that are being implemented by philanthropists and organizations. Opacity has the negative consequence of greater fragmentation in the sector, including duplication of efforts, limited long-term engagement and less coordination between philanthropists, which in combination constrain the potential for philanthropists to achieve their goals of having a sustainable impact through their giving.

“One of the most difficult challenges that we face is the lack of proper data collection when it comes to philanthropy in the region. A lot of the current work is based on instinct or tradition rather than scientific data. We try to collect and analyze our own data, but more work is needed.”

Philanthropist

The lack of data has prompted some organizations to initiate programs to fill gaps in the sector. The Kalimat Foundation, for example, commissioned research on the needs and ecosystems of visually impaired children, while the King Khalid Foundation has conducted extensive research studies on the non-profit sector in Saudi Arabia.

Information scarcity in the sector also relates to the need for greater knowledge to inform more innovative mechanisms for delivering and measuring sustainable, long-term impact. Philanthropists we interviewed are increasingly seeking new ideas for deploying philanthropic capital, and how to effectively assess and measure the sustainable impact. For instance, a philanthropist explained that the greatest challenge they see is “finding new ideas to create impact through giving, beyond the ones that we do already,” such as scholarships or building homes. There is greater demand for knowledge sharing and exchanges about philanthropy, as well as opportunities to learn leading practices from other regions. However, the localization and adaptation of ideas to make them suitable and relevant to the GCC region and the socio-economic context of local communities are critical success factors.

“More and better information on how to achieve bigger impact. Is giving people money and building a school good enough? How do we build schools better? What kind of schools are needed?”

Philanthropist

#### **The dilemma between the culture of discretion and the need for greater visibility is becoming more pronounced**

A germane factor in the scarcity of data on the philanthropy sector in the GCC region is the dilemma between the deeply rooted culture of discretion and the growing need for greater visibility and information. A unique feature of GCC philanthropy, the increasingly strategic approach being taken, is deepening this dilemma, as more philanthropists seek to inform their giving with data-driven insights. In our interviews, many philanthropists explained how the prior generations of families were traditionally very private and discrete about their giving. This tradition can be traced to the teachings in Islam on the purity of purpose and motivations of doing good, as embodied in the commonly cited phrase that the “left hand should not know what the right hand gives in charity.”

# Mr. Badr Jafar

United Arab Emirates

Founder, Pearl Initiative  
 Founding Patron, Centre for Strategic Philanthropy,  
 University of Cambridge Judge Business School  
 Chief Executive Officer, Crescent Enterprises

As a prominent businessman and social entrepreneur in the region, Mr. Jafar is focused on how the next generation of philanthropic giving can drive maximum impact. While the international community struggles to raise the USD 5–7 trillion of annual investment needed to achieve the United Nations' Sustainable Development Goals, the sheer scale of philanthropic capital has the potential to deliver lasting results. In the Muslim world alone, philanthropists are estimated to deploy between USD 250 billion to USD 1 trillion in zakat and sadaqah, the two forms of compulsory and discretionary almsgiving in Islam, each year. While there is no shortage of philanthropic funds, one of our key challenges is how to more strategically deploy capital to achieve targeted impact.

In his philanthropic initiatives, Mr. Jafar is strongly motivated by the philosophy that merely giving money is not enough. Instead, to maximize results, an established infrastructure of giving is required that is underpinned by greater transparency, tracking and reporting on how funds are used. Effective infrastructure can generate a multiplier effect, especially when structure is balanced with flexibility. Mr. Jafar also strongly believes that technology, collaboration and new practices have huge roles to play.

This philosophy has inspired his various initiatives in the sector, including founding the Pearl Initiative, a non-profit organization founded in cooperation with the United Nations Office for Partnerships to promote high standards in corporate governance, accountability and transparency in the Gulf region. In an effort to help maximize the impact of Islamic almsgiving, Mr. Jafar launched HasanaH, a community-driven digital platform that aims to empower Muslim donors, and donors of all faiths, to give with improved transparency and effectiveness. In addition,



Mr. Jafar established the Centre for Strategic Philanthropy at the University of Cambridge and the Strategic Philanthropy Initiative at NYU Abu Dhabi, with the mission of catalyzing the impact of strategic philanthropy through research, education and actionable knowledge.

“Well over a trillion dollars of private philanthropic capital, more than triple the annual global development and humanitarian aid budgets combined, is deployed every single year. With the impending generational transition taking place around the world, now is the time to start building the cross-border networks that will empower the next generation of strategic philanthropists emerging from these markets, to question our own assumptions and to facilitate the development of imaginative new solutions to some of the world’s greatest social and environmental challenges,” says Mr. Jafar.

Traditions of discretion permeate societal, family and individual values in the GCC and have to date formatively shaped practices of giving in the region. Indeed, the demand for more data and scientific approaches to impact assessment is a relatively new phenomena, and the sector has yet to catch up structurally to meet these growing expectations. Many of our interviewees expressed how philanthropic and non-profit organizations in the region have thus far been less equipped to provide the right data and insights needed to assess activities and impact. Nonetheless, it is widely acknowledged that the growing focus on more systemic, long-term and sustainable impact requires greater visibility, data, knowledge exchange and collaboration. This dilemma between discretion and transparency is a unique dynamic of giving in this region.

This dilemma is embedded in broader, often inter-generational differences between traditional and more strategic views in the philosophy and approaches to giving. While older generations of philanthropists often hold traditional views that simply doing good for communities through generosity is sufficient, new generations of philanthropists view this approach as a legacy, charity-only mindset that limits the potential impact of philanthropy in the region, especially towards developmental goals. One philanthropist explained this as follows:

“There is still quite an old-fashioned mentality in charity work. People tend to think it is enough to see that charity has gone to the needy, and they are not looking for impact. But it is shifting.”

Philanthropist

However, for philanthropists with more traditional views of giving, the push for greater visibility, reporting and impact assessment can be seen as inconsistent with their perspectives of sincerity in giving. Thus, philanthropists seeking to uplift their giving may often need to navigate transformative change in their families’ traditions, including convincing more senior family stakeholders, which can be complex and non-trivial endeavors.

“As Muslims, we don’t want to tell others about the good that we do.”

Philanthropist

It is of note that in the GCC region, philanthropists across generations generally appear driven by similar underlying motivations – to give with confidence that their contributions are channeled in a way that benefits communities and society in the most effective way possible. Where generational differences may emerge is in how they prefer to manifest these motivations. Older generations of philanthropists generally place more substantive import on trust and needs assessment through relationships, direct observations and instinct. They therefore often feel greater confidence that funds will be distributed effectively by doing more direct giving to communities or trusted parties they are familiar with. New generations of philanthropists, on the other hand, place greater weight on formalization and institutionalization, backed by data and rigorous methods to engender trust and confidence.

“My father supported all these organizations but didn’t really follow up to see, ‘where did that dollar go?’ His approach isn’t studied or overly rigorous. It comes down to just wanting to give back. On a personal level, he might have a gut feeling about one organization, he just wants to give them money. Because of his connections in society, he knows where he wants to give. But on a company level, we want to be able to see, for example, ‘what impact did that dollar have?’ But we’re not big on publicizing this because culturally, it’s just not what we do.”

Philanthropist



## Mr. Abdulla Fakhro

Bahrain

Vice Chairman, Dreams Society  
 Co-Founder and Vice President, Omneyat Foundation  
 Executive Director, Abdulla Yousif Fakhro Group  
 CEO and Chairman, Summit 7 Holding

Like most Arab philanthropists, Abdulla Fakhro grew up in a family where giving was a tradition that went back generations. While studying business at Babson College, Mr. Fakhro took courses to educate himself in social entrepreneurship and brought a new vision for his philanthropy back with him. While traditional charitable giving is less appealing to Mr. Fakhro, he wants to know what impact he's having and bring more to his giving than just money – like many other engaged philanthropists, he also gives his time and network.

A business owner himself, Mr. Fakhro believes that what really would move the needle is to have shareholders incentivized to shift business practices. "I believe we could see systems change in the region if governments came up with a set of unified standards against which companies could be measured and rewarded when adopting good practices promoting positive impact. We must move away from just short-term profit maximization, and ensure businesses are incentivized to do good," he says.

Mr. Fakhro partnered with other philanthropists to set up the two main ventures he's currently involved with philanthropically. One focuses on providing access to

groundbreaking therapies for autistic children to overcome learning difficulties. The other offers children with terminal cancer or otherwise in palliative care a chance to fulfill a dream, and is modelled after the international Make a Wish Foundation. In both ventures, Mr. Fakhro very much uses his networks and business acumen. He also mentions how "many businesses often seek to give to charitable organizations in the country, but unfortunately, they often give in silos where partnerships and collaboration could definitely increase their collective impact." He also explains how technology has completely transformed individual giving in Bahrain, where a well-used payment app offers opportunities to all paying users to give to any of the registered organizations very simply within the app. In fact, a significant portion of the private donations to the foundation fulfilling children's dreams comes through this app.

Growing up in a family that took a very hands-on approach to their giving with many connections to the populations they were serving, it is not surprising that Mr. Fakhro dedicates much more than just financial assets to his philanthropic ventures. He is also looking to introduce better business practices that help to do good.

### Issues relating to capabilities, talent and perception underscore need for greater professionalization

Concerns about the capabilities, efficiency and trustworthiness of non-profit organizations in the GCC region pose another challenge for the sector. According to our interviewees, other than government-backed organizations and some well-known private sector entities, which are generally held in high regard, philanthropists can be reluctant to work with non-profits due to a lack of confidence in their capabilities. Lack of confidence relates not only to concerns about trustworthiness and governance, but also to effectiveness and efficiency in managing capital and complex programs. While it is acknowledged that organizational costs require funding, outsized overheads can deter philanthropists concerned about less funds going to communities.

However, the reputation of non-profits in some parts of the region such as Saudi Arabia and the UAE is improving. This is in part an outcome of government action to shore up the sector. According to the King Khalid Foundation<sup>xviii</sup>, for instance, 72% of Saudis view non-profit organizations in the country as trustworthy. However, views of the role of philanthropy are somewhat mixed, with 50% of Saudis feeling that non-profit organizations should focus solely on charity and humanitarian relief, while developmental work should be the remit of the state.

#### *The struggle for talent*

The philanthropy and non-profit sector in the GCC also faces significant challenges in attracting and retaining highly skilled talent. As a career path in the GCC region, the sector has traditionally suffered from reputational and image issues associated with not being seen as an “exciting” or “innovative” profession compared to related sectors, such as impact investing or social entrepreneurship. According to several of our interviewees, this image is in part a result of the previously mentioned misperception of philanthropy as being more about charity than an undertaking with a strategic, developmental focus.

This challenge is compounded by the mismatch between the interest of the emerging workforce and the forms of philanthropy that until recently have traditionally predominated. This new workforce places greater emphasis on purpose and impact, which holds substantial opportunities to attract talent to the sector and inspire them. However, it is also increasingly interested in more novel forms of generating impact such as social entrepreneurship and other market-based approaches. To date, the region’s philanthropy and non-profit sectors have had a limited amount to offer in this respect, and thus face competition for high-quality talent in related sectors such as impact venture capital and socially driven start-ups.

“We see a lack of visionary talent in the philanthropy sector. You need capable people with great ideas grounded in strong ethics. There is a lack of excitement as, unfortunately, philanthropy is perceived as somewhat ‘old fashioned’. That’s why the younger generation flocks to impact investing, social start-ups and so on.”

Philanthropist

These issues can be concerning barriers to the potential for the sector to support developmental goals. The strategic shift in philanthropy places greater demand on the professional capacity of organizations to work with private sector funders and deliver programs at scale. Non-profit organizations – including local entities in particular – have a critical role to play in the ecosystem with regard to reaching and supporting communities in need in the region by bringing crucial local knowledge and networks.

### *Need for capacity building in the philanthropy and non-profit sector*

The growing focus on innovation on the part of philanthropists and organizations in the region, many of which illustrated in this report, provides opportunities to attract and engage high-quality talent. The work of governments in countries such as Saudi Arabia and the UAE to position philanthropy and non-profit activities as strategic contributors to developmental policy goals is also contributing to a shift in the image and mindsets about the sector.

However, more investment is needed in internal capacity building for the sector to improve its image and capabilities. In addition to operational and programmatic capabilities, non-profit organizations also need to upskill to meet the emerging needs of private funders and establish a common language. This includes expertise in metrics and frameworks for impact assessment, adopting novel mechanisms and shoring up basic capabilities such as pitching and proposal writing.

We observed an emerging focus on capacity building programs to shore up the sector. An example of note is the work of the King Khalid Foundation, based on the theory of change that investing in strengthening resources, skills and structural factors in the philanthropy and non-profit sectors is crucial to developing capability for long-term, sustainable impact. The foundation runs programs to help non-profit organizations upskill in areas such as operational and program management, governance and transparency. This mission of capacity building is exemplified by their Saudi Youth @ Work program, where they sought to boost youth employability by upskilling non-profit agencies to deliver training on entrepreneurship and basic life skills. The foundation also seeks to advance knowledge, awareness and access to data through research, publications and policy advocacy.

Overall, our interviewees suggested that philanthropists in the GCC generally become more open to investing in capacity building as long as they can see and assess the results of their efforts. The sector also needs to do more to educate and create awareness about the contributions and impact they have made to society – a need that is also related to the aforementioned dilemma between privacy and visibility. In addition to shifting public opinion on the role of the sector, this would also serve to attract talent.

“Non-profits and philanthropists in the region need to do more work to engage the public and demonstrate their contributions. This is not bragging! But rather understanding that to empower the non-profit sector, we need to speak about the non-profit sector.”

Philanthropy professional

### **Digitalization can empower greater inclusion of communities and donors**

One prominent theme emerging from our study was the opportunities to leverage technology to increase philanthropy's potential for impact, in particular with digitalization through mobile and internet connectivity, data and artificial intelligence, blockchain and other technologies. COVID-19 is often cited as a key catalyst for recent trends in the adoption of digitalization, although in reality, the pandemic merely accelerated systemic change that was already underway in society. Digital technologies have been increasingly embedded in everyday social realities and changing how people in the region live, work and interact. Governments have also played a part in catalyzing these shifts through ambitious programs to stimulate digitalization in the public and private sectors, as well as public investing in infrastructure such as broadband connectivity, data foundations and digital literacy.

# Mr. Fadi Ghandour

United Arab Emirates/Jordan

Co-founder Aramex  
CEO of Wamda Capital  
Chairman Ruwwad



Mr. Ghandour is the co-founder of Aramex, a global logistics and package delivery company based in the UAE and listed on the Dubai Financial Market. Even in the early days of building his company, Mr. Ghandour was a believer in corporate activism and understood the role of companies in society beyond profits or economic impact. So he built a corporate culture that had at its core client focus and societal impact. He then moved from corporate social responsibility to engaging in solving some of the challenges faced by the communities in which the company operates. One of the biggest initiatives was to launch Ruwwad, a community organizing and youth engagement platform that has a presence in several countries across the Arab region. The platform was also open to various private sector supporters outside of Aramex, which was part of its purpose, to have the private sector as a partner in development. Ruwwad today is an independent organization that Mr. Ghandour has chaired for the past 17 years.

For Mr. Ghandour, implementing solutions is core to solving problems beyond talking about them, it is an activist/actionist view of philanthropy. His is on a quest to understand what communities need. "It has a lot to do with trust – these communities don't let just anyone come in to do any type of work. It takes them a long time to trust, and trust is based on action on the ground. Promising to work with them to solve problems and challenges they face, and actually doing something about it, and delivering on those promises," he says. He is passionate and extremely detailed when he describes some of the communities that Ruwwad supports. What is unique about him is that he will take to the streets, as he puts it, "just to experience what people are living through and spend weekends with local communities to understand how best to support them. It is all about talking the talk and more importantly, walking the talk," Mr. Ghandour says.

He is motivated by values that have evolved over many generations of his family, and he feels a need to participate in the broader community in which he himself exists. He makes sure that everything that Ruwwad does is based on partnership with local community leaders and champions. Ruwwad follows three principles: being rooted in the local communities; focus on empowering local people; and making a long-term commitment.

He focuses on the Arab World as he considers that "there is already a lot of work to be done in the region and I can have an impact right here and right now." Mr. Ghandour also helps to build and invests in entrepreneurship ecosystems across the Middle East and North Africa, Turkey and East Africa.

Mr. Ghandour collaborates with selected philanthropists, those with a genuine heart and a lifelong commitment to the cause. It is enlightening to meet this charismatic and passionate serial entrepreneur who dedicates so much of his life to supporting marginalized communities.

Our research has identified a number of opportunities where technologies can be leveraged – greater inclusivity of communities and donors; building awareness and storytelling; and improving efficiencies and transparency.

#### *Enabling greater inclusivity of communities and donors*

In recent years there has been growing interest in the GCC region in leveraging technologies to engage broader populations of donors, such as through crowdfunding and peer-to-peer giving. The potential of such initiatives has also attracted the attention of GCC governments, as exemplified by initiatives such as Saudi Arabia’s National Donations Platform<sup>xxiv</sup> and the Ehsan<sup>xxii</sup> platform for crowdfunding of charitable projects to support the non-profit sector, which by April 2022 had raised over SAR 1.7 billion (approximately USD 450 million). In 2022, the government launched the second National Campaign for Charitable Work operationalized through the Ehsan platform.

“I see an increased role and influence of retail donors, especially after the government launch of crowdfunding platforms, which attracted lots of small donations and was able to mobilize millions in funding. I also think crowdfunding can help engage the next generation.”

Philanthropy expert

Philanthropic crowdfunding platforms have also emerged in other GCC countries. In the UAE, initiatives such as Dubai Care’s Fundraising Platform and YallaGive similarly enable donors across society to connect with and support campaigns. In Kuwait, the Give platform<sup>xxv</sup> enables individuals to easily donate using debit or credit cards to causes of their choosing, with the confidence that they are supporting official organizations registered and monitored by the Ministry of Social Affairs and Labour. These platforms help reduce friction and opacity in a fragmented sector by facilitating discovery and connections between donors and charitable projects or organizations in efficient ways.

A promising approach is considering how to embed philanthropic opportunities into user journeys through other commonly used apps and platforms. In the Kingdom of Bahrain, the widely used financial services app BenefitPay also enables users to directly donate funds through the app. Digital innovations can give people in the region access to greater opportunities for giving. For instance, an interviewee discussed how *awkaf* authorities could develop online platforms to help smaller retail donors gradually build and manage their personal or family *waqf* portfolios over time, starting from a young age.

“[The BenefitPay] app allows you to give to any of the organizations listed, and by doing so, opens people’s eyes to how many organizations there are, and what areas they’re in.”

Philanthropist

Another potential opportunity that is gaining interest in the region is leveraging digitalization to reach wider communities in the GCC with more accessible and inclusive solutions such as digital education and telemedicine. For instance, in their work to promote children’s literacy, the Kalimat Foundation works to make Arabic literary content accessible to vulnerable and visually impaired children. Their Ara Initiative includes helping publishers produce accessible digital EPUB3 formats that enable capabilities such as read aloud functionality and compatibility with text-to-speech programs, interactivity with text, built-in bookmarks, navigation through tables of content and flexibility in its use on a variety of electronic devices.<sup>xxvi</sup>

Some of our interviewees have also suggested how technologies such as data and mobile connectivity can facilitate greater financial inclusion through financial education, micro-finance, small business support and other services for refugees, women, youths, rural communities and other groups. However, the actual application of such initiatives is still limited, in part because these avenues are often associated with social entrepreneurship and other models. Nevertheless, this area could present a fruitful path for further development.

*Enabling greater engagement and awareness*

Beyond novel mechanisms for philanthropy, leveraging technology also has a substantial role to play in building awareness, spreading knowledge and creating excitement about the importance, opportunities and impact of philanthropy. In fact, given the growing ubiquity of the internet, smartphones and social media in people's daily lives, leveraging social media and digital publishing channels is rapidly becoming a necessity in order to engage wider populations, especially younger generations. According to several of our interviewees, philanthropists in the GCC region appreciate connecting with communities that they have helped and getting the real-life stories on the ground – and social media offers avenues for doing so.

The power of storytelling and connection building should not be underestimated. As one philanthropist explained, the Saudi Arabia-based Al Nahda organization, for instance, leverages social media campaigns, among others, during Ramadhan:

“They do a phenomenal job on their social media. Like a campaign before Eid: ‘Sara wants a bicycle, if you’re not there on your phone donating right away, you’re not going to give Sara a bicycle, because someone else will have given it to her.’ There’s that immediate feeling of, ‘wow, I gave someone something that made them happy.’”

Philanthropist

It is important to consider how to best leverage different channels in holistic ways, as each type of platform has its own strengths and considerations and is suited for different types of content and engagement. This can include longer form, produced content such as mini-series through video streaming platforms. For instance, one philanthropist we interviewed actively utilizes various media channels including radio, YouTube, and social media to raise awareness on women and gender issues:

“In order to reach the youth in these countries, which have the highest rate of mobile phone penetration, one needs to be on social media, YouTube, Netflix. We should also think about engaging stars and empowering script writers, like mini-series on Netflix, which can be entertaining but also convey important messages.”

Philanthropist

Overall, technologies can be powerful enablers for storytelling and engagement of the philanthropy community, especially given the high levels of internet, social media and mobile penetration in the GCC region. Organizations in the GCC could also learn from interesting practices in other regions, such as Charity Water and their use of digital media for storytelling.

*Greater efficiency and insights*

Technology can also be leveraged to improve efficiencies and transparency with a view to increasing trust and reducing administrative costs. Leveraging technology for operational, regulatory and compliance process automation, for example, not only ensures more philanthropic resources go towards directly helping communities, but also lowers barriers for a broader range of donors and organizations to participate. Furthermore, the use of technologies such as data, analytics and blockchain could be leveraged to engender greater trust through better transparency and more robust capabilities for assessing and measuring impact.

Increased adoption of digitalization can also have the added benefit of helping to address another challenge in philanthropy – the scarcity of data in the region. Crowdfunding platforms, for instance, could offer a wealth of data on how GCC donors are channeling their giving. Furthermore, utilizing digital technologies in the delivery of solutions to communities also offers opportunities for gathering data on the effectiveness of programs, often in near real-time, enabling continuous improvement of programs at a faster pace. More efforts should also be dedicated to deploying technology to address root causes that can hinder philanthropic impact

and effectiveness, such as challenges with individual identities and distribution of funds.

#### *Ensuring the inclusive and accessible use of technologies*

Overall, technology holds vast opportunities for increasing philanthropic impact, especially given the social, economic and policy trends in the region. However, technologies must be designed and deployed in a way that is inclusive and considers the specific context, needs and limitations of communities. The benefits of this kind of conscious deployment of technology can be seen in other regions, where the innovative use of what may be considered relatively “low-tech” yet widely used platforms has been highly successful.

For instance, an interviewee described how they were inspired by another project in Southeast Asia that adapted to the COVID-19 pandemic by utilizing digital channels to engage their communities with crucial health information. They quickly realized that relatively simple channels like WhatsApp and SMS were more suited for the communities, as they did not require smartphones and app installations. Similarly, in Kenya, the M-PESA mobile banking platform that has grown into a powerhouse for financial inclusion began by utilizing basic SMS and feature phones. In the GCC region, the aforementioned work by the Kalimat Foundation on accessible e-books for visually impaired children exemplifies how technologies can be inclusively deployed.

#### **Opportunities to enhance regulations for the shift towards a more strategic approach in philanthropy**

While navigating the regulatory landscape can be complex, the work of many GCC governments to create more conducive policy and regulatory environments to promote the philanthropy and non-profit sector has introduced substantial improvements over the past decade. The processes and bureaucracy necessary for forming registered charitable organizations, for instance, were often cited by our interviewees as having improved over time with process and regulatory improvement. The governments of Saudi Arabia and the UAE, for instance, in recent regulatory reforms streamlined the processes for establishing foundations, including setting 60-day time limits for the relevant ministries to process applications. Continued improvements to processes, such as through the use of technology, can further catalyze the growth of the sector.

However, with the increasingly strategic approach being taken to philanthropy, opportunities are arising for further regulatory development, in particular to cater to emerging novel approaches such as social entrepreneurship or other market-based models. Revisiting the line between non-profit and for-profit activities could create opportunities for leveraging emerging mechanisms such as investing in social entrepreneurship, despite the growing interest in the sector. Many of our interviewees also suggested engaging sharia scholars to clarify and discuss the positioning of emerging innovations in philanthropy practices within Islamic traditions of giving.

“It is not very clear what is allowed according to Islam – people therefore find it difficult to go out and innovate with philanthropy, because you are not sure if your efforts will be recognized when you do it in a way that is different from the conventional way.”

Philanthropist

Another consideration of note that was frequently raised by our interviewees was the complexities related to the international transfer of funds, both outbound – to support programs internationally – and inbound – to facilitate fundraising. These complexities can impact the capacity to do work in other regions. Such controls in the region are often grounded in international regulations to mitigate risks such as terrorism funding. Thus, philanthropists seeking to run programs in locations other than their home country often organize their activities in more distributed ways, such as establishing foundations in different countries. Regulations related to fundraising in the region have also become increasingly stricter. Although it may have less impact on individual philanthropists, this trend may have implications for philanthropists seeking to work with non-profit organizations, as well as pooling financial resources with other philanthropists.



“The challenge for collaboration is that no one speaks about philanthropy, given our culture of discretion. More openness, like more sharing of what philanthropists do, would help drive more collaboration.”

## 5. Methodology

This study is primarily based on extensive interviews we conducted with philanthropists in the GCC, as well as philanthropic executives and experts who are deeply involved in the philanthropy sector in the region. To ensure a balanced and comprehensive picture, we sought interviewees across all six GCC countries, with diversity of gender, age groups and preferred types of philanthropic engagement. A total of 32 interviews were conducted either in person or online from September 2021 to January 2022. To respect the wishes of those interviewees who preferred to remain anonymous, we chose not to identify any participant in this paper, except for a few that are identifiable by virtue of being featured in a mini case study. We also conducted extensive desk research on extant literature on philanthropy, including the available, albeit limited, research on the GCC region. Our research was further informed by expert knowledge from members of the Cambridge Centre for Strategic Philanthropy and LGT Philanthropy Advisory.

During the interviews, we discussed the participants' views on the motivations, practices, emerging trends, opportunities and challenges in the GCC's philanthropy sector. All our interviews were transcribed, or detailed notes were taken. We are hugely grateful to all those who took the time to speak to us for this study. Our interview data was combined with a wide range of desk-top research and informal discussions with experts.

This study does not claim to offer a complete picture of GCC philanthropy. Nevertheless, the diversity of our group of highly devoted and engaged interviewees across GCC countries provides interesting insights into the region.

### Market sizing estimation methodology

Given the cultures of discretion and privacy and giving practices in GCC society, as well as the lack of robust data, accurate estimations of the market size are difficult. We therefore sought to estimate a feasible range of market sizes based on triangulation of multiple primary and secondary sources. We considered both declared giving, based on obligatory zakat, and undeclared giving through sadaqah and awkaf.

Broadly, our estimation is based on a combination of four methods described in Table 2.

**Table 2: Overview of estimation methods and findings**

Method	Estimate (USD billions)
Baseline: Based on obligatory zakat contributions	52
Method 1: Based on data on giving in the Kingdom of Saudi Arabia	260
Method 2: Based on GCC household wealth	200
Method 3: Based on # of billionaires	170
Method 4: Expert estimates	209
Overall estimation: Based on average of all methods	210

### Baseline

Estimation based on zakat contributions as a proportion of the total private sector gross domestic product (GDP) of the GCC region for 2021 according to IMF<sup>xxvii</sup> statistics. As the minimum obligatory contribution for all Muslims, zakat provides an estimation of the minimum size of the market. Specifically, GDP based on purchasing power parity (PPP) was used, which is generally viewed as more appropriate for assessing domestic markets as it considers relative costs. Private sector GDP was used to distinguish from government official development assistance (ODA) spending, which is outside the scope of this study. Private sector GDP for 2021 was calculated based on IMF<sup>xxviii</sup> data on GCC government spending, amounting to USD 2.1 trillion. The 2.5% zakat rate is applied to private sector GDP. The application of this rate to GDP as a basis for estimation of zakat was validated with interviewees.

This method provides a lower bound for the size of the market, however, our interviews and research suggests that zakat alone would be a significant undervaluation of the market, given the deep-seated culture of discretion in giving.

**Method 1**

Method 1 was based on extrapolation of data on giving activities in the Kingdom of Saudi Arabia. Research by the King Khalid Foundation<sup>xxix</sup> in 2018 indicated giving per capita in Saudi Arabia was SAR 14 489 (USD 3864). This amount constitutes 12.4% of private sector GDP (PPP) per capita for the Kingdom in 2018, based on IMF data<sup>xxx</sup>. While this only constitutes one of the countries in the GCC, our study suggests there are strong similarities in giving practices across GCC countries, thus extrapolation from this data would provide a useful estimate for the total market.

To estimate the current total GCC philanthropy market, this 12.4% rate was applied to the combined private sector GDPs (PPP) for all GCC countries, calculated at USD 2.1 trillion based on IMF data<sup>xxxi</sup>.

**Method 2**

This estimation was based on GCC household wealth. Philanthropic contributions in the GCC are commonly cited as a proportion of individual or family wealth. We therefore leveraged data indicating the total wealth in six GCC countries in 2021 at USD 3.6 trillion<sup>xxxii</sup>. This estimation of household wealth is based on the value of financial and non-financial assets – primarily real estate and land – less debts.

To estimate for the proportion that philanthropy constitutes of household wealth, the aforementioned data from the King Khalid Foundation was leveraged. The SAR 14 489 (USD 3864) average giving per capita constitutes 5.6% of the average household wealth per capita in the Kingdom of Saudi Arabia<sup>xxxii</sup>. To estimate the total philanthropy market in the GCC, the rate of 5.6% was applied to total household wealth in the GCC reported at approximately USD 3.6 trillion.

**Method 3**

Method 3 is based on an approximation of the number of billionaires in the region as a proxy for the scale of giving. The US philanthropy market was used as a benchmark, as one of the most advanced markets with USD 428 billion in giving in 2018<sup>xxxiii</sup>. The number of billionaires in the GCC region is approximated based on the number of billionaires reported in the UAE<sup>xxxiv</sup>, which is then applied to estimate a market size for GCC philanthropy.

**Method 4**

Method 4 involved estimations by experts on philanthropy in the region. During our interviews with GCC philanthropists, philanthropy experts and professionals, we discussed their views on the size of the GCC philanthropy market. The estimations varied across interviewees, which is unsurprising given the opacity of data in the region. A point of agreement between all interviewees, however, was that zakat and declared giving would constitute the minimum market size, and actual giving including undeclared practices would be far greater.

In terms of percentages, the majority consensus was that a rate of 2.5% of wealth, or GDP as a proxy, would constitute the lower bound, while most individuals and families would give at least 10–12%, if not more. These insights are consistent with our estimations in Methods 1, 2 and 3. To estimate the market size, we therefore applied the 10% rate to private sector GDP (PPP) for 2021, which was USD 2.1 trillion according to IMF data<sup>xxxv</sup>.

**Overall estimation**

The combination of these methods gives a range of USD 52 billion to USD 258 billion. Given the general consensus that giving in the GCC far exceeds mandatory zakat giving, the USD 52 billion estimate from the zakat baseline should be seen as only a lower bound and likely an unrealistic approximation as it would not include voluntary giving, which would far exceed the zakat pool. In contrast, Methods 1, 2, 3 and 4 estimations would encompass most forms of giving. To arrive at our final estimation, we therefore took the average of Methods 1, 2, 3 and 4 to arrive at the estimation of approximately USD 210 billion.

## 6. Notes

### **Centre for Strategic Philanthropy (CSP), University of Cambridge Judge Business School**

CSP believes that change-makers from global growth markets are vital providers of solutions to societal and environmental problems, supporting global development. Consequently, the CSP aims to inform, cultivate, and catalyze strategic philanthropy in and from these markets and encourage collaboration between international and local impact-orientated initiatives. The Centre is designed as a global convening body that researches philanthropy, elevates practitioner voices and disseminates best practice in three specific growth markets: Africa, the Middle East and Southeast Asia.

### **LGT Private Banking – Philanthropy Advisory**

LGT is a leading international private bank that has been fully controlled by the Liechtenstein Princely Family for over 90 years. The Princely Family of Liechtenstein is deeply committed to social accountability, with values rooted in responsible and long-term investments towards a sustainable future. This philosophy also encompasses generations of giving. Philanthropy Advisory at LGT is a service for individuals and families who want to partner on a journey towards thoughtful and strategic philanthropy, regardless of their areas of interest or their giving experience. LGT Philanthropy Advisory supports philanthropists to translate motivations into strategic and impact-oriented philanthropy, as well as navigating the complex landscape of philanthropy by providing advisory, education and implementation services.

### **Acknowledgements**

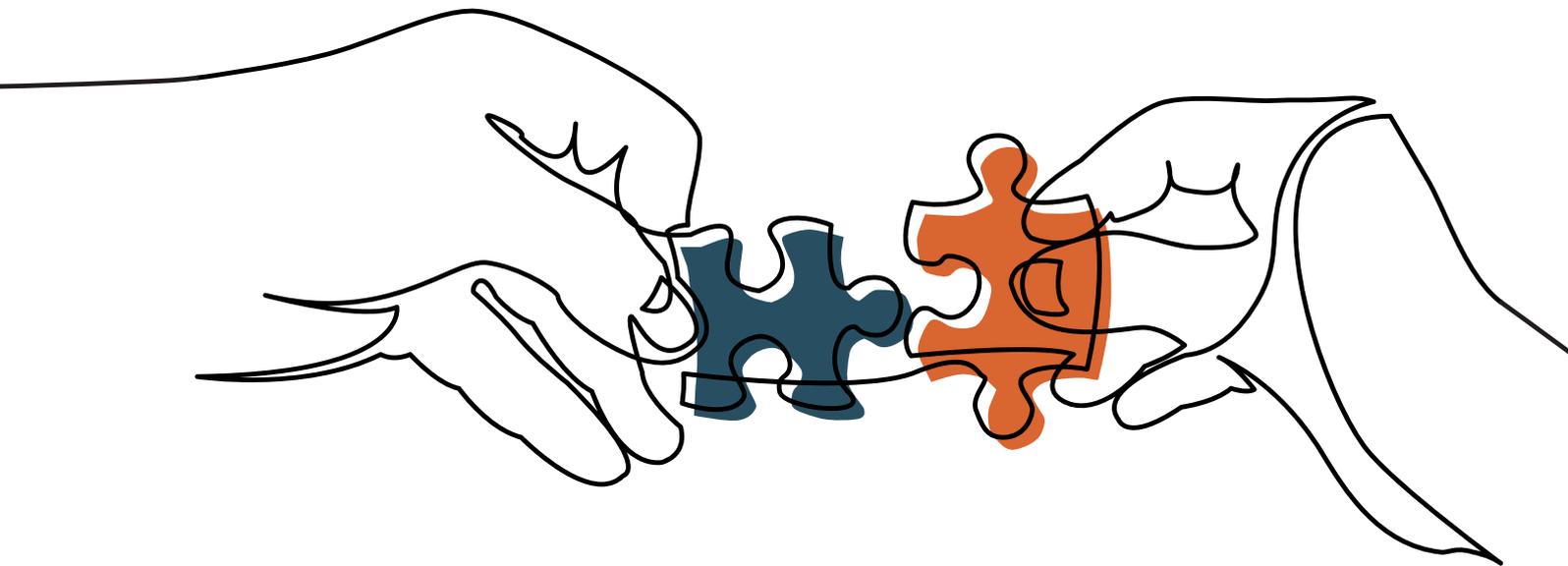
We would like to thank all the participants of this study who generously gave their time to share their experiences and insights on philanthropy in the GCC. We are also hugely indebted to the philanthropists who contributed the case studies in this report: Mr. Abdulla Fakhro, Mr. Badr Jafar, Mr. Fadi Ghandour, Mr. Khalid Rashid Al Zayani, Ms. Mira Al Busaidi and Her Highness Sheikha Intisar AlSabah. Our gratitude also goes to all others who helped to facilitate the connections to the interviewees. And finally, our sincere thanks to the teams from the Centre for Strategic Philanthropy and LGT Philanthropy Advisory for their extensive expert inputs, review and help with coordinating this research study.

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