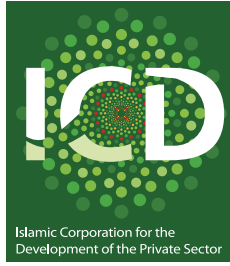




UNITED
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SAUDI ARABIA



The Role of Awqaf

in Achieving the SDGs and Vision 2030 in KSA



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Foreword

Awqaf – Islamic endowments – have been a central form of sustainable social finance in the Islamic world for centuries. In the Kingdom of Saudi Arabia and elsewhere, Awqaf have been used to fund, on a perpetual basis, institutions and projects that support poverty alleviation, education, health care, and numerous other social objectives.

The Kingdom of Saudi Arabia's Vision 2030 calls for a bold transformation of its national economy. Saudi Arabia has also committed to the United Nations Sustainable Development Goals (SDG). The current global crisis caused by COVID-19 has affected all communities but has impacted vulnerable communities disproportionately. The Government of Saudi Arabia has responded to the crisis with a broad package of mitigating measures. However, the situation highlighted the importance of innovative financing such as awqaf in achieving and sustaining progress and ensuring that no one is left behind. We must also consider that the broad impact of COVID-19 is a preview of the disproportionate impact of climate change on vulnerable communities.

In his speech at the closing session of the 14th G20 Summit held in Osaka, Japan, **Crown Prince Mohammed Bin Salman** stressed that providing adequate funding to implement SDGs is one of the most important challenges facing the world. In every country, it is increasingly clear that financing for sustainable progress cannot come entirely from government but that governments, and their strategic partners, must explore innovative financing and partnerships for sustainable development.

The United Nations in Saudi Arabia (UN) and the Islamic Corporation for the Development of the Private Sector (ICD) identified awqaf as an important source of sustainable financing for advancing Saudi Arabia's Vision 2030 and the UN 2030 Agenda and the Sustainable Development Goals (SDG). In this light, the UN and ICD undertook this strategic study on the potential of awqaf in Saudi Arabia

with the objective of action-oriented recommendations for the accelerated realisation of the SDGs and Vision 2030. We hope that this paper will be a starting point for further dialogue, partnerships, and action to accelerate the achievement of the SDGs and Vision 2030 in the Kingdom.

OBJECTIVE OF THE STUDY



Estimate the potential contribution that **Awqaf in KSA can make in financing the SDGs and Vision 2030**



Provide a conceptual framework by which Awqaf in KSA can align with the SDGs and Vision 2030



Discuss challenges to be overcome in achieving the SDGs and Vision 2030 alignment



Provide actionable recommendations for Awqaf stakeholders to move forward in aligning the sector with the SDGs and Vision 2030

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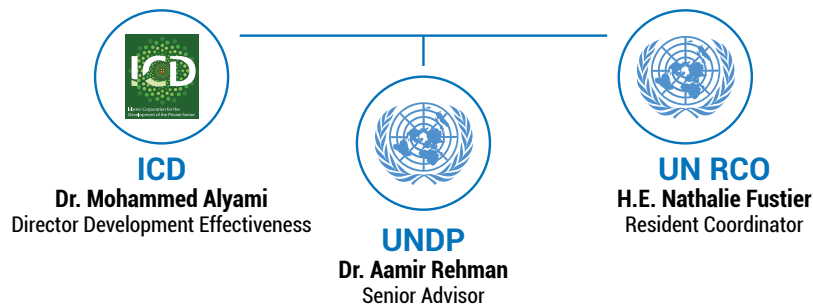
Executive Committee & Advisory Committee

PROJECT GOVERNANCE

The body that governs the execution of the study will be comprised of:



Executive Committee which will over see the overall process of the research, ensure proper direction to the advisory Committee and consultants, ensure access to resource and provide approval of draft and final reports



Advisory Committee Agreed, constituted and co-chaired by the Executive Committee, will provide insights and feedback on topical issues of relevance to the research, and provide feedback on draft and final reports.



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UN/ICD Awqaf Research Team

The research team for the study included a KSA-based Lead Researcher and an International Researcher under the guidance of the United Nations Development Programme Senior Advisor, Aamir Rehman and the Executive Committee of the UN/ICD Awqaf Research Project.

The Lead Researcher, Dr. Afnan Koshak, undertook both secondary research through conducting a literature search and analysing publicly available data, and primary research through conducting interviews with policy makers and other Awqaf stakeholders in the KSA. The International Researcher, Professor Habib Ahmed, added a global perspective on the SDGs and on relevant practices on Awqaf in other countries.



Dr. Aamir Rehman – Senior Advisor

Dr. Aamir A. Rehman serves as Senior Advisor on Islamic Finance to the United Nations Development Programme (UNDP). His work at UNDP includes engaging with Islamic finance stakeholders on aligning their activities with the Sustainable Development Goals (SDGs). Dr. Rehman also supports inter-agency efforts across the UN system to strategically engage with Islamic finance stakeholders.

UNDP has worked with Islamic finance stakeholders on Green Sukuk, microfinance, Zakat, and Awqaf for the SDGs. Its partnerships with Islamic finance stakeholders include activities in Asia, the Middle East, Africa, and Europe. UNDP has also published and contributed to numerous pieces on the relevance of Islamic finance to financing sustainable development.

In addition to his work with UNDP, Dr. Rehman is a Senior Fellow and Adjunct Associate Professor at Columbia Business School. His work at Columbia is with the Richman Center for Business, Law, and Public Policy and with the Private Equity Program.

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Dr. Afnan Koshak – Lead Researcher

Dr. Afnan Koshak is the founder and CEO of Atharona Consultancy for Social Impact Strategy. She has +10 years of experience in leading and advising social development work in the Kingdom of Saudi Arabia with the goal of creating sustainable positive impacts in a variety of fields including preventive health, environmental protection, poverty alleviation, and women empowerment. In her current consulting capacity, she has been working with philanthropic foundations, nonprofit societies, and governmental organizations across the Kingdom to assess community needs, develop theories of change, design interventions, and conduct program evaluations. Afnan received her Ph.D. in Leadership Studies from the University of San Diego and holds a Master of Public Policy from the University of Southern California and a graduate certificate in Social Impact Strategy from the University of Pennsylvania.



Professor Habib Ahmed – International Researcher

Habib Ahmed is Professor and Sharjah Chair in Islamic Law & Finance at Durham University Business School, UK. Prior to joining Durham University in 2008, he worked at the National Commercial Bank and Islamic Development Bank Group (IRTI) in Saudi Arabia. He has taught at University of Connecticut, National University of Singapore and University of Bahrain and also worked as Visiting Professor at Hamad bin Khalifa University, Qatar. Professor Ahmed has authored/edited more than 100 publications that include books, articles in international refereed journals and other academic papers/monographs. He has also worked as consultant for various international organizations including United Nations, World Bank, IsDB, IFSB, COMCEC and CIBAFI.

Executive Summary

The United Nations launched the *2030 Agenda for Sustainable Development* in 2015 as a plan of action for people, planet, prosperity, peace, and partnership. In the same year, the Kingdom of Saudi Arabia (KSA) launched Vision 2030 in 2015 with an aim to reduce the KSA's dependence on oil, diversify and sustain its economy, and enhance public wellbeing. Achieving the ambitious and comprehensive Sustainable Development Goals (SDGs) and the goals of Vision 2030 will require innovative approaches and solutions that can integrate and balance the economic, social, and environmental dimensions. The philanthropic sector and civil society are identified as important stakeholders in promoting the SDGs. Similarly, Vision 2030 envisages increasing the size of the non-profit sector from less than 1% to 5% of GDP and increasing the proportion of the non-profit sector projects creating impact from 7% to 33% by 2030.

A key non-profit institution in Muslim societies that historically played an important role in providing social services and contributing to development has been Waqf or Islamic endowment (plural Awqaf). Contemporary Awqaf can be classified as asset-based Waqf, investment Waqf, and corporate Waqf/social enterprise. In many Muslim countries, the Waqf sector has become dormant, and the social Waqf is contributing little to social and economic development. There have been some attempts in some countries to revive Awqaf by providing an enabling environment for their development and to increase the impact of the Awqaf sector by enlarging its size and enhancing the efficiency, effectiveness, and productive capacity. The aim of this study is to provide a strategic vision of how to use Waqf as a source of sustainable financing for Vision 2030 and SDGs in the KSA.

The KSA is considered an Awqaf-rich country, given its unique Islamic positioning. Over the years, the sector went through several regulatory changes that culminated in the establishment of the General Authority for Awqaf (GAA) in 2015 to oversee, maintain, develop and promote Awqaf in the Kingdom. Existing Awqaf in the KSA show flexibility

in the 'what, where, who, and how' of their philanthropic activities with great potential alignment with Vision 2030 and SDGs. Based on analyzing primary and secondary data from public authorities and sample-based studies, we estimated that in 2020, the KSA was home to more than 113,000 Awqaf institutions with SAR 235 billion in Awqaf assets, SAR 7.4 billion of philanthropic spending toward Vision 2030 aligned fields, and SAR 6.1 billion of philanthropic spending toward the SDGs aligned fields.

International frameworks, standards, and guidelines on national and international development goals alignment provide great resources for the Awqaf sector to enhance its contribution to the SDGs and Vision 2030. The contribution of the Awqaf sector to the SDGs and Vision 2030 can be enhanced by improving its productive capacity and increasing its impact by aligning itself to international standards and guidelines at three levels. First, the purposes of Awqaf have to be aligned with broader social development principles, currently encapsulated in the SDGs and the different goals of Vision 2030. Second, relevant international guidelines and standards can be applied to Awqaf projects to increase



their capacities to contribute to the SDGs and Vision 2030 goals. Finally, while the returns of investment Waqf can be used to contribute to the SDGs and Vision 2030 goals, the investments themselves should be made sustainably by complying with the international guidelines on responsible investments.

In-depth interviews with more than 25 participants representing Awqaf stakeholders revealed three levels of alignment challenges: 1) Challenges in the alignment of purposes, including unclear roles in relation to other institutions, legal difficulties in adjusting existing Awqaf purposes, weak governance, and board's involvement in strategy, and lack of information on local priorities for local regions; 2) Challenges in the alignment of projects, including the lack of information on "what works" for local communities, difficulties in changing organizational processes and cultures, and scarcity of specialized human resources, and access to impact management tools; 3) Challenges in the alignment of investments, including the preference for low-risk investment, legal difficulties in changing the investments of existing Awqaf, access to impact investment tools and experts, and availability of impact investment opportunities.

Based on the findings of this study on the KSA Awqaf reality and the guidelines and standards of various international organizations and standards-setting bodies, the study presents recommendations to enhance the role and impact of Awqaf in achieving the SDGs and Vision 2030 goals. The recommendations and the key stakeholders who can implement them are presented at two levels.

Macro-Level Recommendations

Policy Coordination and Coherence: The development of the modern welfare state contributed globally to limiting the role of Awqaf to focus on religious and relief services. Contemporary public policy suggests that Awqaf flexibility, given their independence from fundraising imperatives, competition forces, and accountability pressures, enables them to invest in long-term, high-risk, multi-level experiments to deal with the increasingly complex societal problems related to the SDGs and Vision 2030 goals. To activate such a role for Awqaf in the KSA, the Council of Economic and Development Affairs can initiate the development of a common policy framework guided by the OECD's Policy Coherence for Sustainable

Development Framework to coordinate among the different government agencies dealing with Awqaf and identify Awqaf role in development.

Enabling Legal and Regulatory Framework: Alignment of Awqaf purposes and efforts with broader social development principles such as the SDGs and Vision 2030 agenda needs requires efficient and flexible laws that would consider the contemporary developments and realities, facilitate the development of Awqaf, and increase their capacity and impact. While the KSA has made remarkable progress in regulating the private sector to create a prosperous economy, Awqaf regulations do not keep pace with this development. Being an apex body of regulating Waqf, the GAA can collaborate with the Ministry of Justice to adopt elements of the regulatory framework identified in the IRTI-IsDB's Waqf Core Principles that allow for the flexibilities in the Waqf by introducing the contemporary Shariah perspectives, require good governance and management and encourage transparency in the operations.

Establishing a Committee of Awqaf Impact Maximization: In addition to policy coherence and enabling regulations, there is a need to have an executive roadmap for enhancing the impact of Awqaf. Awqaf stakeholders hope to see the GAA play a leadership and coordination role in terms of maximizing the positive impact of Awqaf on the indicators of the SDGs and Vision 2030 goals. The GAA can set up a high-level Committee of Awqaf Impact Maximization within its board of directors consisting of Shariah and

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social development scholars as well as representing Waqf stakeholders to monitor the societal impact of Awqaf, provide guidance on issues that can enhance the societal role of Awqaf, and create impact-based incentives in collaboration with the General Authority of Zakat and Tax.

Develop Data for Purpose Identification, Assessment, and Monitoring: Developing the non-profit sector has moved to the forefront of the KSA national agenda. However, the major focus of the dialogues and recommendations is on building the organizational capacities of non-profits. While this dimension is indeed critical, it assumes the availability of information about social development opportunities. Stakeholders participating in the study look forward to the General Authority for Statistics creating a dashboard on Awqaf Contribution to the SDGs and Vision 2030 that identifies the demand and supply data for each development field through instituting appropriate data collection systems. This will avoid duplication of efforts and help the Waqf sector focus on providing more impactful programs.

Develop Knowledge on Impact Strategies and Best Practices: Waqf leaders expressed difficulty accessing the information needed to make evidence-based decisions on development issues. Such difficulties are represented in the lack of knowledge about previous local and international experiences that proved a success in achieving development outcomes as well as the set of impact factors that these cases have. University research centers and private think tanks in the Kingdom can develop a research track for "what works" in the development fields and publish context-sensitive practical guides.

Organizational Level Recommendations

Incorporate Contemporary Development Issues in Purpose of Waqf: While new Awqaf have the flexibility to incorporate contemporary developmental needs as their purposes, it may be challenging to do so for existing Waqf due to the primacy of donors' intentions reflected in Waqf deeds. The proposed Committee of Awqaf Impact Maximization can decide how the proceeds of existing Waqf with purposes that are not clear or have become irrelevant for contemporary times can be re-oriented to enhance social and developmental goals. Furthermore, the GAA can identify the specific areas in which Awqaf can contribute to strengthening the sector's role in achieving the SDGs and Vision 2030 goals without duplicating the services provided by the government.

Improved Governance and Management: There are many challenges associated with the governance and management of Awqaf that a single person, the Nadhir, has traditionally performed. Having a sound impact strategy that is consistent with development goals requires strong governance in terms of planning, evaluation, and assignment of responsibilities, as well as the formation of boards of directors that represent the stakeholders in the areas of development. The GAA can develop Guidelines for Governance and Management in consultation with the Awqaf stakeholders in the country. The Guidelines can benefit from the principles outlined in the Waqf Core Principles and Accounting and Auditing Organization for Islamic Financial Institution's (AAOIFI) Waqf Governance standards.

Capacity Building for Greater Impact: Aligning with Vision 2030 and SDGs does not only mean aligning with goals but also aligning organizational structures, processes, and cultures related to project implementation. There is a need to build knowledge and skills of Waqf board members and managers around impact management competencies such as systems thinking about social problems, impact-oriented strategic planning, evidence-based decision-making, participatory leadership, human-centered design and management, continuous outcome measurement, and evidence-based improvement. This can be done by integrating impact management courses into the emerging non-profit and Awqaf education and professional development programs across the KSA universities.

Introduce Impact Measurement and Management Systems: Impactful social work requires access to impact

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management and measurement tools to effectively assist Awqaf project managers in aligning their projects with development goals. Very few impact management platforms are available in the Arabic language and adapted to the local context. Regional intermediaries such as Social Value Arabia and local intermediaries such as the Impact Center may adapt the IRIS+ Impact Management Measurement System developed by the Global Investment Network and Sopact's Impact Cloud Program to local reality requirements.

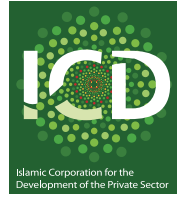
Align Investments with SDGs and Vision 2030: One of the most critical challenges Awqaf entities face is the low returns of their investment arms compared to similar assets in other sectors. Many of the Awqaf assets have enormous growth potential as they are located in distinct geographic areas. The ESGs/SDGs and Shariah-compliant investments funds may attract investment managers in Awqaf entities. Introducing such funds by local financial, capital and investment entities, and promoting them will maximize both the societal and financial returns of Awqaf.

Create Synergies between Waqf and Financial Sectors: Other than developing Shariah-compliant ESGs/SDGs investment funds, the financial sector can also provide

financing to develop existing Waqf and help create new ones. Islamic banks can take initiatives to invest in the development of Waqf properties, and the Waqf sector can also raise funds by tapping into Islamic capital markets. One way in which Waqf can contribute to poverty alleviation and employment creation is to provide financing to the micro and small enterprises that are not served by the financial sector.

Use Technology and Innovation: There is a need to integrate technology into business models and products to expand the Waqf and enhance its impact on the SDGs and Vision 2030. Introducing new technologies and initiating new innovative models can not only improve the efficiency and effectiveness of Waqf institutions but also enable retail donors to contribute to the expansion of new Awqaf. While this would require an enabling digital infrastructure and policies at the national level, new initiatives that use technology at the organizational level of Awqaf could help transform the sector to create a higher social impact. Since one focus area of the Islamic Research and Training Institute (IRTI) is to support innovations in the digital economy, it can take the lead in developing digital solutions for the Awqaf sector.





Chapter 01

Context and Introduction

1.1. Objectives of the study

The study's overall goal is to provide a strategic vision of how to use Awqaf as an important source of sustainable financing for the Vision 2030 National Transformation Plan (NTP) and the Sustainable Development Goals (SDGs). The envisioned study will have the following specific objectives:

1. Estimate the potential contribution that Awqaf in the KSA can make in financing the SDGs and Vision 2030;
2. Provide a conceptual framework by which Awqaf in the KSA can align with the SDGs and Vision 2030;
3. Discuss challenges to be overcome in achieving SDG and Vision 2030 alignment; and
4. Provide actionable recommendations for Awqaf stakeholders to move forward in aligning the sector with the SDGs and Vision 2030.

1.2. UN 2030 Agenda and the SDGs: Background, Urgency, and Importance

At the dawn of the new millennium, the global community took an initiative to eradicate various dimensions of poverty in developing countries by launching the Millennium Development Goals (MDGs). While significant progress was made under the development framework of MDGs, the world still faced many challenges. For example, although the extreme poverty level in the developing countries reduced from 47% of the population (or 1,926 million people) in 1990 to 14% of the population in 2015, it still represented 836 million people living in extreme poverty.^[1] Similarly, while some indicators of environmental sustainability improved, other sustainability issues were not resolved. For instance, overexploitation of marine systems kept rising, which threatened ecosystems and livelihoods, and water scarcity already affecting 40% of the global population was expected to rise.^[2]

To deal with issues facing humanity and the planet, the global community took decisive steps in 2015 by initiating the 2030 Agenda and the Paris Agreement. Building on the MDGs, United Nations launched the *2030 Agenda for Sustainable Development* as a plan of action for people, planet, prosperity, peace, and partnership.^[3] Recognizing that eradication of poverty in all its forms and dimensions and protecting the environment are the greatest global challenges, the 2030 Agenda calls for sustainable

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development to ‘free the human race from the tyranny of poverty and want and to heal and secure our planet.’^[4] The aim of the ambitious Agenda was to create ‘a world free of poverty, hunger disease and want, where all life can thrive’ by integrating and balancing the economic, social and environmental dimensions in development initiatives.^[5]

Moving the world to a sustainable and resilient path would require taking bold and transformative steps that are captured in the 17 Sustainable Development Goals (SDGs) and 169 associated targets. The SDGs envision that economic, social, and technological progress should occur harmoniously with nature and that all humans enjoy fulfilling and prosperous lives. The 2030 Agenda recognizes that the SDGs cannot be realized without peace and security and calls for building a ‘peaceful, just and inclusive societies that provide equal access to justice and that are based on respect for human rights (including the right to development).’^[6] UN identifies cross-cutting themes that can create synergies and contribute to the progress of different SDGs, as shown in Table 1.1.^[7]

Table 1.1: SDGs and Cross-cutting Themes

SDG Cross-cutting Themes	Elements
1. Deliver social protection and essential public services	A new social contract that provides social protection and provides essential social services to all would ensure that ending poverty
2. End hunger and malnutrition	Promote rural development, revitalizing the agricultural sector, and ensuring food security in a sustainable manner to help achieve the various SDGs
3. Close the infrastructure gap	Seek resources and introduce new infrastructure initiatives to bridge the huge annual infrastructure gap of USD 1-1.5 trillion
4. Promote inclusive and sustainable industrialization	Inclusive and sustainable industrial development, economic diversification, and job creation in developing countries and consider innovative approaches such as energy efficiency, climate change, knowledge-sharing, and social inclusion.
5. Generate full and productive employment for all and promote SMEs	Increase productive employment and decent work for all. Support micro, small and medium-sized enterprises (SMEs) by providing appropriate resources such as financing
6. Protect ecosystems	Protect and preserve the planet, natural resources, biodiversity, and climate. Change consumption and production processes by using appropriate technologies to avoid harming the ecosystems
7. Promote peaceful and inclusive societies	Build inclusive, effective, accountable, and inclusive institutions at all levels and ensure good governance, rule of law, human rights, fundamental freedoms, equal access to fair justice systems.

Source: UN (2015b and 2016)

1.2.1. Implementation of the SDGs

Given the enormity and comprehensiveness of the SDGs and the challenges to achieving them, the 2030 Agenda acknowledges the need for equally ambitious, holistic, credible, and transformative approaches to accomplish them. The 2030 Agenda presents the Means of Implementation by identifying the policies and actions that are needed for achieving sustainable development.^[8] The Means of Implementation is identified in Goal 17 (*Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development*) and other targets of the SDGs.^[9] Among 169 targets, 62 are related to the Means of Implementation, of which 43 appear under SDG1 through SDG16, and 19 Means of Implementation targets are under SDG17.^[10] The Means of Implementation targets of SDG17 related to technology, capacity building, trade, systemic issues, and finance.

Achieving the ambitious and comprehensive goals of the 2030 Agenda will require innovative approaches and solutions that can integrate and balance the economic, social, and environmental dimensions of the SDGs. To

facilitate this, a Technology Facilitation Mechanism (TFM) involving various stakeholders that include the private sector and civil society has been initiated.^[11] An annual multi-stakeholder forum on science, technology, and innovation for the SDGs is planned to disseminate good practice, exchange knowledge and identify technology needs and minimize gaps. The Means of Implementation also identifies the need to enhance capacity-building at all levels to reduce not only technology gaps but also strengthen other knowledge and skills related to the SDGs such as contractual negotiations, increasing tax revenues, financial capabilities, trade-related skills, pursuing sustainable livelihood opportunities, combatting money laundering and financing terrorism, public finance, and budgeting, etc.^[12] An increase in trade is also considered as an important Means of Implementation to enhance economic growth and prosperity, and SDG Target 17.10 acknowledges the need to promote 'a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization'.^[13]

SDG 17 recognizes three broad categories of systemic issues as important Means of Implementation to provide

“Achieving the ambitious and comprehensive goals of 2030 Agenda will require innovative approaches and solutions that can integrate and balance the economic, social and environmental dimensions of SDGs

an enabling environment for implementing the SDGs. First, *Policy and institutional coherence* recommends developing coherent policies through coordination to enhance macroeconomic stability to promote sustainable development. Second, *multi-stakeholder partnerships* call for collaborations across different stakeholders to share knowledge, expertise, technology, and financial resources. While the implementation of comprehensive and ambitious SDGs will be led by the governments, contribution and partnership among various stakeholders, including the private sector, civil society, philanthropy and foundations, the scientific community, academia, local authorities, etc. are also necessary as they can help mobilize and share knowledge, expertise, technology and financial resources.^[14] Finally, *data, monitoring, and accountability* requires gathering high-quality disaggregated data on the SDGs as it enables smart and transparent decision-making and strengthens capacity, transparency, and accountability.^[15] While national statistical systems will have a responsibility to collect and disseminate data, other stakeholders such as civil society, the private sector, and academia also can contribute to this effort.

1.2.2. Financing the SDGs

Achieving the ambitious SDGs to promote inclusive social and economic development and protect the environment would require huge investments and resources. Given the trends in investments, UNCTAD estimated that the developing countries would face an annual financing gap of US\$ 2.5 trillion to implement the SDGs.^[16] Recognizing the enormous amount of resources that will be needed to achieve sustainable development, the heads of state and governments affirmed their commitments to address the challenge of financing the SDGs in the *Third International Conference for Development* held in Addis

Ababa in July 2015 before formally launching the 2030 Agenda. Addis Ababa Action Agenda (AAAA) document highlights the key role of financing in implementing the SDGs and categorizes sources broadly as international and domestic on the one hand and public and private on the other hand. While domestic public finance would play an important role in investing to achieve the SDGs, limited tax revenues and higher public debt levels constrain the role of the government in providing all the funds required. Thus, the private financial sector and the non-profit philanthropic sectors are also recognized as additional sources of finance to realize the SDGs.

The philanthropic sector and civil society are identified as important stakeholders in promoting the 2030 Agenda. The 2030 Agenda document recognizes the importance of civil societies and philanthropic organizations under the Means of Implementation^[17] and AAAA identifies the role philanthropic giving can play in providing both financial and non-financial contributions by aligning their donations to national priorities and considering the local circumstances.^[18] A 2018 UN *Strategy for Financing* document suggests promoting linkages of philanthropic finance with country plans of developing countries and conflict-affected countries.^[19]

1.2.3. Recent Developments

While some progress has been made during the five years after the launching of the 2030 Agenda, there is a realization that the speed and scale of the action needed to advance the SDGs are lagging behind. To facilitate progress in achieving the SDGs, the UN launched the *Decade of Action* in September 2019 to accelerate sustainable solutions to meet the greatest challenges such as poverty, climate change, inequality, and closing the finance gap.^[20] The Decade of Action calls for the engagement of all sectors of society at the global, local, and individual levels. Whereas global action anticipates coming up with more resources and smarter solutions, the local action initiatives require introducing enabling budgets, policies, legal and regulatory frameworks to achieve the SDGs. People action involves all stakeholders, including the private sector, civil society, and academia, to generate movements towards the required transformations.

Acknowledging the importance of financing and the problems the developing countries face to fund sustainable development, the Secretary-General of the



UN released the *Strategy for Financing the 2030 Agenda for Sustainable Development* in 2018 to support and accelerate financing for the SDGs. The document provides a three-year roadmap aiming to align the global, regional and national financial systems and strategies to support the 2030 Agenda by addressing the barriers and increasing the scale of investments. It recognizes the role that new technologies, digitalization, and financial innovations can play to provide inclusive access to finance to all segments of the population.

The onslaught of COVID-19 in 2020 has created a crisis that is threatening lives and livelihoods and make the achievement of the SDGs more challenging.^[21] While the pandemic will have a severe negative impact on most of the SDGs in many countries, developing countries will be the worst affected.^[22] Within economies, the impact of COVID 19 is unequal and affects certain sections of the population, such as the relatively poor, adversely. There will be a need to think about how to manage the pandemic and emergency situations and focus on new ways to deal with health, social and economic predicaments arising from them. The pandemic also underscores the importance and urgency of implementing the SDGs and the Paris Agreement.^[23] There are calls to 'seize the opportunity to "build back better" by creating more sustainable, resilient and inclusive societies.'^[24]










1.3. The Importance of Vision 2030 and the National Transformation Plan

The Kingdom of Saudi Arabia (KSA) launched the Vision 2030 in 2015 with an aim to reduce KSA's dependence on oil, diversify and sustain its economy, and enhance public

well-being. Vision 2030 has three pillars of *A Vibrant Society, A Thriving Economy, and an Ambitious Society*.^[25] The first pillar provides the foundation of economic prosperity based on Islamic principles of moderation, national identity, and cultural heritage. A Vibrant Society would produce good life in a beautiful environment that is 'protected by caring families' and 'supported by an empowering social and health care system.'^[26] The second pillar, *A Thriving Economy*, aims to develop investment tools to unlock promising economic sectors, diversify the economy and create job opportunities. This will be done by, among others, 'building an education system aligned with market needs and creating economic opportunities for the entrepreneur, the small enterprise as well as the large corporation.'^[27] The third pillar, *An Ambitious Society*, attempts to apply efficiency and responsibility at all levels. This pillar anticipates an accountable, enabling, effective, transparent, and high-performing government to create an environment in which the private sector and non-profit sector can take initiatives to seize opportunities and face challenges. The details of the Vision 2030 pillars, themes, elements, and goals are presented in Table A1 in the Appendix.

Vision 2030 provides a framework for implementing the pillars by presenting three levels of strategic objectives. These include six Level 1 'Overarching Objectives' representing Vision's general objectives, 27 Level 2 'Branch Objectives' representing tangible sub-objectives, and 96 Level 3 'Strategic Objectives' describing detailed goals that can be developed into actions plans.^[28] Table 1.2 presents the elements of Levels 1 and 2 objectives under three pillars of Vision 2030.

Table 1.2: KSA Vision 2030 Pillars, Level 1 and Level 2 Objectives

Pillars	Level 1 Overarching Objectives	Level 2 Branch Objectives
A Vibrant Society 	1. Strengthen Islamic & national identity 	1.1.Foster Islamic Values 1.2.Serve more Umrah visitors better 1.3.Strengthen the national identity
	2. Offer a fulfilling and healthy life 	2.1.Improve healthcare service 2.2.Promote a healthy lifestyle 2.3.Improve livability in Saudi cities 2.4.Ensure environmental sustainability 2.5.Promote culture & entertainment 2.6.Create an empowering environment for Saudis
A Thriving Economy 	3. Grow and Diversify the economy 	3.1.Grow contribution of Private sector to the economy 3.2.Maximize value captured from the energy sector 3.3.Unlock potential of non-oil sectors 3.4.Grow the Public Investment Fund's assets and role as growth engine 3.5.Position KSA as global logistic hub 3.6.Further integrate Saudi economy regionally and globally 3.7.Grow non-oil exports
	4. Increase employment 	4.1.Develop human capital in line with labor market needs 4.2.Ensuring equal access to job opportunities 4.3.Enable job creation through SMEs and micro-enterprises 4.4.Attract relevant foreign talents for the economy
An Ambitious Nation 	5. Enhance government effectiveness 	5.1.Balance public budget 5.2.Improve performance of government apparatus 5.3.Engage effectively with citizens 5.4.Protect vital resources of the nation
	6. Enable social responsibility 	6.1.Enable citizen responsibility 6.2.Enable social contribution of businesses 6.3.Enable larger impact of non-profit sector

Source: GSA (2015b)

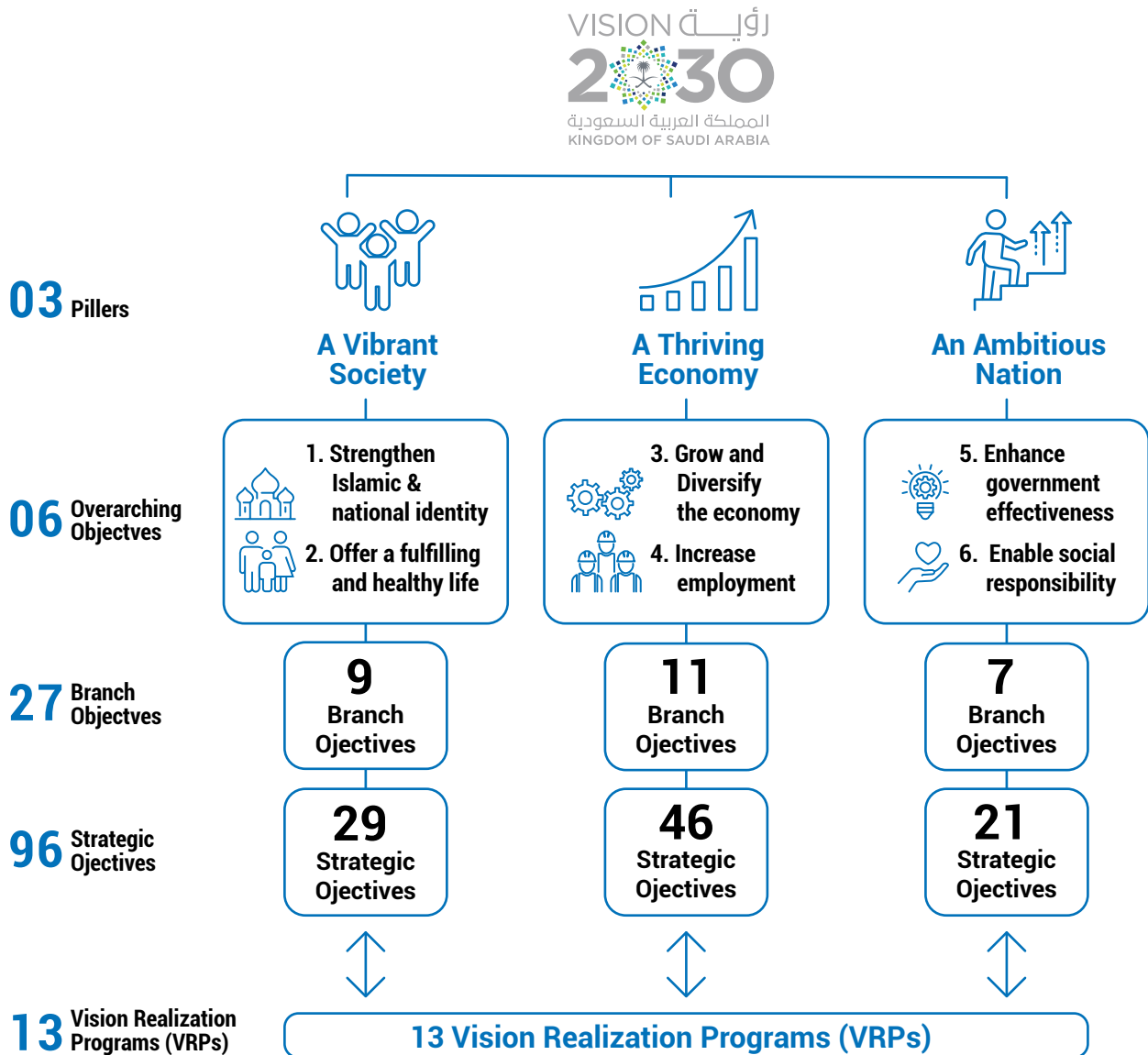
To implement 96 Strategic Objectives of the Vision 2030, Vision Realization Programs (VRPs) are developed to translate various aspects of the objectives into measurable delivery plans. VRPs outline the initiatives that need to be undertaken to accomplish each strategic objective and present 5-year milestones in the form of Key Performance Indicators (KPIs) that should be achieved.^[29] The Council of Economic and Development Affairs (CEDA) developed the following 13 VRPs to achieve the strategic objectives.

1. Quality of Life Program
2. Financial sector development program
3. Housing program

4. Fiscal balance program
5. National Transformation Program
6. Public Investment Fund Program
7. Privatization Program
8. National Companies Promotion Program
9. National Industrial Development and Logistics Program
10. Strategic Partnership Program
11. Hajj and Omrah Program
12. Human capital development Program
13. National Character Enrichment Program

The structure and relations between Vision 2030 pillars, objectives, and VRPs are shown in Figure 1.1.

Figure 1.1: Vision 2030 Pillars, Objectives and VRPs—Structure & Relations



Source: Adapted from GSA (2015b)

1.3.1. Vision 2030 and the Non-profit Sector

The Vision 2030 document provides the backdrop and the role that the non-profit sector can play in promoting vision objectives (see Box 1). Not only is the size and contribution of the non-profit sector small, only 7% of the sector's projects generate long-term social impact. One goal of Vision 2030 is to increase the non-profit sector's contribution to GDP is anticipated to increase from less than 1% to 5%.^[30] The Vision 2030 also envisages increasing the proportion of projects creating social impact to one third (33.3%). This can be done by providing a supportive and cooperative environment and improving the governance standards of non-profit organizations.

Box 1: Vision 2030—A More Impactful Non-profit Sector

"Today, we have fewer than 1,000 non-profit and charitable foundations and associations. They contribute just 0.3 percent of our GDP, much less than the global average of 6 percent. Currently, just 7 percent of projects are focused on generating social impact or are aligned with the long-term national priorities. By 2020, more than one-third of our non-profit organizations' projects should have measurable and deep social impact.

The recently published regulations on non-profit organizations and on the General Authority for Endowments will help the non-profit sector become more institutionalized, formalized, and more efficient. We will accelerate this shift further by supporting projects and programs with high social impact and by facilitating the establishment of non-profit organizations by high-net-worth families, which will promote the rapid growth of the non-profit sector. We will support this growth by creating a supportive and cooperative environment in which the sector's institutions and government agencies can collaborate.

At the same time, we will encourage the non-profit sector to apply proper governance standards, facilitate high-quality training to staff and promote a culture of volunteering and full-time careers in the sector."^[31]

In line with the key role of the non-profit sector identified in Vision 2030, the objectives also recognize the sector's contribution to the Vision goals. Table 2.2 shows that the non-profit sector is identified as a Level 2 Branch Objective (6.3 *Enable larger impact of the non-profit sector*) under the 6th Overarching Objective (*Enable social*

responsibility) of the third pillar of *An Ambitious Nation*. Vision 2030 identifies two Level 3 strategic objectives for the non-profit sector as '6.3.1 *Support growth of non-profit sector*' and '6.3.2 *Empower non-profit organization to create a deeper impact*'.^[32]

The VRP relevant to the non-profit sector is the National Transformation Program (NTP) that focuses on building capacity and capabilities under three broad areas: Achieving governmental operational excellence, improving economic enablers, and enhancing the standards of living. NTP has a total of 37 strategic objectives under its eight themes.^[33] One of the themes of NTP is *Social empowerment and non-profit sector development*, which covers six strategic objectives of Vision 2030, two of which are related to the non-profit sector identified above (i.e., strategic objectives 6.3.1 and 6.3.2).

The above strategic objectives under NTP indicate two key ways in which the non-profit sector can contribute to Vision 2030. First, increase the growth and enlarge the size of the non-profit sector. Second, enhance the social impact of the sector, which can be done by aligning purposes, improving capabilities, and increasing capacities.

1.4. The KSA's commitment to the SDGs

KSA has been involved with the UN 2030 Agenda since its inception by actively participating in the consultations and endorsed and committed to achieving the SDGs when they were launched in 2015. The KSA has continued to be active in various regional and international forums and conferences related to the 2030 Agenda to reiterate its commitment to the SDGs. More recently, in a speech at the closing session of the 14th G20 Summit held in Osaka, Japan in 2019 the Crown Prince Mohammed bin Salman reaffirmed KSA's commitment to the SDGs and stressed that providing adequate funding to implement the SDGs is one of the most important challenges facing the world.

Though the SDGs and targets are global in nature and applicable universally, the 2030 Agenda recognizes that their implementation would need to take account of the national realities, levels of developments, and capacities and respect national priorities and policies.^[34] Each country has its respective challenges, and the government would decide how to incorporate the SDGs in their national strategies, planning processes, and policies related to economic, social, and environmental sectors. In KSA,

a Royal Order mandated the Minister of Economy and Planning (MEP) to take necessary steps to accomplish the goals by aligning the SDGs to the domestic context. MEP is actively involved in facilitating the implementation of the SDGs by 'providing support to government agencies with respect to strategic planning and implementation, as well as in providing data, statistics, and studies to stakeholders, along with harmonization of sectoral and regional plans between the relevant authorities.'^[35] Furthermore, MEP is developing methods and plans to improve productivity and efficiency of the public, private and non-profit sectors to enhance their contributions to the SDGs.

1.4.1. SDG Alignment with Vision 2030

MEP carried out a review to assess the alignment of Vision 2030 and national strategies and programs with the SDGs by using UNDP's Rapid Integrated Assessment (RIA) Tool

and then initiated a process to align the strategies of different sectors with the SDGs.^[36] For example, the Water Strategy and the Environment Strategy issued by the Ministry of Environment, Water, and Agriculture are aligned with the SDGs as they integrate social, economic, and environmental dimensions. Interestingly, a Royal Order was issued to include the SDGs into education curricula, and the Ministry of Education is working on the project in partnership with other public and private stakeholders.^[37]

The implementation of the SDGs in KSA is complementary to the Vision 2030 that was launched the same year. Given the sustainable developmental perspective of Vision 2030, there are significant overlaps between aspects of Vision 2030 and SDGs. This is apparent in Table 1.3 that shows the alignment of the SDG cross-cutting themes with the Vision 2030 Branch Objectives, and Table 1.4 demonstrating an association of social themes of the National Transformation Plan and SDG themes.

Table 1.3: Alignment of SDG Cross-cutting Themes with KSA Vision 2030 Branch Objectives

SDG Cross-cutting Themes	KSA Vision 2030 Branch Objectives
1. Deliver social protection and essential public services	2.1 Improve healthcare service 5.2 Improve performance of government apparatus 6.3 Enable larger impact of non-profit sector
2. End hunger and malnutrition	2.2 Promote a healthy lifestyle 4.2 Ensuring equal access to job opportunities
3. Close the infrastructure gap	2.3 Improve livability in Saudi cities 3.4 Grow the Public Investment Fund's assets and role as growth engine 3.5 Position KSA as global logistic hub 3.6 Further integrate Saudi economy regionally and globally
4. Promote inclusive and sustainable industrialization	3.1 Grow contribution of Private sector to the economy 3.2 Maximize value captured from the energy sector 3.3 Unlock potential of non-oil sectors 3.7 Grow non-oil exports 6.2 Enable social contribution of businesses
5. Generate full and productive employment for all and promote SMEs	4.1 Develop human capital in line with labor market needs 4.3 Enable job creation through SMEs and micro-enterprises
6. Protect ecosystems	2.4 Ensure environmental sustainability
7. Promote peaceful and inclusive societies	1.3 Strengthen the national identity 2.5 Promote culture & entertainment 2.6 Create an empowering environment for Saudis 5.3 Engage effectively with citizens 6.1 Enable citizen responsibility

Source: Adapted by the author from UN (2015a & 2015b) and GSA (2015b).

Table 1.4: Association of SDG Cross-cutting Themes with KSA NTP Themes

NTP Themes	Transform healthcare	Improve Living Standards and Safety	Ensure sustainability	Social empowerment & non-profit sector development	Labor market accessibility & attractiveness	Contribute to enabling private sector	Develop tourism & national heritage sectors
SDGs Themes							
1. Delivering social protection and essential public services	X	X		X			
2. Ending hunger and malnutrition		X		X	X	X	
3. Closing the infrastructure gap	X		X				
4. Promoting inclusive and sustainable industrialization		X	X		X	X	
5. Generating full & productive employment for all and promoting SMEs		X		X	X	X	X
6. Protecting ecosystems		X	X				X
7. Promoting peaceful and inclusive societies	x	X	x	X	x		X

Source: Adapted by the author from UN (2015a & 2015b) and GSA (2018a).

“The implementation of the SDGs in KSA is complementary to the Vision 2030 that was launched the same year. Given the sustainable developmental perspective of Vision 2030, there are significant overlaps between aspects of Vision 2030 and SDGs

1.4.2. SDGs in the KSA: Status and Challenges

The status of the SDGs in the KSA as reported by Sustainable Development Report 2020 is presented in Table 2.5.^[38] The table shows that the KSA faces major challenges in four of the SDGs (SDG2, SDG5, SDG6, and SDG13), significant challenges in 8 of the SDGs (SDG3, SDG8, SDG9, SDG11, SDG12, SDG14, SDG15, and SDG16) and challenges remain in achieving three SDGs (SDG4, SDG7, and SDG17). The SDGs trends in the country indicate that while nine of the SDGs (SDG2, SDG3, SDG6, SDG7, SDG8, SDG9, SDG11, SDG13, and SDG14) are improving moderately, four of the SDGs (SDG4, SDG5, SDG15, and SDG16) remain stagnant. These results imply that the performance of the SDGs in the country needs improvement.

Table 1.5: Status of the SDGs in the KSA: Current Assessments and Trends

SDGs	Current Assessment	SDG Trends
 SDG1 No poverty	Information unavailable	Information unavailable
 SDG2 Zero hunger	Major challenges	Moderately improving
 SDG3 Good health & well-being	Significant challenges	Moderately improving
 SDG4 Quality education	Challenges remain	Stagnating
 SDG5 Gender equality	Major challenges	Stagnating
 SDG6 Clean water & sanitation	Major challenges	Moderately improving
 SDG7 Affordable & clean energy	Challenges remain	Moderately improving
 SDG8 Decent work & economic growth	Significant challenges	Moderately improving
 SDG9 Industry, innovation & infrastructure	Significant challenges	Moderately improving
 SDG10 Reduced inequalities	Information unavailable	Information unavailable
 SDG11 Sustainable cities & communities	Significant challenges	Moderately improving
 SDG12 Responsible consumption & production	Significant challenges	Information unavailable
 SDG13 Climate action	Major challenges	Moderately improving
 SDG14 Life below water	Significant challenges	Moderately improving
 SDG15 Life on land	Significant challenges	Stagnating
 SDG16 Peace, justice and strong institutions	Significant challenges	Stagnating
 SDG17 Partnerships for the goals	Challenges remain	Information unavailable

Source: Sachs et. al. (2020)

The KSA carried out its first Voluntary National Review of (VNR) of the SDGs in 2018 and presented the results at the United Nations High-Level Political Forum on Sustainable Development (HLPF).^[39] The VNR identifies some key challenges that the KSA faces in advancing the SDGs.^[40] First, there is a need to promote the SDGs at the sub-national level by integrating the targets and indicators to local circumstances and public policies. This can be done by building capacity for local government, improving planning, and linking performance to evidence and results. Second, the lack of relevant data on the SDGs makes it difficult to monitor and take necessary remedial actions towards achieving the goals. There is a need to strengthen data collection systems and increase the capacity of statistical bodies to gather and analyze disaggregate data on the SDGs, targets, and indicators.

Third, there is a need to benefit from existing institutional frameworks and have a better understanding of the SDGs by different government officials and bodies to avoid duplicating the efforts of implementing the SDGs. In particular, the Vision 2030 infrastructure can integrate the SDGs into the planning and financing frameworks of different governmental departments. Finally, the comprehensiveness of the SDGs requires that the private and non-profit sectors contribute to the efforts of the government and create synergies in promoting the SDGs. However, coordination of efforts of multiple stakeholders and sectors is not easy and would require resources and efforts to strengthen the understanding and implementation of the SDGs.

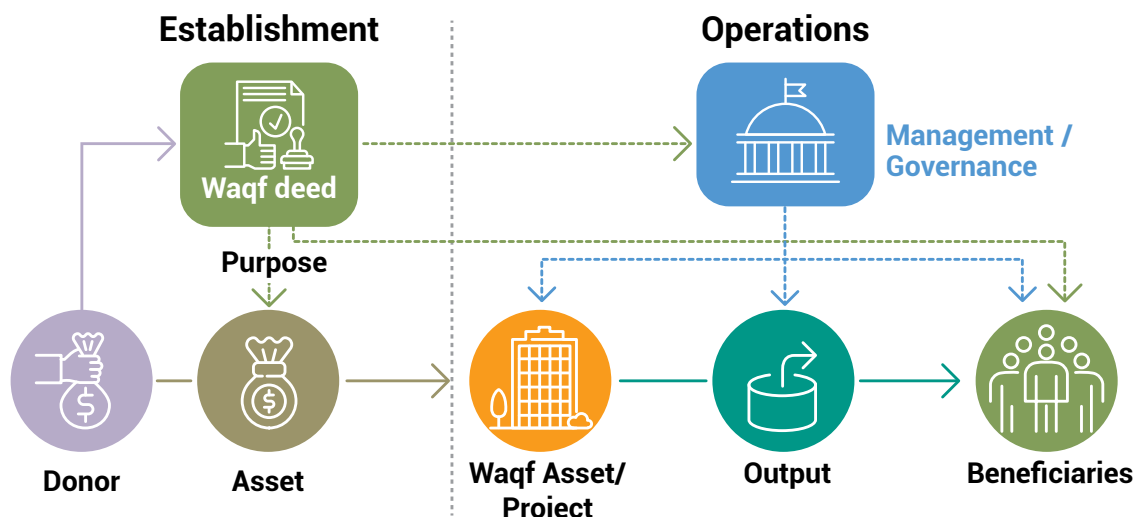
The disruptions caused by COVID 19 and the current economic conditions would add to the challenges in accomplishing the SDGs. For the KSA, the problem has

been exacerbated by the fall in oil price that affects its GDP and has an adverse impact on the government budget. The economy of the KSA grew by 0.3%, and the budget deficit was 4.2% of GDP in 2019.^[41] The COVID 19 pandemic highlights the need to focus on certain sectors such as health and providing safety-nets to the vulnerable sections of the population. Furthermore, low oil prices and budget deficit underscores the need to seek resilient long-term sources of funding. In this regard, the non-profit sector can play an important role in dealing with emergencies and contributing to the SDGs. A key non-profit institution in Muslim societies has been the Waqf sector that has historically played an important role in providing social services and contributing to development.

1.5. Awqaf Features, Historical Development, and Challenges: An Overview

Waqf (pl. *Awqaf*) literally meaning 'stand still, hold still, not to let go' is a voluntary act of charity with some unique characteristics.^[42] *Awqaf* are sustainable endowments that provide benefits to beneficiaries over time. They have deep religious significance since they are linked to the sayings of the Prophet Muhammad (PBUH) that encourage continuous charity (*sadaqah jariyah*).^[43] The Prophet established *Waqf* himself and encouraged others to do the same. A *Waqf* is created by a founding donor (*waqif*) through a *Waqf deed* whereby an asset is donated in dedication for a specific purpose(s). The *Waqf deed* would identify the asset that becomes the corpus of the endowment, who the beneficiaries are, and how it will be managed. The basic structure and features of a *Waqf* are presented in Figure 1.2 below.

Figure 1.2: *Waqf* structure and features



Source: Author's own

“A Waqf is created by a founding donor (waqif) through a Waqf deed whereby an asset is donated in dedication for a specific purpose(s). The Waqf deed would identify the asset that becomes the corpus of the endowment, who the beneficiaries are, and how it will be managed

Various aspects of the key elements of a Waqf are discussed below:^[44]







Donor (waqif): Most of the Waqf were traditionally created by individuals (natural persons) who dedicate some asset as Waqf. AAOIFI (2020: 14) allows for a juristic person or an association of persons (natural or juristic persons) to create Waqf.^[45] Though most of the Waqf were created by individuals, the state also created Waqf type institutions called *irsad* in which asset is set aside by the government to serve specific social needs.^[46]

Deed (Iqrar): The Waqf deed is the founding document that governs different aspects of a Waqf. The sponsor or donor transfers the ownership of the asset to the Waqf and relinquishes its associated rights and benefits through the deed. Since the donor gives up his/her private property, whatever he/she decrees in the deed becomes binding. There is flexibility in the conditions stipulated in the deed, with the only condition from a Shariah perspective being that the objective or purpose of the Waqf should serve goodness (*birr*) and not violate the Shariah principles.^[47] The deed would specify the purpose, beneficiaries, management/governance, and any other issues related to the Waqf. For example, most Waqf are perpetual, and this can be implied in the deed. However, a contemporary resolution by Islamic Fiqh Academy also makes allowance for temporary *Waqf*.^[48] In such cases, the deed should mention the time period for which an asset is used as *Waqf*.

Purpose: The purpose of Waqf can be broadly classified into two categories. First, Waqf can be viewed in terms

of beneficiaries (*mawquf alaihi*) which can be for public (*'amm*) or private (*khass*). While the beneficiaries of a public Waqf are society at large, family members and descendants of the founder benefit from private Waqf.^[49] Second, *Waqf* can serve religious purposes or can be philanthropic. A religious *Waqf* would constitute mosques, seminaries, and cemeteries, and a philanthropic *Waqf* would serve various non-religious social purposes such as providing benefits to people, providing education and health services, caring for animals, etc. Note that a mixed Waqf (*Waqf mushtarak*) can have both private and public objectives of serving partly the family/descendants and partly the public. The types of Waqf accordingly to purpose and beneficiaries are shown in Table 1.6.

Table 1.6: Purpose and Beneficiaries of Waqf

Beneficiaries Purpose	Private	Public
 Religious	 (Private cemeteries)	 Mosques/ seminaries/ cemeteries
 Philanthropic	 Family waqf	 Social waqf

Source: Author's own

Assets (Mawquf): Assets forming the corpus of *Waqf* can come in various forms and are broadly classified as moveable and immovable. The former would take the form of land and real estate, and the latter can constitute various items such as cash, books, horses, etc. Islamic Fiqh Academy permits a new class of contemporary assets such as shares, *sukuk*, utilities, etc., to be the corpus of *Waqf*.^[50]

Operational Formats and Outputs: Outputs of Waqf can be monetary returns, usufruct, or goods and services. Closely linked to the asset type and outputs are the operational formats of *Waqf*. Traditionally *Waqf* were assets based whereby immovable or moveable assets formed the corpus of *Waqf*. An example of the former would be a real estate that generates income that is used on beneficiaries or providing usufructs such as mosques or guest-houses and rest-stops. Examples of moveable assets include books and seeds. One form of contemporary *Waqf* is investment-*Waqf*, in which cash

is converted into a portfolio of financial and non-financial assets. This would be similar to endowments that exist in the West. Another form of Waqf could be a corporate Waqf that will take the form of a social enterprise producing some social good or services, and any surplus generated is distributed for some charitable cause. An example of Waqf-based social enterprise is Hamdard that was established in India in 1906 and currently also operates in Pakistan and Bangladesh, producing natural and herbal medicines. Though Hamdard started by producing, it has expanded to provide other products and services. For example, other than producing medicine, Hamdard Foundation Bangladesh operates three medical colleges and a university.^[51] The types of operational formats and outputs of Waqf are shown in Table 1.7.

Table 1.7: Operational Formats and Outputs of Waqf

Outputs Operational Formats	Monetary Returns	Usufruct	Goods and Services
Assets based Waqf	x	x	
Investment Waqf	x		
Corporate Waqf/	x	x	x
Social enterprises			

Source: Author's own

Waqf Management/Governance: As indicated, the founder of Waqf determines how Waqf can be managed and governed and the details of the processes and succession. Traditionally, Waqf managers referred to by various names such as *mutawalli*, *Nadhir*, *walyy*, *qayyim*, and *wasyy* were individuals, usually family members.^[52] Over the years, the state took over the management of some of the Waqf, particularly in cases where the succession of *Nadhir* was not clear, the Waqf deeds were lost, or the managers misused the assets. Contemporary Awqaf can also be managed professionally by boards of trustees/mutawallies that include independent, qualified and reputable members of the society or managed by juristic person that provides specialized services.^[53]

Legal Organizational Formats: In contemporary states, organizational laws govern the status of organizations, including *Waqf*. The legal, organizational format through which *Waqf* is created depends on the organizational laws that exist in different jurisdictions. In countries that have Waqf laws, Waqf are likely to be established and registered as *Waqf*. Most Muslim countries would fall into this category. However, many countries do not have Waqf

laws implying that Waqf would be created using other organizational formats. For example, the Gambia does not have a specific *Waqf* law, and *Waqf*-type organizations are established as a non-profit company, and the articles of association of the company would incorporate the features of *Waqf*.^[54] National Awqaf Foundation of South Africa (Awqaf SA) is registered as a trust under the Trust Property Control Act 57 of 1988. Similarly, One Endowment Trust (1ET) in the United Kingdom is *Waqf* modeled as an endowment with a two-tier legal structure. While 1ET is registered as a charity with the Charity Commission for England and Wales, a separate non-profit company registered with Financial Conduct Authority (FCA) manages the funds.^[55]

1.5.1. Historical Overview of Waqf: Rise, Decline, and Revival

Awqaf have roots in the emergence of Islam, with the first Waqf created during Prophet's time. Other than the mosques established during his time, social Waqf were also established on the advice of the Prophet (PBUH) by his companions that include the Waqf created by Umar bin Khattab with land in Khaybar and the well of Rumah by Uthman bin Affan.^[56] Since then, various types of Awqaf have been established by successive generations of Muslims and the sector became an integral part of Muslim societies thriving as a sustainable instrument of social welfare and development for the most part of history.

The perpetual nature of Waqf and additions to it by generations made Awqaf a significant sector in many Muslim societies, with Waqf covering a significant part of cultivable land and properties in many countries.^[57] One source puts Awqaf to be '75 percent of arable land in the area of today's Turkey, one-fifth in Egypt, one-seventh in Iran, one-half in Algeria, one-third in Tunisia, and one-third in Greece'.^[58] Records from the beginning of the 20th century indicate that Palestine had 233 Waqf deeds with 890 properties against 92 private ownership deeds containing 108 properties.^[59] The size of Waqf in Tunisia in 1944 was 482,292 hectares of land that could be developed commercially, 57,505 hectares of agricultural land, and other plantations.^[60]

While land and real estate formed the key forms of Waqf, the underlying operational formats vary. For example, under the Ottoman Empire *Waqf* complexes (*kulliye*) were built as a collection of buildings that included mosques, colleges, hospices, hospitals, public food kitchens,



Uthman Bin Affan Waqf Well

and caravanserais.^[61] Other than schools, hospitals, and religious facilities, Awqaf in Tunisia also included residential housings, shops, coffee shops, hotels and motels, spas, and bakeries.^[62] Similarly, Awqaf in Bosnia & Herzegovina came in the form of shops, storerooms, houses, and apartments to rent, gardens and orchards, fields, meadows and pastures, and forests.^[63]

Given the large size of Awqaf, the sector historically has played important social and developmental roles in Muslim societies providing various services, including many of the public services that contemporary states provide. Other than supporting the poor, the services that Awqaf institutions offered included education, health, public utilities, supporting research, supplying water,

animal welfare, etc.^[64] For example, the purposes of Awqaf created in Bosnia & Herzegovina included education and development; helping the poor, orphans, students, travelers, debtors, prisoners, the sick and care for abandoned and sick animals; public utilities and services such as water supply, roads, bridges, clock towers, fountains, wells, public bathrooms, library, water supply, fountains, bridges, caravanserais, public kitchens, etc.^[65]

1.5.1.1. Decline

The Awqaf sector started to decline in many parts of the Muslim world in the 19th century, initially due to colonization and later due to political developments. The colonial powers confiscated Waqf lands and undermined the Waqf system.^[66] For example, in Algeria, the decree of 'Debarmont' in 1830 under the French colonial rule resulted in the seizure of all Waqf assets by the state, which took over the right and authority to manage, dispose and distribute the returns to beneficiaries.^[67] While the Awqaf sector played an important role in providing some of the essential social services to the Muslim communities of the Russian empire, they ceased existing after the 1917 revolution as all properties of religious communities were nationalized.^[68] Similarly, Bosnia and Herzegovina had a rich history of Waqf before it became a part of the socialist state of Yugoslavia when a large number of Awqaf were usurped by the state. As a result, an estimated 11,324

number of Waqf were seized and 30.342 million square meters of land appropriated. Furthermore, many Waqf were inflicted with material damage that resulted in a loss of value of Euro 372 million.^[69] Macedonia, which was also a part of Yugoslavia, lost 7.006 million square meters of Waqf land under socialist rule.^[70]

The status of Waqf started to decline in other parts of the Muslim world as the governments started to interfere in the sector.^[71] The Ottoman Empire established the Ministry of Foundations (Awqaf) in the 19th century to collect income and protect Awqaf.^[72] However, the Ministry's role started to expand over time with it owning the properties and revenue generated from Waqf.^[73] After decolonization in the 20th century, many states such as Algeria, Egypt, and Syria followed suit and took over Waqf properties, and ministries of Awqaf were established to oversee the sector.^[74] The Waqf system was abolished in Tunisia in 1956 after it got independence and the endowments were attached to the state.^[75] Governmental bodies, however, failed to manage Waqf, and the neglect led to their impoverishment. Awqaf as a part of the public sector stagnated in most countries due to lack of accountability, motivation to improve efficiency and performance, political interference, and corruption.^[76]

Information on the current status of the Waqf sector in different countries is scattered, partial, or absent. While some countries report the number of Waqf's registered with the relevant Awqaf body, others provide information on the land and other assets. Table 1.8 shows the information on the Waqf sector for a sample of countries. It should be noted that the information on Waqf is not complete since the figures may only reflect the ones registered with the public Waqf body.

I.5.1.2. Revival

There have been attempts to revive the Awqaf sector in different countries during contemporary times. The developments can be discussed under two broad categories: First, the introduction of appropriate laws, Shariah rulings, and standards to provide an enabling environment and standards for the development of Waqf. Second, steps were taken to increase the impact of the Awqaf sector by enlarging its size and enhancing the efficiency, effectiveness, and productive capacity of Waqf. Issues under these two categories are discussed below.

Legal, Regulatory, and Shariah Framework

There have been developments in the legal, regulatory, and Shariah-related issues that provide an improved framework for advancing the Waqf sector. At the national level, some countries have introduced changes in the laws related to Waqf to provide an enabling environment for the Awqaf sector. For example, Morocco issued the Awqaf Code in 2010 (that was further amended in 2019) to modernize and strengthen the sector and increase its economic and social functions.^[77] The code calls for the Ministry of Awqaf to develop an Awqaf strategy in line with the Moroccan Vision of 2030 to enhance preservation, governance, respecting conditions of waqif, achieve the Waqf objectives and improve the Waqf culture.^[78] The code attempts to deal with specific issues that can increase the productive capacity and impact. For instance, Article 80 of the code stipulates that the leasing value of Awqaf properties cannot be less than the market value.^[79]

At the international level, some jurisprudential and standard-setting bodies have provided useful frameworks that can promote the Awqaf sector. The Islamic Fiqh

Table 1.8: Waqf Size in Selected Countries

Country (year)	No. of Awqaf	Land/ Value	Other Assets	Revenue Estimates
Bangladesh (unspecified) ^a	150,593			
Bosnia & Herzegovina (unspecified) ^b	13,056			
India (unspecified) ^a	490,000	600,000 acres/ \$24 bn.		
Indonesia ^a		-/\$60 bn.		
Libya (unspecified) ^c	11,000			
Morocco (2017) ^c		85,000 hectares	57,028 units urban properties	\$8.8 + \$36.4 mn.

Sources: a-IRTI & TR (2014); b-IRTI (2017); c-IRTI (2020).

Academy has issued rulings on Waqf that considers the contemporary realities and introduced certain flexibilities that make the establishment of Waqf easier. As mentioned above, in a resolution in 2009, Islamic *Fiqh* Academy allowed temporary Waqf and included a new class of contemporary assets such as shares, *sukuk*, utilities, etc., that can be a corpus of *Waqf*.^[80] The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), a standards-setting body for Islamic finance, has issued Shariah standards on Waqf, Waqf governance, and financial reporting. Furthermore, Islamic Research and Training Institute (IRTI), Indonesian Waqf Board (BWI), and Bank Indonesia (BI) published the *Core Principles for Effective Waqf Operation and Supervision* in 2018, providing guidelines on Waqf management, the regulatory framework for Waqf management, institutional foundations, manager's qualifications and supporting infrastructure.^[81]

Increasing the Growth and Impact of Waqf

Various attempts have been made to revive *Awqaf* at different levels. First, in some countries, the governance and management of Waqf at the state level has been reorganized and strengthened. Recognizing that the government ministries may not have the appropriate skills to manage Waqf efficiently and effectively, some countries have taken initiatives to improve the governance and management of *Awqaf* by establishing independent bodies that can provide a professional overview of the sector. For example, Sudan created *Awqaf Corporation* in 1986 as an autonomous body with executive authority to create new Waqf and manage and oversee the Waqf assets under its preview. Similarly, Kuwait established the autonomous General Secretariat of *Awqaf* in 1993 to develop the existing Waqf through investments and create new Waqf-based investment funds.^[82]

Second, attempts have been made to increase the productive capacities of existing Waqf by investing in them using various Islamic finance instruments. Islamic Development Bank took a pioneering role in facilitating the development of Waqf properties by initiating the *Awqaf Properties Investment Fund (APIF)* in 2001. A PIF invests in underdeveloped Waqf properties commercially to transform them into productive income-generating assets. Similarly, *Majlis Ugama Islam Singapore (MUIS)* issued *sukuk* to raise funds for the development of Waqf properties.^[83] More recently, a crowd-funding platform, *myWakaf* was launched by six Islamic banks in Malaysia

to raise funds from the public to rehabilitate existing Waqf assets and create new ones.^[84]

Finally, new initiatives have been taken by both the government and private sectors to establish new forms of Waqf. An example of a new state-level initiative is the cash *Waqf* established by the State Zakah and Endowment Board of the Zamfara state in Nigeria. The response to the initiative has been positive, and the Waqf collected funds from various sources, including individuals, the private sector, and other organizations. The collections increased from NGN 2.1million in 2003 to NGN 400 million in 2013, and the Waqf assets include 46 land plots, 40 shops, 304 farmlands, and 16 schools. The proceeds of the Waqf have been spent on orphans, cash transfers to the poor, providing food, medical assistance, education, training, and building and farming assistance.^[85]

An example in the private sector includes the National *Awqaf Foundation of South Africa (Awqaf SA)*, created in 2000 as a community-based Waqf in South Africa. The donors can contribute to the Waqf for specific heads such as education, health, youth, mosques and religious schools, Quran printing and distribution, microfinance/ investment trade and skills, media and publications, arts culture and heritage, food tree and water, etc. Cumulative collections of *Awqaf SA* increased from ZAR1.596 million in 2006 to ZAR19.029 million in 2015, with revenues increasing from ZAR 37,300 to ZAR 1.14 million during corresponding years.^[86]

“Recognizing that the government ministries may not have the appropriate skills to manage waqf efficiently and effectively, some countries have taken initiatives to improve the governance and management of awqaf by establishing independent bodies that can provide a professional overview of the sector

1.5.2. Challenges facing Waqf

The challenges facing the Waqf sector are discussed below:

1.5.2.1. Legal & Regulatory Framework

Many countries lack an enabling legal, regulatory framework to support the development of Waqf. While in some jurisdictions, Waqf law does not exist, in other countries, the Waqf laws are inefficient and not updated to accommodate contemporary developments and realities. In countries where Waqf law does not exist, Waqf-type institutions are established by using existing legal, organizational formats such as a non-profit company or a trust. While this may be acceptable, in certain cases, it may be difficult to incorporate certain features of Waqf. For example, a feature of Waqf is perpetuity, and laws of non-profit organizations in certain countries do accommodate this feature. This is apparent in the law on Waqf adopted by the State Council of the Republic of Tatarstan in 1999, which was rejected by the General Prosecutor of the Russian Federation in 2008 on contradicting the federal laws that do not allow perpetual endowments.^[87] Thus, there is a need to legitimize Waqf in the legal systems by specifying the features of Waqf for its preservation and development.^[88]

In some countries in which Waqf law exists, it may be outdated or is inefficient. Waqf law has fallen behind other organizational formats such as trust and non-profit organizational laws, as the former have some of the rigid clauses that put constraints on its management and development.^[89] Waqf laws need to be updated by incorporating some of the contemporary management and governance standards and adding broader and flexible Shariah perspectives. For example, most of the Waqf laws implicitly recognize immovable assets as a corpus of Waqf. However, new Shariah perspectives such as resolutions of Islamic Fiqh Academy allows new types of contemporary assets such as shares, sukuk, etc., and also temporary Waqf can be introduced in the laws. Furthermore, Waqf laws are inefficient in some countries as it puts extra burden in terms of financial and non-financial costs compared to other legal formats. For example, in Bangladesh, a Waqf has to pay 5% of its annual income to the National Waqf Board, and the Board has the right to interfere in the management of the endowment. This is not the case with a trust that does not pay anything to the Waqf Board, and the trustees manage the trust without interference.^[90]

1.5.2.2. Underdeveloped Waqf Assets and Low Returns

Awqaf in most of the countries remain underdeveloped due to long periods of neglect and lack of investments. The result is that most existing Waqf assets generate very low returns compared to the potentials. For example, 4,621 real estate Waqf in Algeria needs urgent development, and Awqaf assets in Libya earn low levels of revenue since the returns are below the market rates.^[91] Similarly, Waqf properties in Delhi, India, generate an estimated return of only 2.7%. Given the prime locations of the Waqf properties, the potential annual return of these assets could be at least 10%.^[92]

1.5.2.3. Management and Governance

One of the key reasons for the stagnancy of Waqf is mismanagement by both private mutawallis and government agencies due to a lack of management knowledge and skills. While the mutawallis are chosen from family members who may not have management skills, there is a lack of confidence in the public management of Waqf in many countries, such as Mauritania.^[93] For example, the General Authority for Awqāf and Islamic Affairs (GAAIA) in Libya is responsible for supervising and managing all Waqf assets. However, there is a shortage of expertise and a lack of professional experience among the staff of GAAIA to manage the Waqf assets.^[94] The mismanagement has resulted in the loss of some Waqf properties and deterioration of other assets making the Waqf sector unproductive. Thus, there is a need to introduce modern management techniques that can enhance the efficiency and effectiveness of Awqaf. This may require introducing capacity-building programs and courses on Waqf management and governance.

1.5.2.4. Awareness and Knowledge of Waqf

A key issue at the community level is the lack of awareness of Waqf that can be a constraint to the creation of new Waqf. In studies carried out on Waqf for Libya, Morocco, and Tunisia, IRTI finds a lack of awareness of the Waqf concept in these countries as a limiting factor for the development of *Waqf*.^[95] Most of the people are not aware of the religious significance of giving for Waqf and think it to be for religious purposes such as mosques and cemeteries only. This may be partly because the social role of Waqf has been minimized and also because the Waqf is managed by the state, not individuals. Expanding Waqf during contemporary times would require increasing awareness of the concept of Waqf in general and its role in social purposes in particular and instituting innovative ways in which people can contribute to Waqf.

1.6. Unique Contributions of the Study

The key contribution of this study would be to revive the role of Waqf as a sustainable source of financing that positively contributes to the SDGs in Muslim societies in general and Vision 2030 in the KSA in particular. This can be done by transforming the sector from a relatively dormant state to a thriving institution that can contribute to societal and economic development as it did in the past. The specific areas of contribution of this study are listed below:

1. Re-examine the role of Waqf as a source of sustainable long-term finance during contemporary times by realigning the purposes of Waqf to the SDGs.
2. Provide a framework to realize Vision 2030's goal of increasing the non-profit sector's contribution to GDP from less than 1% to 5% of GDP by expanding the role of the Awqaf sector.
3. Present data/information on Awqaf in the KSA to assess the sector's contribution to the SDGs and Vision 2030. This will help mitigate a weakness identified in the KSA SDG Review 2018 related to Data Availability and Statistical Capacity.
4. Suggest recommendations to enhance & strengthen the Waqf sector and to increase its impact. The recommendations will fall under the following categories:
 - a. Identify the enabling legal and regulatory framework for the development of the Waqf sector.
 - b. Highlight the best practices of governance and management of Waqf in line with international standards to enhance organizational efficiency and effectiveness.
 - c. Identify ways to increase the impact of the Waqf sector by aligning the projects of Waqf with different international standards, guidelines, and best practices.
 - d. Suggest ways to develop existing Waqf and build their productive capacity through investments from the Islamic financial sector.
 - e. Identify innovative models of new Waqf that uses technology to increase both contributions of funds and promote outreach to beneficiaries.
 - f. Suggest ways to increase the knowledge and skills of professionals working in the sector.
5. Derive lessons learned from the study on the KSA on the development of the Awqaf sector in order to apply these to other UN & ICD member countries.

1.7. The Sponsors' commitment to the SDGs

The commitments of the UN and ICD to the SDGs are reflected in their strategies and activities taken to promote sustainable development, as discussed below.

1.7.1. United Nations

The UN initiated the SDGs in 2015 and has been driving the Agenda 2030 since its launch and taken various steps towards its successful implementation. Before launching the SDGs, the UN organized the *Third International Conference for Development* held in Addis Ababa in July 2015 to discuss the issues related to the implementation of the SDGs. The 2030 Agenda document highlights High-Level Political Forum (HLPF) held under the auspices of the General Assembly and the Economic and Social Council to have the central role in overseeing the follow-up and review of the SDGs at the global level.^[96] Held annually, the eight days Forum meets under the auspices of the Economic and Social Council of the UN that includes a three-day ministerial segment. Every four years, HLPF includes two days session at the level of Heads of State and Government under the auspices of the General Assembly.^[97] The HLPF facilitates 'sharing of experiences, and provide political leadership, guidance and recommendations for follow-up' and 'promote system-wide coherence and coordination of sustainable development policies.'^[98]

The UN has taken several initiatives to implement and better coordinate the implementation of the SDGs. As indicated above, the Secretary-General of the UN released *Strategy for Financing the 2030 Agenda for Sustainable Development* in 2018 that provides a three-year roadmap to support the 2030 Agenda by addressing the barriers and increasing the scale of investments by aligning the global, regional, and national financial systems and strategies. Similarly, the UN launched the *Decade of Action* in September 2019 to facilitate progress and accelerate sustainable solutions to achieve the SDGs.

Furthermore, the General Assembly decided to transform the UN development system into a more integrated, efficient, and effective system to better support and respond to the 2030 Agenda for Sustainable Development in 2018.^[99] This was carried out by launching an independent and empowered Resident Coordinators (RC) system in January 2019, constituting a stand-

alone Development Coordination Office along with five regional offices and 162 country/territory level Resident Coordinators who contribute to the national level efforts to achieve the SDGs (UN 2020b). The goal of the new system is to support development activities in countries through 'increased investments in collective knowledge platforms; improved quality control for inter-agency analytical, planning and reporting products; more effective joint communications and advocacy; and increased transparency of development activities.'^[100]

1.7.2 ICD/IsDB

Islamic Development Bank (IsDB) and its affiliated institutions, including ICD, recognize that the aspirations of the SDGs for human dignity and 'to leave no one behind' are compatible with the principles and objectives of development from an Islamic perspective (maqasid al-Sharia). As such, the IsDB Group is fully committed to the SDGs and supports the transformative agenda in the member countries according to their needs and priorities.^[101] IsDB's commitment to the SDGs are reflected in several initiatives taken to help member countries realize the SDGs. IsDB adopted a 10-year Strategy that identified high-level goals and strategic objectives that were aligned with fulfilling 13 of the 17 SDGs.^[102] Subsequently, the President's Five-Year Program was launched in 2017 to accelerate the implementation of 10 Year Strategy and support the member counties in achieving the SDGs by 2030.^[103]

In line with SDG 17, IsDB takes a collaborative approach to promote the SDGs by partnering with bilateral and multilateral development financial institutions, the private sector, and civil society. In this regard, IsDB has highlighted triangular cooperation that integrates diverse efforts and actions of different stakeholders to contribute to achieving the SDGs.^[104] An example of the new collaborative approach is the *Lives and Livelihoods Fund* (LLF), launched in 2016 in which IsDB partnered with the KSA, Qatar, the United Arab Emirates, the Islamic Solidarity Fund for Development, and the Bill & Melinda Gates Foundation. LLF plans to create a US\$ 2.5 billion fund to provide concessional financing to low-income IsDB member countries for essential projects in the health, agricultural and infrastructure sectors.^[105] The LLF is expected to contribute to the SDGs 1,2,3,5,6, 8,9,11,13, and 17.^[106]

Recognizing the huge financing requirements to implement the SDGs that exceed the capacity of any single institution or state, IsDB initiated a new business model in 2019 outlining a dynamic and transformative framework to achieve the challenging goals of sustainable development in member countries.^[107] It also established a dedicated 'Community of Practice' to 'to raise awareness and develop core expertise, generate knowledge and provide an intellectual environment to discuss innovative solutions for member countries to achieve the SDGs'.^[108] Among others, IsDB publishes a quarterly newsletter *SDGs Digest* to keep the IsDB Group members informed of the efforts and developments related to the SDGs.

ICD, an affiliated development financing institution of IsDB for the private sector, shares similar commitments towards the SDGs. With its increased focus on sustainability over the years, ICD's activities are aligned with the objectives of the Paris Agreement and 2030 Agenda.^[109] ICD's commitments to the SDGs are echoed in 'implementing and incorporating long-term strategies and operations that empowers the private sector of the member countries to create scalable impact and drive prosperity.'^[110] Using its theory of change of 'Invest, Engage, and Impact', ICD aims to enhance development effectiveness by focusing on 10 of the SDGs. Specifically, under 'invest' ICD directly and indirectly targets SDGs 7, 8, and 9 by investing in the real economy, under 'engage' ICD improves enabling environment and facilitates interaction among key stakeholders, thereby affecting SDGs 13 and 17 and under 'impact' SDGs 1,2,3,4, and 5 are indirectly impacted by ICD's investments and engagement.^[111]

To ensure the impact of its financing on the SDGs, ICD introduced a scoring system to rank projects according to their contribution to the SDGs in 2018. Other than identifying the alignment of project outcomes at the approval stage, ICD developed an in-house SDG development impact metric system that can track the annual progress of the actual outcomes relative to the agreed-upon objectives during the project's approval.^[112] Furthermore, a new technical assistance program was initiated to assist clients in adopting SDG-related actions.^[113] Technical assistance has been used to support financial institutions in member countries to implement their own Development Impact Monitoring Systems (DIMS).^[114]

Appendix A1: Vision 2030: Pillars, Themes, Elements, and Sample Goals

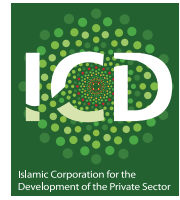
Pillars	Themes	Elements	Sample Goals
A Vibrant Society	...with Strong Roots	Living by Islamic Values Focusing Our Efforts To Serve Umrah Visitors Taking Pride In Our National Identity	To increase our capacity to welcome Umrah visitors from 8 million to 30 million every year To more than double the number of Saudi heritage sites registered with UNESCO
	...with Fulfilling Lives	Promoting Culture and Entertainment Living Healthy, Being Healthy Developing Our Cities Achieving Environmental Sustainability	To have three Saudi cities be recognized in the top-ranked 100 cities in the world To increase household spending on cultural and entertainment activities inside the Kingdom from the current level of %2.9 to %6 To increase the ratio of individuals exercising at least once a week from %13 of the population to %40
	...with Strong Foundations	Caring For Our Families Developing Our Children's Character Empowering Our Society Caring For Our Health	To raise our position from 26 to 10 in the Social Capital index To increase the average life expectancy from 74 years to 80 years
A Thriving Economy	..Rewarding Opportunities	Learning For Working Boosting Our Small Businesses And Productive Families Providing Equal Opportunities Attracting The Talents We Need	To lower the rate of unemployment from %11.6 to %7 To increase SME contribution to GDP from %20 to %35 To increase women's participation in the workforce from %22 to %30
	..Investing for the Long-term	Maximizing Our Investment Capabilities Launching Our Promising Sectors Privatizing Our Government Services	To move from our current position as the 19th largest economy in the world into the top 15 To increase the localization of oil and gas sectors from %40 to %75 To increase the Public Investment Fund's assets, from SAR 600 billion to over 7 trillion
	..Open for Business	Improving The Business Environment Rehabilitating Economic Cities Establishing Special Zones Increasing The Competitiveness Of Our Energy Sector	To rise from our current position of 25 to the top 10 countries on the Global Competitiveness Index To increase foreign direct investment from %3.8 to the international level of %5.7 of GDP To increase the private sector's contribution from %40 to %65 of GDP
	..Leveraging its Unique Position	Building A Unique Regional Logistical Hub Integrating Regionally And Internationally Supporting Our National Companies	To raise our global ranking in the Logistics Performance Index from 49 to 25 and ensure the Kingdom is a regional leader To raise the share of non-oil exports in non-oil GDP from %16 to %50
An Ambitious nation	..Effectively Governed	Embracing Transparency Protecting our Vital Resources Engaging Everyone Committing to Efficient Spending and Balanced Finances Organizing Ourselves with Agility	To increase non-oil government revenue from SAR 163 billion to SAR 1 Trillion To raise our ranking in the Government Effectiveness Index from 80 to 20 To raise our ranking on the E-Government Survey Index from our current position of 36 to be among the top five nations
	..Responsibly Enabled	Being Responsible For Our Lives Being Responsible In Business Being Responsible To Society	To increase household savings from %6 to %10 of total household income. To raise the non-profit sector's contribution to GDP from less than %1 to %5. To rally one million volunteers per year (compared to 11,000 now)

ENDNOTES

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- [3] UN (2015a), *Transforming our world: the 2030 Agenda for Sustainable Development*, United Nations, <https://sustainabledevelopment.un.org/post2015/transformingourworld>
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02

Gauging the Opportunity

In the previous chapter, we discussed conceptually how Awqaf could be used as an important source of sustainable financing for development goals. This chapter comes to provide tangible examples through estimating the contribution that Awqaf in the KSA can make in financing Vision2030 and the SDGs. The chapter begins with discussing the Awqaf context in the KSA, estimating the overall size of the Awqaf sector in the KSA, appraising the size of the Awqaf sector that are eligible for SDG and Vision 2030 alignment, mapping the gaps in alignment, and concludes with a «headline number» estimating the total contribution for the Vision 2030 and SDG.

KSA represents a good research environment to start exploring how Awqaf add value to development goals for two reasons. First, philanthropic giving in the KSA is relatively high¹ despite the absence of tax incentives. This helps researchers examine the opportunity of communal, more sustainable resources while controlling for regulatory factors that often exist in countries with more advanced tax systems. Also, the diversity in Saudi Awqaf regarding fields of work and impact approaches—a product of recent developments in the sector—makes it more viable to empirically compare between different Awqaf purposes and practices in relation to development goals.

2.1 Context of Awqaf in the KSA

Awqaf in the KSA support different forms of entities and operate in a variety of fields. They are used to provide funding for different forms of formal and informal entities, including philanthropic offices, charitable societies and foundations, professional associations, universities, colleges, research centers, hospitals, medical centers, family funds, and mosques. Such entities show flexibility in the what, where who, and how of Awqaf-based activities. They are actively working in nearly every issue area, from the provision of basic needs to the promotion of public health. The purpose of this section is to present an overview of Awqaf's auspicing entities, laws and regulations, and scope of work in the KSA.

2.1.1 Auspicing Entities

Awqaf in the KSA are governed, financed, organized, and managed by a number of governmental and non-governmental bodies, and a variety of institutions benefit from it. They include businessmen offices, family companies, charitable offices, civil societies, civil foundations, and public entities with partial or complete financial and administrative independence such as universities, specialized medical centers, and research institutes. They either manage the Awqaf themselves or

contract out with an investment company to manage the Awqaf assets.

There are four main government agencies concerned with Awqaf: the Ministry of Justice, the General Authority for Awqaf (GAA), the Ministry of Human Resources and Social Development, and the Chambers of Commerce and Industry. The Ministry of Justice provides, organizes, and develops judicial and notarial services for Awqaf including, proof of Waqf, proof of principle "*nadhir*" residency, permission to purchase Waqf assets, permission to sell Waqf assets, and permission to mortgage Waqf assets².

The GAA was established in 2016 with the mission of organizing, maintaining, and developing the Awqaf in a manner that achieves the requirements of the Waqf and enhances its role in economic and social development and social solidarity, in accordance with the purposes of Islamic Sharia and regulations. It was assigned to supervise all public, private (civil), and mixed Awqaf, as well as to supervise the work of the Waqf principals "*nadhir*"³.

As part of its development efforts, GAA undertook a number of initiatives related to enhancing the impact of Awqaf. They include developing the regulatory and governance frameworks for Awqaf such as Awqaf investment funds licensing instructions, facilitate the financing of Awqaf through online platforms, developing the knowledge-base for Awqaf in the Kingdom through its Awqaf Properties Inventory Project and the National Center for Awqaf Studies and Research, and directing Awqaf expenses toward development fields through its partnerships with development fields-related ministries⁴.

The Ministry of Human Resources and Social Development works to oversee, support, and encourage the establishment of civil societies, civil foundations, and cooperative societies in the KSA. It supervises their activities, implements all regulations and instructions



“GAA undertook a number of initiatives related to enhancing the impact of Awqaf. They include developing the regulatory and governance frameworks for Awqaf such as Awqaf investment funds licensing instructions, facilitate the financing of Awqaf through online platforms, developing the knowledge-base for Awqaf in the Kingdom through its Awqaf Properties Inventory Project and the National Center for Awqaf Studies and Research, and directing Awqaf expenses toward development fields through its partnerships with development fields-related ministries

for their registration, and supports them financially and technically. Some of these societies and foundations have and manage Awqaf to fund their mission and activities.⁵ The Chambers of Commerce and Industry have been interested in establishing specialized committees for Awqaf to discuss their issues, encourage their professional development, and coordinate efforts of Awqaf-related agencies.⁵

2.1.2 Laws and Regulations

The letter issued by King Abdulaziz in 1939 to courts is considered the beginning of Awqaf state regulation efforts, stating, “As for the lawsuits, they are divided into sections, either torrents, Awqaf, buying and selling real estate ...”⁷ Its purpose was to manage the disputes and discounts of Awqaf and to work on organizing and arranging them. Then in 1966, the regulation of the Supreme Council of Awqaf was issued, and it was headed at that time by the Minister of Hajj and Awqaf, which was then renamed to Saudi Ministry of Islamic Affairs, Awaf, Dawah, and Guidance⁸.

In 2016, the Council of Ministers approved the establishment of the GAA as an independent body with a legal character and specific functions, withdrawing Awqaf’s responsibilities from the Saudi Ministry of Islamic

Affairs, Dawah and Guidance. According to the Authority regulation, an annual budget from the government budget is to be lent to the Authority for a period of five years to ensure its financial independence by 2020. The Authority consists of a Board of Directors representing related government ministries, non-profit organizations, business people interested in Awqaf, and social and economics experts⁹.

According to the GAA, to register a Waqf in the KSA, the online registration system request personal information of the requester as well as Waqf information (Title number, Title place of issue, Waqf date, Waqf location, Waqf name, Waqf beneficiary, Waqf type, and Waqf activities). If approved, the requester will receive a Waqf Certificate No¹⁰. Similarly, to obtain the approval of the Authority on establishing a Waqf investment fund, the online registration system requires having a Commercial Registration Number, Capital Market Authority License, beneficiary representative, Waqf type of activities, and overview of beneficiary¹¹.

2.1.3 Waqf Categories

There are several *Awqaf* categorizations used in the KSA. The first categorization is mentioned in the GAA Regulation⁷ and is based on *Waqf* purpose. It distinguishes between public (*'amm*), private (*khass/ahli*), and mixed *Waqf* (*mushtarak*). The public Waqf is the Waqf that is established for societal purposes, specified precisely or in the general description. The private Waqf, on the other hand, is the Waqf that is established for certain family members and descendants. The mixed Waqf can have both private and public objectives of serving partly the family/descendants and partly the public.

With regards to management, there are Awqaf that are managed by the state and are commonly called public Awqaf, and there are private Awqaf managed by a principle "*nadhir*" or a board of trustees "*majlis al-nadharah*"¹². The government takes over the management of a Waqf in cases it was handed over by representatives, the succession of *nadhir* was not clear, the Waqf documents were lost, or the managers misused the assets.

There is also a second-level of Awqaf categorization under development and review at the GAA Regulation¹³. It distinguishes between Awqaf based on 1) size: small, medium, and large Awqaf; 2) field of work: education, health, humanitarian services, religion, etc.; 3) Organizational format: charitable, public, or commercial; and 4) Type of board of trustees. What is common among Awqaf is that they take the foundations of Islamic Waqf as a source of legislation to provide the required sources of income, develop projects, and achieve sustainability and public benefit through the works they provide.

2.1.4 Awqaf Fields of Work

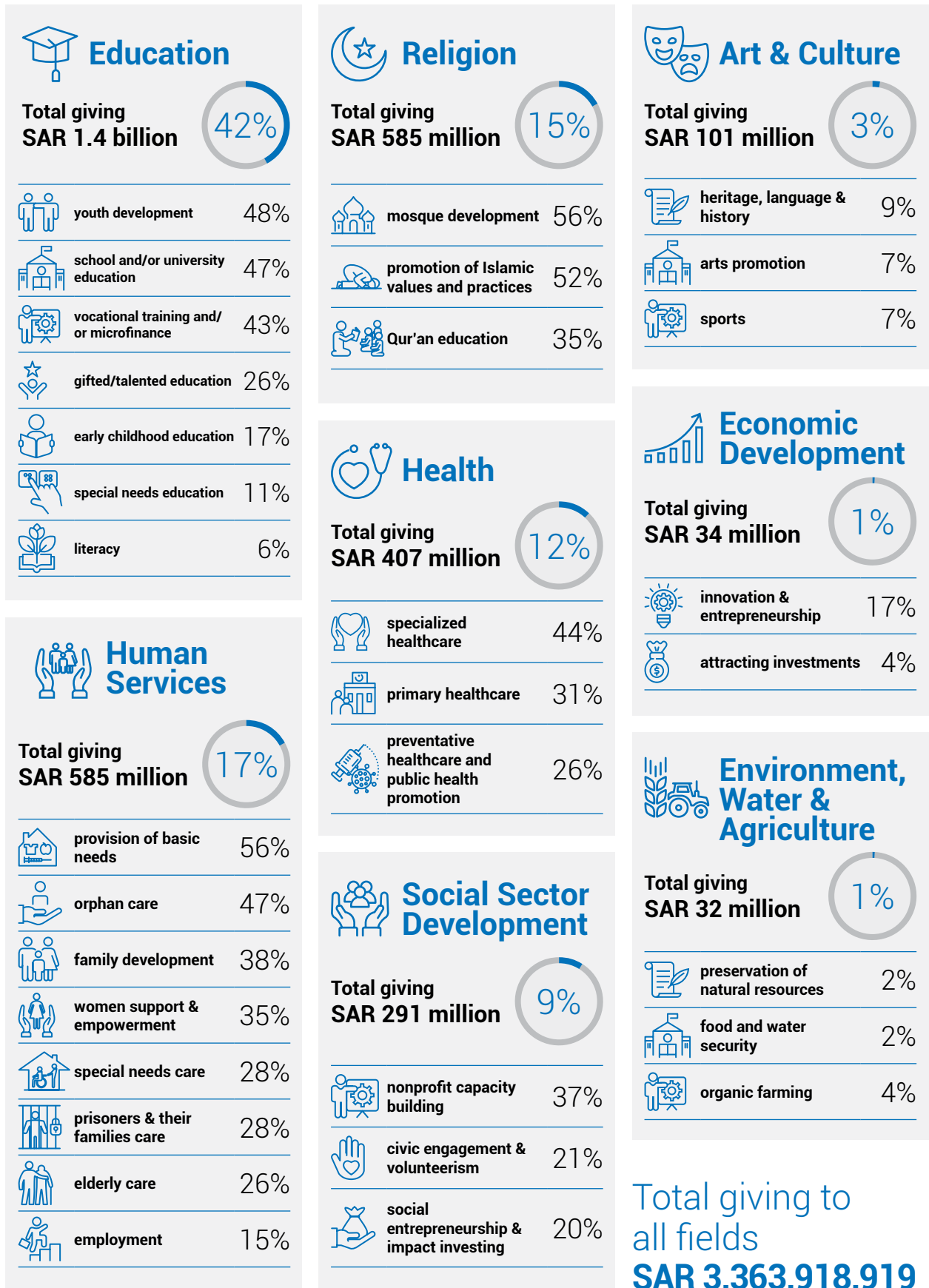
While there is no comprehensive data on Awqaf fields of work in the KSA, there are several sample-based estimations. The GAA has statistics on the fields of expenditure for public Awqaf managed by the Authority. According to the Authority statistics, 53% of public Awqaf expenditure in 2020 was for "serving holy mosques guests" field, 26% was for "mosques," 9% was for "Covid-19," 5% was for "education," 4% was for "charitable purposes," 2% was for "fragile groups," 2% was for "housing," and 1% was for "water and agriculture."¹⁴

In private Awqaf fields of work, a study was conducted in 2017 on a sample of Awqaf in the KSA consisting of 1040 Waqf deeds distributed across Riyadh, Madinah, and Dammam courts. It reported areas of Awqaf expenditure including "social fields, Dawah and mosques, relief, education, health, media, and others" without, however, specifying the amount for each field¹⁵. Another in-depth study on 12 diverse Awqaf institutions in the KSA found that 60% of the studied Awqaf expenditure is spent on charitable activities, 20% on investment, 10% on operations and maintenance, and 10% on family heirs¹⁶.

A recent study on Saudi charitable foundations, one form of Awqaf-based institutions in the KSA, reported fields of work as well as the total size of expenditure for each field. The study reveals the expanding role of Awqaf in various sectors. Of the foundations' 2018 total expenditures (SAR 3.4 billion), 42% was allocated to education sub-fields, 17% of the expenditures was allocated to human services sub-field, 15% of the expenditures was allocated to religion sub-fields, 12% of the expenditures was allocated to health sub-fields, 9% of the expenditures was allocated to social sector development sub-fields, and 5% was given to arts and culture, economic development, environment, water, and food security causes¹⁷. Table 1 demonstrates foundations' area of work as fields and sub-fields.

“ According to the Authority statistics, 53% of public Awqaf expenditure in 2020 was for “serving holy mosques guests” field, 26% was for “mosques,” 9% was for “Covid-19,” 5% was for “education,” 4% was for “charitable purposes,” 2% was for “fragile groups,” 2% was for “housing,” and 1% was for “water and agriculture”

Table 1: Foundations' Area of Work as Fields and Sub-fields



Source: Koshak, 201917

Total giving to all fields
SAR 3,363,918,919

2.2 Overall Size of Awqaf Segment

One of the salient challenges facing data collection efforts about Awqaf in the KSA is the tension between upholding transparency, on the one hand, and the need to show discretion when performing a good deed. A number of experts on Awqaf affairs agree on the difficulty of accurately determining the size of Awqaf in the KSA. They, however, confirm that the size of Awqaf in the Kingdom is the largest compared to other Muslim-majority countries, due to the privacy that the Kingdom enjoys, as it includes among its shores the two holy mosques, which made the KSA a destination for endowers from all over the world. The goal of this section is to estimate the total size of the Awqaf sector (number, assets, and income) in the KSA.

2.2.1 Published Sources

Some sources estimate the number of existing Awqaf projects in the Kingdom to be more than 120,000 facilities or real estate topped by the Awqaf of the Two Holy Mosques at home and abroad. However, according to Riyadh Chamber of Commerce statistics, Awqaf projects in the Kingdom amounted to 33,229 Waqf, of which only 8,570 are registered electronically, while 24,650 Waqf are still on paper records, and 44 percent of them are lands and farms¹⁸.

Some unofficial sources predict that the size of Awqaf assets in the KSA may exceed SAR 500 billion, 54% of which is idle lands¹⁹. Another source reported the total asset size of 156 documented Awqaf projects amounting to SAR 312.6 billion by the end of 2016, of which 88% are for projects under design and implementation²⁰. A group of Waqf consulting offices confirmed that about 400 Awqaf have recently been monitored, and the value of their Awqaf assets is estimated at SAR 70 billion²¹.

Despite the large size of Awqaf in the KSA, their returns on investment are considered low and do not exceed 5% of the assets value²². Investment professionals reported that Awqaf returns are very low compared to current market prices²³. According to official statistics, the value of private Awqaf income was estimated at SAR 325 million, Makkah city came first, with a total return of 92 million Saudi Riyals, Medina city came second with a total return of 84 million Saudi Riyals, and Jeddah came third with a total return of 63 million Saudi Riyals²⁴.

At the beginning of 2016, the Chairman of the Board of Directors of the General Authority for Awqaf declared that the estimated size of public Awqaf in the KSA is approximately SAR 54 billion. According to his statement, the value of the total assets of the Awqaf managed by the

“The size of Awqaf in the Kingdom is the largest compared to other Muslim-majority countries, due to the privacy that the Kingdom enjoys, as it includes among its shores the two holy mosques, which made the KSA a destination for endowers from all over the world

GAA was SAR 14 billion, while the value of the assets of Awqaf managed by other governmental entities was SAR 40 billion. The real estate comprised 80% of the aggregate value of GAA Awqaf, with annual returns of SAR 459 million representing 3.28% of the total asset. Regarding expenditures, only 13% of the revenue is being spent on the designated social areas, with the remaining revenue being reinvested in order to develop Awqaf resources²⁵.

A study was conducted in 2017 on a sample of Awqaf in the KSA consisting of 1040 Waqf deeds distributed across Riyadh, Madinah, and Dammam courts revealed the following. In terms of Awqaf type, 33.7% of the studied Awqaf were social/charitable/public “*Khayri*,” 33.5% of them were mixed “*mushtarak*,” and 32.8% of them were family/private “*zurri*.” Assets type that were turned into Awqaf in the studied year was mostly real estate (buildings and lands) (79%), followed by cash and stocks, companies, and farms. In terms of Awqaf management style, the predominant trend is to assign an individual principle, “*nadhir*” to oversee and manage the Waqf (72%)²⁶.

2.2.2 Our Approach and Estimation

The large disparities between the data reported on Awqaf size in the KSA calls for a more robust investigation into the number, assets, and income of Awqaf in the Kingdom. Our methodology involved requesting and analyzing primary data from public authorities, including the Supreme Judicial Council, GAA, and the Ministry of Human Resources and Social Development, as well as secondary data from sample-based studies on Awqaf in the KSA. Based on this primary data and the findings of previous sample-based studies discussed in the previous section, we estimated the aggregate total number, assets, and income of Awqaf institutions in the KSA.

Table 2: Awqaf Profile in KSA

	Number	Assets (SAR)	Income (SAR given ROI 3.28%)
Awqaf of Ahli Foundations		81,819,500,000	2,683,679,600
Awqaf of Ahli Societies		17,000,000,000	557,600,000
Charitable Awqaf Companies		43,570,000,000	1,429,096,000
University Awqaf		26,200,000,000	859,360,000
GAA Awqaf		14,000,000,000	459,000,000
Family Awqaf		12,378,100,000	406,001,680
Other		40,000,000,000	1,312,000,000
Total	113,489	234,967,600,000	7,706,937,280
Vision2030-Aligned Awqaf (Excl. family)	82,966	226,674,273,000	7,434,716,154
SDG-Aligned Awqaf (Excl. religious and family)	47,696	185,315,848,000	6,078,359,814

According to our analysis, in 2020, the KSA was home to more than 113 thousand Awqaf institutions with SAR 235 billion in Awqaf assets, SAR 7.4 billion of philanthropic spending toward Vision 2030 aligned fields, and SAR 6.1 billion of philanthropic spending toward the SDGs aligned fields. Most of Awqaf assets belonged to civil "ahli" foundations (SAR 81 billion) and charitable Awqaf companies (SAR 17 billion), followed by university Awqaf (SAR 26 billion), civil "ahli" societies (SAR 17 billion), GAA (SAR 14 billion) and family Awqaf (SAR 12 billion) as shown in table 2. The "other" category in the table included Awqaf managed by various governmental entities (SAR 40 billion).

Family Awqaf were excluded from estimating the size of Awqaf with a potential contribution to Vision 2030. Although the family Awqaf helps in making sure that family members and their subsequent generations have their basic needs fulfilled, thus supporting development work particularly in areas of fighting poverty and hunger, their exclusivity contradicts with the public nature of national and international development efforts. Additionally, there are growing concerns about the motives of family Awqaf founders in using the Waqf as an instrument for circumventing the KSA inheritance laws.

Similarly, purely religious Awqaf were excluded from estimates on the size of Awqaf with a potential contribution to the SDGs. Awqaf established for Mosques including

the Two Holy Mosques in Makkah and Madinah as well as Islam Dawah were determined to be outside the scope of the SDGs. Some mosques serve as community centers providing space and resources for community service and cultural activities, which arguably supports development targets such as the protection of the world's cultural heritage and the promotion of inclusive institutions. However, the vast majority of existing mosques in the KSA serve as a space for performing individualist religious practices rather than collective good.

“ The family Awqaf helps in making sure that family members and their subsequent generations have their basic needs fulfilled, thus supporting development work particularly in areas of fighting poverty and hunger, their exclusivity contradicts with the public nature of national and international development efforts

2.2.3 Examples of the Largest Awqaf in the KSA

King Abdulaziz Waqf. The foundation stone of this Waqf was laid in 2002 by a decision of King Abdullah bin Abdulaziz with a capital of SAR 7.5 billion, and market value that reached about SAR 28 billion²⁸. The Waqf contributes to providing funds for projects to care for and maintain the Two Holy Mosques and serve their visitors. The Waqf consists of seven giant towers with a total of 282 floors containing 10970 housing units and extending over a land

area of more than 105 million square meters. The Waqf is featured by: an integrated medical center, a conference venue with a capacity of (1500) people, a special bus stops for domestic transport, integrated means of security and safety, 525 elevators and escalators, a large cultural center, two helipads in direct contact with all residential towers, a central air-conditioning system, circular roads linking the complex to the rest of Makkah, and water tanks exceeding (5300) cubic meters²⁹.



King Abdul Aziz Waqf

Awqaf Sulaiman Bin Abdulaziz Al-Rajhi. The Awqaf are managed by the Awqaf Sulaiman Bin Abdulaziz Al-Rajhi Holding Company, which was established in 2011 and achieved 28th place among the most important institutions contributing to philanthropy in the world with a donation of SAR 16 billion³⁰. The market value of the Awqaf is about SAR 50 billion³¹ with investments in various sectors including: finance and real estate, food and agriculture, industrial production, as well as education and technology. Its international investments are concentrated in the fields of food and animal production and operate in more than one place to cover the continents of Asia, Africa, and Europe. The charitable work of the foundation is concentrated in areas such as education (Sulaiman Al-Rajhi Colleges), supporting non-profit organizations in various community development areas, as well as building and maintaining mosques³².

Waqf Almosa. In 2009, Waqf Almosa was established with a Waqf deed and registered as a Waqf company, i.e., a company that is owned by a Waqf deed. The Waqf vision is to actively contribute to building an advanced charitable sector that is involved in achieving development. It focuses on developing the institutional, human and financial capacities of the charitable organization and institutionally developing their Awqaf, in addition to providing social services for the poor, orphans, and women and promoting Islamic values and education. The company possesses SAR 1.3 billion in Awqaf assets and spends around SAR 40 million annually³³.

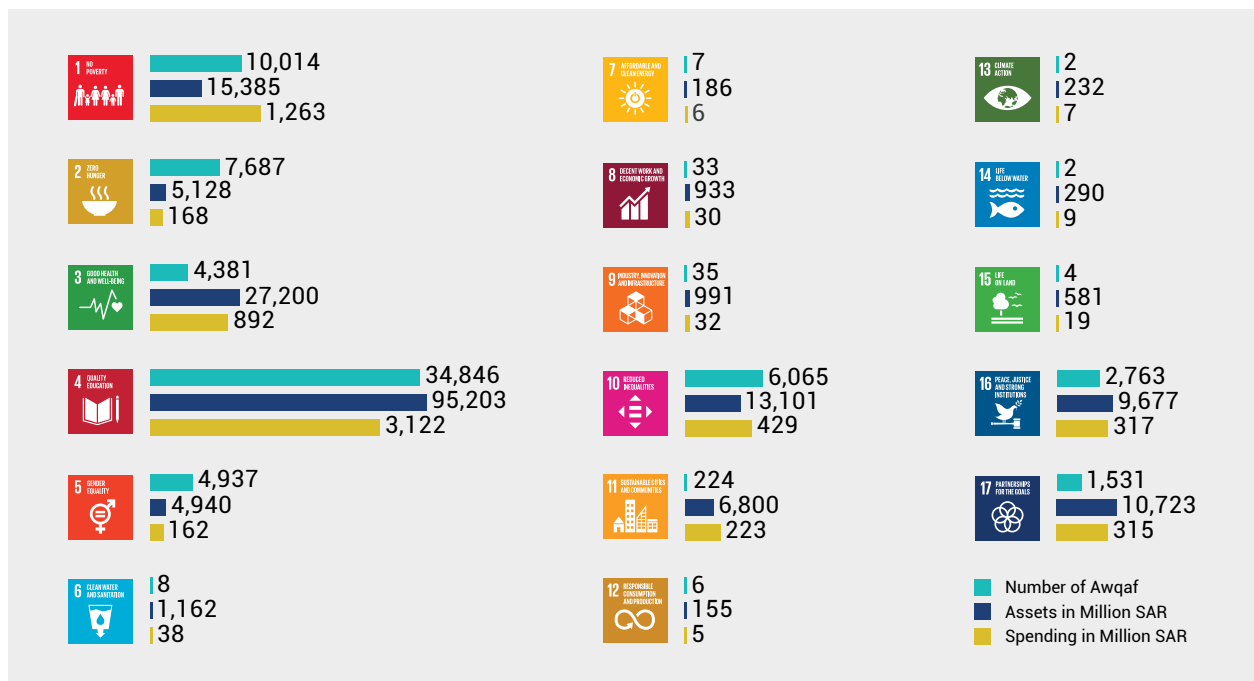
Al-Jabr Charitable Foundation. Officially registered in 2012 with SAR 700 million in Awqaf assets, Al-Jabr Charitable Foundation is considered one of the largest Awqaf in the KSA. The foundation was established by a number of Al-Jabr family members to enhance society in various fields, including health, education, and cultural development. The foundation, for example, funded the largest autism center in the Kingdom with a donation of SAR 30 million³⁴ as well as the construction of the Family Development Society in Al-Ahsa with a donation of SAR 15 million³⁵. It has also funded the development of several cultural and social centers for youth activities³⁶.

Waqf Abdullah Taha Bakhsh. Awqaf Adullah Tah Bakhsh is one of the most low-profile yet rich Awqaf in the Kingdom. It is registered as a Waqf company and possesses SAR 500 million in Awqaf assets.³⁷ The Awqaf spends around SAR 85 million annually providing direct support to poor individuals in Makkah and Madinah regions as well as sponsoring research centers and healthcare clinics in specialized healthcare fields such as the Pediatric Nephrology Center Excellence in King Abdulaziz University³⁸.

2.3 Opportunity for Alignment with the SDGs

The goal of this section is to estimate the contribution that Awqaf in the KSA can make in financing the SDGs. The process of seizing the opportunity of Awqaf alignment with SDG was conducted based on the overall social

Graph 1: Awqaf Contribution Size to SDGs



Awqaf size estimated in the previous section and sample-based studies on Awqaf fields of work. Of the KSA's total Awqaf sector, there are approximately SR 185 billion riyals of Awqaf assets and annual spending equivalent to SR 6.1 billion in areas directly or indirectly related to the sustainable development goals. Graph 1 shows Awqaf's total number, assets, and spending available for each Sustainable Development Goal.

2.3.3 Examples of Awqaf with SDG Alignment

Awqaf for the Disadvantaged. Awqaf in the KSA play key roles in taking care of the most vulnerable groups such as women, persons with disabilities, and orphans. With proper empowering strategies, such efforts would be aligned with SDG 10 "Reduced Inequality." Two Awqaf funds have been recently established in partnership with local banks to create collective *Waqf* funds for orphans. The first fund is Al-Inma Awqaf Fund for Orphans Care, established with SAR 10 million capital to fund the Ekhaa Charitable Society for Orphan Care. The second fund is Ensan Fund, established with SAR 150 million capital to fund the Ensan Charitable Society for Orphan Care. Both funds were established in 2019 and are licensed by the Financial Market Authority and the GAA and managed by Alinma Investment Company³⁹.

The KSA, the western region particularly, is dotted with Rubats, free housing facilities developed hundreds of

years ago in the form of Waqf to provide homes for the weak. They are often occupied by elderly men and women as well as widows and divorced who have no one to take care of them. In Jeddah city, for instance, there are 62 Rubats. Based on the Jeddah Rubats Council reports, the 62 Rubats are divided into three categories: 12 Rubats are not suitable for housing, unused and in need of reconstruction or rehabilitation, 23 Rubats are occupied with beneficiaries and in good structural condition but need architectural and electrical repairs, and 22 Rubats are in very good general condition are occupied by beneficiaries or leased to investment companies⁴⁰.

“Awqaf in the KSA play key roles in taking care of the most vulnerable groups such as women, persons with disabilities, and orphans. With proper empowering strategies, such efforts would be aligned with SDG 10 “Reduced Inequality”



“Playing Together” parks by Al Muhaidib Foundation to integrate children with special needs with their peers



King Saud University Boulevard – U Walk

Awqaf for Quality Education. Higher education is mentioned in target 4.3 of SDG4, which aims to “By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university”. Between 2005 and 2007, Saudi universities pioneered in taking advantage of Awqaf to provide additional income to the direct support provided by the government while providing the opportunity for society members and university affiliates to contribute. Among those experiences, King Abdullah University of Science and Technology with an estimated SAR 20 billion of Awqaf assets, King Abdulaziz University’s Scientific Waqf with SAR 300 million Awqaf assets⁴¹, King Saud University Awqaf with SAR 4.9 billion Awqaf assets⁴², and King Fahad University of Petroleum and Minerals Awqaf established with SAR 1.5 in Awqaf assets⁴³.

Another form of Awqaf-based educational institution is when the institution is established and funded by a previously existing Awqaf. For instance, in 1985, Batterjee family members established Awqaf for charitable purposes, which funds Doroob, a non-for-profit company investing in educating the elite school students (gifted and creative) to empower them to become leaders of positive change⁴⁴. Similarly, Effat University was established in 1999 by the Awqaf-based King Faisal Foundation as the first female-only university in the Kingdom, offering programs never before available to women⁴⁵.

Awqaf for Strong and Resilient Societies. As discussed in the previous chapter, COVID-19 in 2020 made the achievement of development goals more challenging. Realizing this, the Ministry of Human Resources and Social Development, the GAA, Civil Societies Council, Civil Foundations Council, and a number of Awqaf, donors, and companies established a SAR 500 million Community Fund “*Alssondoq Almojtama’y*” as a civil society initiative supporting the government’s efforts to mitigate the impacts of the COVID-19 pandemic. Its aim is to support the segments of society most in need and those most affected by this pandemic, including poor people, people with disabilities, widows, prisoners’ families, elderly people, workers of small professions, students, those in need who are coming to the Kingdom for Umrah or visit and others. The fund covers various fields, including relief, social, educational, health awareness, and housing services⁴⁶.

Similarly, the Ministry of Health launched the Health Endowment Fund “*Alwaqf Alshehhi*” initiative to receive and attract financial and in-kind donations from companies, non-profit organizations, businessmen, and individuals to support the government in its fight against the novel COVID-19 pandemic. Since its launch, the fund received more than SAR 1 billion donations from about 300 entities, from the energy and financial sector, banks and insurance companies, Awqaf-based foundations, health sector companies, and companies in the food

and hospitality sectors. The fund is the first of its kind in the health sector. It is an independent entity established according to a Council of Ministers' decision with the Minister of Health as the Chairperson of the board of directors that includes citizens and representatives of several government authorities⁴⁷.

Awqaf for the Protection of Cultural Heritage. Some Awqaf in the KSA are funding activities that are aligned with SDG 11: sustainable cities and communities, particularly target 4 to 'protect and safeguard the world's cultural heritage.' Saleh Hamza Serafi Foundation was founded in 2009 with SAR 15 million⁴⁸ Waqf assets to support different kinds of charitable work. The foundation, however, made distinguished contributions toward preserving monuments, arts and crafts, and the heritage of Makkah city. For example, it supports *Qiblat Aldonya's* online platform providing rich information on Makkah history, monuments, customs and traditions, dialects, and key figures⁴⁹.

Awqaf for Sustainable Agriculture and Food Security. As the Saudi population continues to grow, much more effort and innovation is urgently needed to sustainably increase

agricultural production and improve the food supply chain (SDG2). Recognizing this, some Awqaf in the KSA decided to focus on this significant and often ignored matter. One example is Abdullah Al-Sulaiman Charitable Foundation, which has embraced the creation of a SAR 1 million Award that supports date palm agricultural research. Every two years, the foundation provides the "Abdullah Sulaiman International Award for Scientific Innovation in Dates and Palm trees" award to researchers working on the creation of innovative solutions related to dates and palm trees⁵⁰.

Another example of Awqaf's contribution to sustainable agriculture and food security is by Saleh Al-Rajhi Awqaf. Sheikh Saleh bin Abdulaziz Al-Rajhi endowed farms that spread over 5,466 hectares and has nearly 45 types of date palms, entering the Guinness Book of World Records in 2011. In addition to its contribution to various charitable and development areas through its profits, the Awqaf investment strategy is very much aligned with the sustainable development goals through its organic farming and usage of solar energy to receive the ECOCERT certification in 2007 for its positive environmental and social impacts⁵¹.



Al Watania Agriculture Co., Al-Rajhi Awqaf



2.4 Opportunity for Alignment with Vision 2030

The goal of this section is to estimate the contribution that Awqaf in the KSA can make in financing the Vision 2030 goals. The process of seizing the opportunity of Awqaf alignment with Vision 2030 was conducted based on the overall social Awqaf size estimated in the previous section and sample-based studies on Awqaf fields of work. Of the KSA's total Awqaf sector, there are approximately SR 226 billion riyals of Awqaf assets and annual spending equivalent to SR 7.4 billion in areas directly or indirectly related to the branch objectives of the Kingdom's Vision 2030. Graph 2 shows Awqaf's total number, assets, and spending available for each Vision 2030 branch objective. Graph 2: *Awqaf Contribution Size to the KSA Vision 2030*

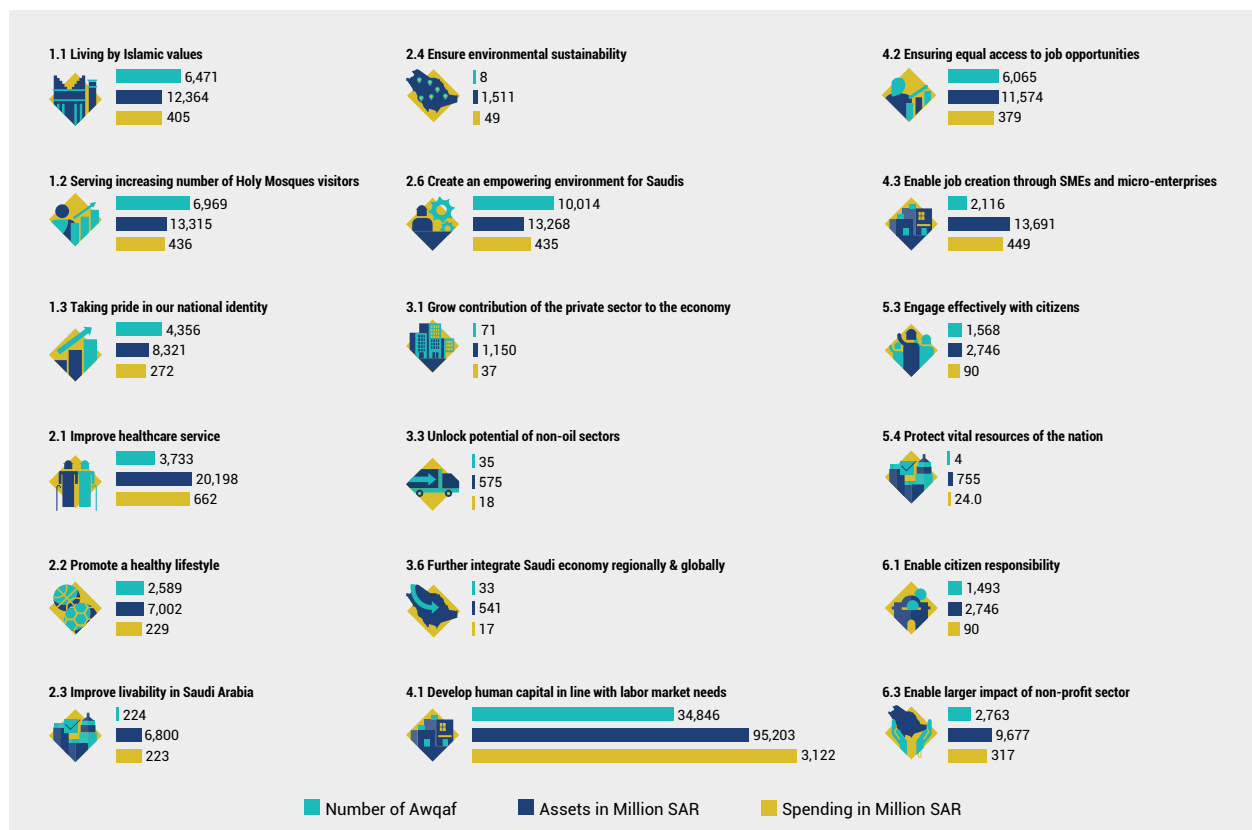
2.4.3 Examples of Awqaf with Vision2030 Alignment

Awqaf for Economic Development. Vision 2030 has shown great interest in the small and medium enterprises (SME) sector as one of the most important agents of economic growth, with the goal of increasing the contribution of SMEs in GDP from 20% to 35%. With 1 billion SR⁵² asset value, Al-Munawara Waqf and its implementation arm Namaa Al-Munawara non-profit

organization aim to empower SMEs in the Madinah region through various initiatives and projects, including 1) Madina Made initiative that is promoting local SME products through displaying and selling them offline and online; 2) Al-Munawara Service Center as an integrated platform consisting of representatives from various government agencies related to the commercial sector in addition to providing consulting services to entrepreneurs to enable them to start their projects more efficiently; 3) Al-Munawarah Industrial Gardens, a result of the strategic cooperation between Nama Al-Munawarah and the Saudi Authority for Industrial Cities and Technology Zones to provide high-quality factories for entrepreneurs⁵³.

Several Awqaf-based charitable societies and foundations used microfinance methods to shift from providing direct support to beneficiaries toward empowering them and helping them reach self-sufficiency. With a cumulative lending portfolio of SAR 1.23 billion, Sulaiman Al-Rajhi Foundation for Development Finance runs microfinance services for women to establish commercial projects that guarantee them improving their income and occupying a more effective position in society. Similarly, Al-Ahyaa Society runs the Emkan program that aims to empower women professionally and financially to become a productive element of society and improve their family's

Graph 2: Awqaf Contribution Size to KSA Vision 2030





Namaa Al-Munawara waqf

“Vision 2030 has shown great interest in the small and medium enterprises (SME) sector as one of the most important agents of economic growth, with the goal of increasing the contribution of SME in GDP from 20% to 35%

standard of living through providing micro-loans, self-employment opportunities, and professional guidance and counseling. Almajdouie Foundation and Al-Ohali Foundation have been establishing creative financial empowerment solutions for poor individuals, such as business incubators specialized in local natural resources and providing kiosks for entrepreneurs^{54 55}.

Awqaf for Housing Solutions. Enabling suitable homeownership among Saudi families is a key Vision 2030 objective. On the other hand, providing housing for the poor and needy is a core function of many Awqaf in the KSA. Several Awqaf, including Awqaf Al Majed

and Hayat Charitable Foundation, alongside 161 non-profit organizations, have contributed to supporting families most in need to purchase ready housing units through the Jood Eskan platform. Jood Eskan platform is a crowdfunding initiative of the National Housing Development Association to raise philanthropic funds for housing services. Since its inception, it secured adequate housing for 845 “most needy” families and provided “rent support” to 2,489 other families, while the number of beneficiaries of the total charitable tenders reached 16,684 citizens from various regions of the Kingdom.

Awqaf for Good Health and Well-being. Awqaf in the KSA provides great opportunities for fulfilling health-related Vision 2030's National Transformation Program objectives such as “Ease access to health services,” “Improve the quality and efficiency of healthcare services,” and “Promote prevention against health risks”⁵⁶. One example is the ZMZM Society for Voluntary and Charitable Health Services, which has been creating innovative solutions that overcome everyday health care challenges for 15 years. A member of the society stated that the total value of the society's Waqf assets amounted to SAR 70 million in real estate with the proceeds financing the free-of-charge health services it provides⁵⁷.

Additionally, two Awqaf funds have been recently established in partnership with local banks to create



King Faisal Specialist Hospital Foundation "Wareef"

collective Waqf funds for healthcare. The first fund is Al-Inma Enayah Awqaf Fund, established with SAR 10 million capital to fund the Charitable Health Society for Patients Care "Enayah." The second fund is Al-Inma Wareef Awqaf Fund, established with SAR 10 million capital to fund King Faisal Specialist Hospital Foundation "Wareef." Both funds are managed by Alinma Investment Company⁵⁸.

Awqaf for Enhancing Social Responsibility. Social responsibility is a key component of Vision 2030, and the development of engaged citizens and entrepreneurial

leaders able to take advantage of the new social realities of the Kingdom is the mission of several Awqaf in the KSA. Established in 1999 with estimated Waqf assets of SAR 1.5 billion, Princess Alanoud Foundation pioneered several youth-led projects, such as Wharf and Shaden centers. Wharf is concerned with youth development, enhancing their participation in social development programs, and incubating youth social initiatives and projects. Shadan is concerned with empowering and developing children by providing life and social skills and achieving safety and stability for both the child and the family⁵⁹.



Awqaf Nourah Al-Melahi

Another Awqaf-based foundation that is interested in social entrepreneurship is Al-Aradi Charitable Awqaf. With SAR 300 million in Awqaf assets⁶⁰, Al-Aradi Charitable Awqaf seeks to create practical solutions that contribute to addressing poverty and developing the poor in order to lead them to be self-sufficient through effective partnerships and tangible, impactful and sustainable programs. Using different financing models, they invest in high-impact social enterprises working on poverty alleviation⁶¹.

Many Awqaf-based social institutions in the KSA have dedicated a percentage of their annual expenditure to developing the infrastructure of the Saudi social sector in general, such as Salem Bin Mahfouz Foundation, Waqf Almosa, Subaie Charity Foundation, and Al-Rajhi

Humanitarian Foundation. Awqaf Nourah Al-Melahi, for instance, have developed a unique specialization on empowering non-profit organizations with technology. The Awqaf team built a hub for non-profit tech intermediaries inside their renovated office so that they can serve non-profits in web development, ERP, and CEM development, as well as donation collection platforms development.

2.5 Gap Analysis

The goal of this section is to analyze the gaps in Awqaf’s alignment with SDG and Vision 2030 goals.

2.5.1 Methods

A simple “demand-supply rating framework” was used to reveal gaps in Awqaf-development alignment. The framework has three demand factors and three supply factors. Demand factors are the factors that influence the need for Awqaf funding for each SDG and Vision 2030 goals. They capture the 1) scale of demand by estimating the percentage of the unaddressed population, 2) depth of demand by estimating the level of outcome achievement vis-a-vis global standards, and 3) urgency of demand by determining how basic the need is.

Supply factors, on the other hand, are the factors that help estimate the amount and sustainability of Awqaf

contributions for each SDG and Vision 2030. They capture the 1) the size of spending estimated by the total current spending by Awqaf, 2) supply efforts estimated by the number of Awqaf for whom this is a primary focus area, and 3) sustainability of supply estimated by the extent to which Awqaf are making the for-profit market effectively work.

Given the incomplete and fragmented data available on the demand and supply of development fields in the KSA, the demand-supply rating framework used a mix of quantitative and qualitative parameters to help arrive at an overall judgment. Each development field was rated on each parameter using a rating scale of 1 to 4, through a combination of data, expert inputs, and judgment. Appendix A provides a summarized view of how each parameter is defined and the sources of data.

2.5.2 Findings

Of a large number of possible development areas, we found that Awqaf’s efforts are concentrated in some SDG and Vision 2030 goals. Our supply-demand analysis revealed opportunities across the board with three distinct types of gaps emerging - “quantity gaps,” “quality gaps,” and “niche gaps” (Graph 3). Within each type of gap, some development areas are highlighted as being in relatively critical states (Table 3).

Graph 3: Three Types of Gaps in Awqaf Alignment with Development Goals



Table 3: Examples Within Each of the Three Gap-Types*

	Sustainable Development Goals	The KSA's Vision 2030
Quantity Gap	 8 Good Jobs and Economic Growth	4.2 Ensure Equal Access to Job opportunities
	 9 Industry, Innovation and Infrastructure	4.3 Enable Job Creation Through SMEs and Micro-enterprises
	 16 Peace and Justice Strong Institutions	5.3 Engage Effectively with Citizens
	 17 Partnerships to achieve the Goal	3.3 Unlock Potential of Non-oil Sectors
Quality Gap	 3 Good Health and Well-being	2.2 Promote a Healthy Lifestyle
	 4 Quality Education	4.1 Develop Human Capital in Line with Labor Market Needs
	 1 No Poverty	6.3 Enable Larger Impact of the non-profit sector
	 10 Reduced Inequality	
Niche Gap	 11 Sustainable Cities and Communities	2.3 Improve Livability in the KSA
	 7 Affordable and Clean Energy	2.4 Ensure Environmental Sustainability
	 14 Life Below Water	5.4 Protect Vital Resources of the Nation
	 13 Climate Action	

*Ratings change over time, regions and other contextual factors. Awqaf leaders can run a similar analysis for specific contexts.

Quantity gap: High demand and low supply lead to a basic quantity gap in SDG and Vision 2030 alignment. Examples include cities infrastructure, job creation, employment, and economic development. While many Awqaf-based charitable foundations in the KSA have shifted from providing direct support to people in need to developing economic empowerment programs, the percentage of spending in such empowering areas is relatively low. On the other hand, the amount of population impacted by these development areas is significant.

Quality gap: In some fields, demand and supply are reasonably matched, but outcomes are of very low quality. Examples include education and health-related goals. Awqaf spending in education and health fields is relatively high, but outcomes in terms of, for instance, youth career skills development or public preventative health practices is low. The quality of supply strategy in such fields needs enhancement with a focus on achieving the SDGs and Vision 2030 objectives.

Niche gap: These gaps have low overall demand in terms of relative score, but important, and almost non-

existent supply. These are important development areas but are not large simply because of the limited size of the underlying population addressed and/or the urgency of needs. Examples include climate change, environment protection, and the conservation of local arts and culture. The population interested in these development areas may be small, and the need is not urgent according to human needs theories. This gives the SDGs and Vision 2030 goals in such fields a relatively lower "demand." However, the supply is much lower than even this requirement. Very few entities are focusing on these areas.

2.6 Conclusion

Based on primary data from public authorities and secondary data from sample-based studies, we estimated that in 2020, the KSA was home to more than 113 thousand Awqaf institutions with SAR 235 billion in Awqaf assets, SAR 7.7 billion of philanthropic spending toward Vision 2030 aligned fields, and SAR 7.4 billion of philanthropic spending toward the SDGs aligned fields. The next chapter discusses tools and frameworks for enhancing the alignment between Awqaf and development goals.

Appendix A

Demand-Supply Rating Framework Elements

Parameters	Unit or basis for defining levels 1 to 4	Sources of data
Demand factors		
Scale of demand	Percentage of the population requiring this development but not addressed	Population statistics from the General Authority of Statistic, reports by various government agencies, estimates by experts
Depth of demand	Percentage of SDG and Vision 2030 achievement in the KSA	Sustainable Development Report 2020, Vision Progress, KSA Vision 2030
Urgency of demand	How basic is the need	Human development theories on basic needs
Supply factors		
Spending	Total current spending by Awqaf	GAA data and other sample-based estimates on Awqaf fields of work
Efforts	Number of Awqaf for whom this is a primary focus area	GAA data and other sample-based estimates on Awqaf fields of work
Sustainability	The extent of demand, consumer incentive to pay, availability of businesses	Expert views, UNDP and ICD experience

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03

Framework for SDG and Vision 2030 Alignment

This chapter presents the ways in which the Awqaf sector can be aligned to contributing to the SDGs and Vision 2030. Since there is a significant overlap of the SDGs and Vision 2030 objectives as shown in Table 1.3 and the KSA is committed to achieving the SDGs, this chapter discusses the alignment of Waqf with the SDGs, but the discussions equally apply to Vision 2030. The potential contribution of the Waqf sector to the SDGs and Vision 2030 will depend on its size and the impact it will have on different social and economic goals. Specifically, the strategic objectives of Vision 2030 include the following: **6.3.1. Support growth of the non-profit sector and 6.3.2 Empower non-profit organization to create a deeper impact.**

Accordingly, the factors that can enhance the role of the Waqf sector in contributing to the SDGs and Vision 2030 can be discussed under broad themes of enhancing the growth and productive capacity of the Waqf sector and increasing its impact. This can be done at three levels. First, alignment of Awqaf purposes so that the sector can contribute to different goals of the SDGs and Vision 2030. Second, presenting the international guidelines and standards that can be applied to the assets/projects of Awqaf to increase their size and capacities to contribute to the SDGs and Vision 2030 goals. Finally, while the returns of investment Waqf can be used to contribute to the SDGs and Vision 2030 goals, the investments themselves should be made in a sustainable manner by complying with the international guidelines on responsible investments. Issues at each level of Waqf alignment to the SDGs and Vision 2030 identified above are discussed below.

3.1. The Purpose of the Waqf and the SDGs/ Vision 2030

The contribution of Awqaf to the SDGs and Vision 2030 will depend on the two factors related to their purpose. First, as indicated in Chapter 1, Waqf can be created for various purposes that can be classified as private/public and religious/philanthropic (see Table 1.6). The purpose that is relevant for the SDGs and Vision 2030 is the social Waqf that serves some social or economic needs of the public. Second, since the purpose and beneficiaries of a Waqf are identified in the deed by the founder, the extent to which Awqaf can contribute to the SDGs and Vision 2030 will also depend on whether the Waqf already exists or is new. The implications and the issues arising in the purpose of Waqf for existing and new Waqf with regards to their contribution to the SDGs and Vision 2030 are discussed below.

3.1.1. Existing Waqf, SDGs, and Vision 2030

Most of the existing Waqf created in the past would not have considered specific issues identified in the SDGs and Vision 2030. Instead, the social Waqf would serve certain social purposes that were relevant to the times when the Awqaf were founded. Evidence from historical Awqaf shows they served a variety of social and economic purposes. Many of these purposes can be associated with the broader goals identified in the SDGs and Vision 2030. Some examples of the purposes of historical Awqaf that contributed to the broader social, economic, and environmental goals of the SDGs are presented in Table 3.1.

Table 3.1 indicates that the purposes of some Awqaf created in the past, such as repairing books and illuminating candles and lamps, may not be directly relevant to the SDGs. This may require changing the objectives and/or beneficiaries of some of the existing Waqf to serve the needs of contemporary times better. However, the Shariah principles governing Awqaf give prominence to the founder's wishes identified in the Waqf deed. While Shariah guidelines provide flexibility in determining the purposes and forms of Waqf when they are formed ex-ante, they restrict changing the objectives of Waqf without the founder's consent and authorization ex-post. This can potentially limit some of the existing Awqaf's contribution to meet the contemporary social and economic needs in general and the SDGs in particular.

3.1.2. New Waqf, SDGs, and Vision 2030

Given the flexibility in determining the purpose of Awqaf when they are established, the new Waqf can cater to the SDGs by incorporating the current social and economic needs among the purposes. Aligning the Awqaf

SDGs	Examples of Types & Purposes of Historical Waqf
 SDG1 No poverty	Care for orphans, helping old people, travelers, debtors, social security Waqf for handicap, paying taxes of the poor, giving allowances to poor prisoners, helping bankrupt merchants.
 SDG2 Zero hunger	Distributing bread, food and fruits, kitchen for the needy, supplying agricultural tools to farmers, reclaiming agricultural areas, preserving seeds, hosting guests who came to the village.
 SDG3 Good health & well-being	Infectious disease treatment, building hospitals for the needy, making medicine for patients, medicine for eye illnesses, serving the blind, employ doctors in hospitals.
 SDG4 Quality education	Libraries, teaching calligraphy, employing qualified teachers, scholarships and boarding, taking students for picnics, providing stationery and outfits to students, repairing books, clothes for poor students, donating books, taking students for picnics, donating science books.
 SDG5 Gender equality	Women's shelter, and houses for the elderly women, meeting the needs of widows and poor women.
 SDG6 Clean water & sanitation	Providing and distributing water, digging water wells, hot water for ablution in winter, bathhouses and washhouses.
 SDG7 Affordable & clean energy	Illuminate candles and lamps in mosques and minarets, provide firewood and coal to the poor and needy.
 SDG8 Decent work & economic growth	Establishing factories, helping merchants who go bankrupt) planting gumwood, developing silk farming, handicrafts shops, mills
 SDG9 Industry, innovation & infrastructure	Support building factories, repairing pavements, providing transport on rivers, maintenance and repairs after natural disasters, providing different infrastructure services such as roads, bridges, clock towers, and fountains.
 SDG10 Reduced inequalities	Helping pay dowry, helping the poor, paying taxes for the poor, sending people to hajj, clothes for orphans, allowance for poor prisoners, serving the blind, arranging marriages.
 SDG11 Sustainable cities & communities	Preserving town monuments, camps for recreation, building guest houses and rest-stops, erasing graffiti, repairing fountains, camps for resting, preserving town aesthetics, building and maintaining bridges after floods, parks
 SDG12 Responsible consumption & production	Preventing wastage (collecting food leftovers and giving it to animals).
 SDG13 Climate action	Beautifying the environment by planting plants and trees, planting trees by rivers, gardens, garden-orchards, meadows and pastures, forests.
 SDG14 Life below water	Cleaning up lakes.
 SDG15 Life on land	Giving bread to street animals, building meadows for animals, building pigeon houses, protecting birds, providing water to animals, taking care of sick and abandoned animals, improving seeds and animals.
 SDG16 Peace, justice & strong institutions	Logistic support for the army, supporting the navy, ensuring road safety, protecting patients' rights, treating prisoners on holy nights, managing road safety.

Source: DGF (2014) and IRTI (2017: 58).

objectives with the SDGs and Vision 2030 would require an understanding of the issues and goals identified in these vision documents so that Waqf can be established to contribute to them. New Waqf can incorporate the SDGs in strategies, operations, value chains, disclosure, and reporting.

As discussed in Chapter 1, contemporary Waqf can be established in the form of real estate, investment Waqf, or corporate/social enterprise Waqf. The benefits derived from Waqf can be in the form of monetary returns, usufructs, or the provision of goods and services. While real estate Waqf and investment Waqf can generate returns that can be used for the beneficiaries, corporate Waqf produces social goods or services. Table 3.2 shows how different forms of new Waqf can potentially contribute to the broader cross-cutting themes of the SDGs and the social, economic, and environmental branch level objectives of Vision 2030.

“The Shariah principles governing Awqaf give prominence to the founder’s wishes identified in the Waqf deed. While Shariah guidelines provide flexibility in determining the purposes and forms of Waqf when they are formed ex-ante, they restrict changing the objectives of Waqf without the founder’s consent and authorization ex-post

Table 3.2: SDG Cross-Cutting Themes, Vision 2030 Branch Objectives & Waqf Types

SDG Cross-cutting Themes	The KSA's Vision 2030 Social & Economic Branch Objectives	Real Estate Waqf	Investment Waqf	Corporate Waqf
1. Deliver social protection and essential public services	2.1 Improve healthcare service	X	X	X
	6.3 Enable larger impact of the non-profit sector			
2. End hunger and malnutrition	2.2 Promote a healthy lifestyle	X	X	X
	4.2 Ensuring equal access to job opportunities			
3. Close the infrastructure gap	2.2 Improve livability in Saudi cities	X	X	
4. Promote inclusive and sustainable industrialization	3.1 Grow contribution of Private sector to the economy	X	X	X
	3.2 Unlock potential of non-oil sectors			
	6.2 Enable social contribution of businesses			
5. Generate full and productive employment for all and promote SMEs	4.1 Develop human capital in line with labor market needs	X	X	X
	4.3 Enable job creation through SMEs and micro-enterprises			
6. Protect ecosystems	2.3 Ensure environmental sustainability	X	X	X
7. Promote peaceful and inclusive societies	2.6 Create an empowering environment for Saudis	X	X	
	5.3 Engage effectively with citizens			
	6.1 Enable citizen responsibility			

Source: Adapted by the author from UN (2015a & 2015b) and GSA (2015b).

3.2. Enhancing the Development and Productive Capacity of Waqf Sector

Vision 2030 envisages increasing the non-profit sector's contribution to GDP to increase from less than 1% to 5%.^[1] Since Awqaf is deeply rooted in religious beliefs, the development of the sector can contribute to achieving this goal. This section presents the factors that can help expand the size of the sector by establishing new Awqaf and developing the existing ones, and examining various operational aspects that can enhance productive capacity and improve efficiency and effectiveness of Waqf. In this regard, various guidelines and standards from international organizations and standards-setting bodies can be used to identify how the performance and impact of the Waqf sector can be enhanced.

Various international organizations have published documents identifying guidelines, policies, and issues that may be relevant for the development of the Awqaf sector. Among others, these include the means of implementation (MoI) identified in the 2030 Agenda that can help achieve the SDGs,^[2] the *Core Principles for Effective Waqf Operation and Supervision* developed by IsDB, Bank Indonesia, and Indonesian Waqf Board (BWI), and the *Waqf Governance* standards published by AAOIFI. The key factors that can help expand the assets and make the projects of the Waqf sector more efficient and effective in contributing to the SDGs and Vision 2030 are discussed below.

3.2.1. Policy and Institutional Coherence

The 2030 Agenda calls for commitment to 'pursuing policy coherence and an enabling environment for sustainable development at all levels and by all actors' that includes the non-profit sector.^[3] Specifically, SDG17 identifies *Policy and institutional coherence* as MoI for sustainable development, with Target 17.14 identifying enhancing 'policy coherence for sustainable development' (PCSD) and Target 17.15 stipulating that countries should 'establish and develop policies for poverty eradication and sustainable development.'^[4]

OECD provides a framework of PCSD to help governments adapt 'institutional mechanisms, processes, and practices for policy coherence to implement the SDGs.'^[5] The PCSD framework consists of three key components. First, developing a new *analytical* framework to understand policy coherence to meet the SDGs and targets. This would involve taking into account different stakeholders, diverse sources of finance, incorporating the economic, social, and environmental dimensions in policies, and

assessing the impact on the SDGs. Second, setting the *institutional* framework that views policies beyond the sectoral silos and builds complementary policies across sectors to advance the SDGs. Finally, instituting a *monitoring* framework to track the progress of the policies on sustainable development and to inform policy decision-making by increasing synergies and mitigating trade-offs between them.

One way to ensure policy coherence is to align the Waqf sector with the national strategies that focus on sustainable development. As discussed in Chapter 1, the Waqf Code enacted in Morocco in 2010 is a good example since the law requires the Ministry of Awqaf to develop an Awqaf strategy that is in line with the Moroccan Vision of 2030 and improves the Waqf culture by enhancing various aspects of Waqf including their preservation and governance.^[6] Furthermore, the policies related to Waqf development need to identify different enabling factors that can enhance the growth and impact of the sector. *Waqf Core Principles* emphasize the need for cooperation between Waqf management and all relevant authorities and identify three preconditions to develop an optimal Waqf management system to be a well-established framework for Waqf management policy formation, a well-developed public infrastructure, and a clear framework for the collection, investment, managerial and disbursement activities.^[7]

3.2.2. Enabling Legal and Regulatory Environment

AAAA recognizes that mobilization and effective use of domestic resources is key to achieving the SDGs, and this would require enabling environments that include the rule of law and combatting all forms of corruption at all levels.^[8] A first step to increase the role of Waqf in sustainable development would be to establish a supporting legal and regulatory framework in which the Waqf sector can thrive. As indicated in Chapter 1, in some countries, the Waqf law either does not exist or is inefficient compared to other organizational laws. There is a need to legitimize Waqf in the legal systems by instituting efficient Waqf law that specifies the Waqf features that can promote its preservation and development.^[9]

The *Waqf Core Principles* identify legal foundation and Waqf supervision as key components of a Waqf system.^[10] *Waqf Core Principles* identifies a well developed public infrastructure for Waqf management and supervision to include (i) comprehensive and appropriate national Waqf management and accounting standards and rules; (ii) a system of independent external audits and accountants; (iii) availability of Nazirs who are competent and professional with transparent technical and Islamic ethical

standards; and (iv) availability of regional, economic, and social statistics'.^[11]

Waqf Core Principles, 1-6, are related to Legal Foundations which stipulates having laws, regulations, and legal frameworks for Waqf management and supervision, identifies different types of Waqf assets, permissible activities, licensing criteria, modes of transferring of Waqf management, and the role of supervisor to approve the takeover of Waqf institutions and assets. Furthermore, *Waqf Core Principles* 7-12 provides a framework for Waqf supervision that identifies the tasks of the regulators related to supervision of Waqf management. An apex body such as the Waqf Board should act as a regulator and oversee activities to ensure, among others, 'Shariah compliance, financial transparency, and economic efficiency'.^[12] This would require building 'a strong supporting system, such as strengthening the function of the Sharia Supervisory Board, a standardization of the Waqf accounting and financial reporting system, assessment of Waqf management performance, a monitoring system for operational efficiency, economic and social impacts for beneficiaries (mauquf alaih), and collaboration with financial institutions and Islamic microfinance.'^[13] The efficiency and effectiveness of the national level Waqf Board itself can be enhanced so that it can build the capacity of the Waqf managers (*nadhir*) by carrying out research and development that can improve management and institutional developments.

3.2.3. Governance and Management

One of the challenges facing Waqf identified in Chapter 1 relates to the management and governance of Waqf by individual mutawallis and the state. Increasing the impact of the Awqaf sector would require improving the governance and management of Waqf both at the private and public levels by introducing standards and best practices. *Waqf Core Principles* identifies issues related to Waqf governance, risk management, and Shariah governance as key elements of a sound Waqf regulatory system. Recognizing that good governance practices can contribute to the enhancing efficiency and effectiveness of Waqf operations, increase the returns in the short term and lead to growth and sustainability in the long run, AAOIFI is the process of issuing a separate standard entitled *Waqf Governance*. The objectives of the standard are: 'to promote and strengthen the core values of the Waqfs and their governance practices; to lay down key principles and concepts of Waqf governance based on best practices in governance, suiting to the specific nature of Waqf; and to enhance the public and stakeholders' confidence in the institution of Waqf'.^[14] The governance framework

is based on the five pillars of institutional governance of accountability, fairness, transparency, responsibility, and Shariah compliance.^[15]

AAOIFI distinguishes between custodians and managers in the Waqf, with the former performing governance role and the latter dealing with management.^[16] Depending on the size of the Waqf, the governance and management can be separated. The managers must be competent and professional who manage the operations of the Waqf in accordance with the objectives of the Waqf.^[17] The *Waqf Core Principles* emphasize that selection criteria of the Waqf managers should include professionalism and understanding the Shariah principles. The regulatory bodies can develop 'fit and proper' guidelines for senior managers of Waqf to ensure the quality of professionalism and enhance the credibility of the organization.^[18]

An important aspect of the governance structure is to provide 'accurate, adequate and timely information so as to allow various stakeholders to make informed decisions about the achievement of objectives, the operational performance, social and financial impact, their rights and continued association with the Waqf'.^[19] The Waqf should have a disclosure and transparency policy, regular communications with the stakeholders, issue annual reports including financial reporting, and carry out an external audit.^[20] The *Waqf Core Principles* also stipulate that Waqf institutions should maintain reliable financial statements and carry out internal and external audits.^[21] The internal audit function would assure that the Waqf is operating efficiently and effectively by safeguarding

“An important aspect of the governance structure is to provide 'accurate, adequate and timely information so as to allow various stakeholders to make informed decisions about the achievement of objectives, the operational performance, social and financial impact, their rights and continued association with the Waqf



its assets and resources, carrying out adequate risk management practices providing reliable financial and operational information, and complying with internal policies and regulations.^[22]

The Waqf Principles emphasize that Waqf as a part of robust governance policies and processes the manager (Nadhir) should also be responsible for managing the risks. A sound risk management culture and policies and processes that can 'identify, measure, evaluate, monitor, report and control and mitigate all material risks' need to be instituted.^[23] Furthermore, Waqf should have proper policies and procedures policies related to risk management and investment and instill Shariah governance to minimize Shariah-compliant and operational risks.^[24]

3.2.4. Knowledge, Awareness, and Capacity Building

SDG Target 17.9 calls for implementing effective and targeted capacity-building to support national plans that can contribute to the achievement of sustainable development. Capacity building would entail increasing the relevant knowledge and skills that can enhance the capabilities of institutions and individuals to promote effectively national plans and the SDGs. The role of knowledge in enhancing the contribution of Waqf to the

SDGs and the KSA's Vision 2030 can be viewed from two perspectives. First, at the Awqaf level, there is a need to have a good understanding of the contemporary social and economic needs and then enhance internal capacities to achieve them. The former would require awareness of the SDGs in general and the country-specific needs in particular. In the case of the KSA, this would imply identifying the specific sectors in which Awqaf can contribute to achieving the objectives of Vision 2030.

Increasing the capacity of Awqaf to create a larger impact on sustainable development would also require imparting knowledge and skills that can improve the operations of Awqaf. Since weak governance and management structures result in low performance, there is a need to enhance the capacity of the managers and professionals who manage the Awqaf. There is a plethora of literature, degrees, and training courses of governance and management of contemporary non-profit organizations globally that the managers of the Awqaf sector can benefit from.^[25] However, given that the Awqaf sector has some unique features, there is a need to develop programs and courses that deal with the specific needs of the sector. The content of these programs/courses can integrate the knowledge and skills from the traditional non-profit sector along with the guidelines issued on Waqf governance and management by AAOIFI and the Waqf Principles.

“Increasing the capacity of Awqaf to create a larger impact on sustainable development would also require imparting knowledge and skills that can improve the operations of Awqaf. Since weak governance and management structures result in low performance, there is a need to enhance the capacity of the managers and professionals who manage the Awqaf

Second, from the donor’s perspective, there is a need to increase the awareness of Waqf in general and its social role in particular. As indicated in Chapter 1, evidence shows that there is a lack of awareness of Waqf countries such as Libya, Morocco, and Tunisia that can limit the development of new Waqf.^[26] Recognizing awareness to be an important issue, *Waqf Principles* identifies a key strategic mission of the national level apex Waqf Board as ‘To enhance public awareness and willingness to contribute *Waqf*.’^[27] Lack of awareness relates not only to the religious significance of giving for Waqf but also to its social role since most people think of the religious purposes of Waqf in terms of mosques and cemeteries only. Thus, to increase the participation of individuals in creating new Waqf and contributing to the development of existing Awqaf, there is a need to increase the awareness of the role of social Waqf beyond religious purposes. This can be done by highlighting the role of continuous charity (*sadaqah jariyah*), which can be done by the apex Waqf Board and other Awqaf.

3.2.5. Technology and Innovation

SDG 17 identifies technology as one of the MoI to advance the SDGs with Target 17.8 encouraging least developed countries to ‘fully operationalize the technology bank and science, technology and innovation capacity-building mechanism’ and ‘enhance the use of enabling technology, in particular information and communications technology.’ WEF asserts that using innovation and technologies of the Fourth Technological era can impact 10 of the SDGs and 70% of the 169 targets by ‘increasing

the productivity of systems; enabling transparency and stakeholder accountability; aiding the shift to decentralized systems; supporting new models to unlock finance; and accelerating discovery from new insights to new materials.’^[28] Similarly, another report estimates that digital technologies such as the cloud, internet of things, blockchain, along with digital access and fast internet, can help promote 103 of the 169 SDGs.^[29]

Technology and innovation can be used in the Waqf sector to increase its size by democratizing donations and enhance its efficiency and effectiveness. Traditionally, Waqf was created by the relatively wealthy who dedicated assets to the Waqf for social good.^[30] However, since Waqf is a form of continuous charity (*sadaqah jariyah*), Muslims from various income levels would aspire to contribute to it as a part of their religious belief. Some of the contemporary developments and innovations are not only using newer operational formats of Waqf but also enabling retail donors of all means to contribute to the sector.

An example of an innovative contemporary Waqf is Waqaf Al-Nur Corporation Berhad (WANCorp) that uses newer forms of Waqf format, projects, and ways to raise funds. Unlike traditional real estate based Waqf, Johor Corporation (JCorp), the state investment entity of the state of Johor, Malaysia, established a corporate Waqf called Waqaf Al-Nur Corporation Berhad (WANCorp) in 2006. Starting initially with a capital of RM 200 million contributed by JCorp, WANCorp carries out income-generating activities and raises further Waqf capital to increase its size and impact. Other than establishing a network of Waqaf An-Nur clinics and a hospital to serve the health care needs of the poor, WANCorp has invested in several listed companies to generate income that is used for social purposes and a part also reinvested in the endowment. WANCorp took the initiative to develop a Waqf-based social infrastructure, Waqaf Saham Larkin Sentral (Larkin Sentral), constituting Larkin Sentral Transportation Terminal and Wet Market in Johor Bahru. WANCorp enabled retail donors to contribute to upgrade and refurbish the Waqf project by offering Larkin Sentral shares with a minimum subscription value of RM100 (USD 24.2)^[31] that could be purchased by individuals and institutions. A total of RM 7.861 million was raised that contributed to purchasing land and constructing multi-storied parking and shops devoted to single mothers and lower income groups and to upgrade and refurbish the project.^[32]

Another innovative initiative that entails partnership and uses technology emphasized in SDG 17 is donation-

based crowdfunding platforms enabling retail donors to contribute small amounts of money that are used for the development of new and existing Waqf. Six Islamic banks in Malaysia established a donation-based crowdfunding platform called *myWakaf* in 2017.^[33] Since Awqaf is managed by different State Islamic Religious Councils (SIRC) in the country, *myWakaf* liaises with them to identify priority Waqf projects for development. Once the projects are listed on the *myWakaf* platform, individuals and institutions can donate any amount through various payments systems, including through ATMs. An example of a project financed through *myWakaf* is the development of Maidam Hemodialysis Center in Terengganu, Malaysia that raised the collection goal of RM 770,740 to purchase medical and non-medical equipment.^[34] The projected impact of the center includes reducing the number of patients on the waiting list, providing better dialysis treatment to existing and new patients, and helping the underprivileged improve their health at a lower cost.^[35]

3.2.6. Synergies between Waqf and Financial Sectors

SDG 17 emphasizes strengthening the MoI through partnerships to achieve sustainable development. Finance is considered to be an important MoI, and Target 17.3 calls for mobilizing 'additional financial resources for developing countries from multiple sources.' While the non-profit sector can be a source of social financing, its capacity to contribute to the SDGs can be enhanced if investments are made to develop its productive assets. The synergic interaction and partnerships between the *Waqf* and financial sectors can be viewed in different ways.^[36] First, the Islamic financial sector can invest in the development of Waqf to increase its productive capacities. As indicated, many existing Waqfs are underdeveloped and yield low returns. Investing in the development of Waqf assets can potentially increase their capacities and returns. For example, a study carried out on a sample of 30 *Awqaf* properties surveyed in India shows that the average amount of investment needed to develop a Waqf property was US\$ 660,896. The investment had the potential of raising the income of Waqf by an average of US\$ 126,547 per annum, giving an average annual rate of return of 19.2% on the amount invested.^[37]

Islamic financial institutions, capital markets, and crowdfunding platforms have contributed to the development of some Waqf globally. Examples of the former include Awqaf Properties Investment Fund (APIF), established by Islamic Development Bank in 2001 to achieve sustainable and social impact by investing in existing Waqf properties and establishing new ones

commercially. At the end of 2019, APIF had invested USD 1.19 billion in 54 Waqf projects in 29 countries, and these investments had direct impacts on the SDGs. For example, the Fujairah Welfare Association in UAE benefited 9 million people and contributed to SDGs 1,4,8,10,11, and 17. Similarly, Towfiq Welfare Society benefited 400,000 people and contributed to SDGs 1,3,4,8, and 11 (APIF 2019: 10). Some Awqaf have also used capital markets to raise funds for the development of Waqf. Examples include using sukuk al intifa (time-sharing sukuk) used to develop ZamZamTowers for King Abduk Aziz Waqf adjacent to the grand mosque in Makkah and sukuk musharakah issued by the Islamic Council of Singapore (MUIS) to develop Waqf properties in Singapore. As indicated above, six Islamic banks in Malaysia launched a crowdfunding platform, *myWakaf*, that is used to raise funds from the public to rehabilitate existing Waqf assets and create new ones.^[38]

The second way in which Waqf can contribute to the SDGs through the financial sector is to help expand financial inclusion. Among others, Waqf can be used to develop models of providing financial services to the poorer sections of the population.^[39] The Waqf Core Principles highlights the role of Waqf funds in providing microfinance during contemporary times through a linkage program whereby Waqf can provide funds to microfinance institutions.^[40] Waqf and other forms of charities such as zakat and infaq can help provide additional and sustainable funding sources to microfinance institutions at low costs that can be used to finance the poor and micro-entrepreneurs.

3.3. Enhancing the Impact of the Waqf Sector

The KSA's Vision 2030 points out that at the time of its launch, only 7% of the non-profit sector's projects had a long-term social impact, and the goal is to increase this to one-third.^[41] The 2030 Agenda emphasizes the importance of assessing the impact of policies on sustainable development.^[42] Thus, there is a need to examine the impact that the Awqaf sector can have on the SDGs and Vision 2030 and suggest ways in which it can be increased. In this regard, the impact of Waqf relevant to the SDGs can be discussed in two broad ways: impact related to assets/projects and impact in investments. While the former is relevant for asset-based and corporate Awqaf, the latter is appropriate for investment Waqf. This section discusses the impact of assets/projects, impact related to investments and then presents a framework to measure and manage the impact.

3.3.1. Impact of Waqf Assets/Projects

An obvious way to assess the impact of Waqf projects is to examine how their activities affect the SDG targets and indicators. Different international organizations and market players have taken various initiatives and provide guidelines and principles for assessing and incorporating impact on the SDGs. Though some of these standards and guidelines are focused on the private sector, they can also be applied to the non-profit sector, including Awqaf.

World Benchmarking Alliance (WBI), a joint initiative of United Nations Foundation, Aviva and Index Initiative, was launched at the 73rd United Nations General Assembly in 2018 with a mission to 'build a movement to measure and incentivize business impact towards a sustainable future that works for everyone.'^[43] WBI provides guidance for the private sector to contribute to the SDGs by identifying how activities and outputs can create positive outcomes and impact on 'people, workers, communities and the environment.'^[44]

The United Nations Global Compact (UNGC) published various guidelines that can steer businesses and organizations to contribute to sustainable development. SDG Compass outlines five steps for organizations to integrate the SDGs in their operations: understanding the SDGs, defining priorities, setting goals, integrating and reporting, and communication.^[45] Integrating the SDGs in the strategies and operations can benefit organizations as it allows them to use common language and shared purpose, identify future business opportunities, enhance corporate sustainability, strengthen stakeholder relations and keep up with policy developments, stabilize societies and markets.^[46]

More recently, UNGC has published several documents that can help companies 'to set more ambitious targets on creating solutions for sustainability and advance the integration of the SDGs into core business systems and reporting.'^[47] The SDG implementation framework consists of three key components of anchoring ambition in strategy and governance, deepening integration across operations, and enhancing stakeholder engagement. The elements of these components are shown in Table 3.3.

Table 3.3: SDG Implementation Framework

Anchoring ambition in strategy & governance	Deepening integration across operations	Enhancing stakeholder engagement
<ul style="list-style-type: none"> • Purpose • Governance • Strategy and goals 	<ul style="list-style-type: none"> • Products & services • People management • Finance 	<ul style="list-style-type: none"> • Reporting & communication • Sales & marketing • Partnerships & stakeholders relationships

Source: UNGC (2020c: 9)

UNGC guidelines outline eight strategic steps under three components that organizations can take to define SDG benchmarks and integrate them in operations as shown in Table 3.4.

Table 3.4: SDG Identification and Integration

Components	Strategic steps
Raising Ambition	<ol style="list-style-type: none"> 1. Define priorities for SDG impact & identify relevant benchmarks 2. Set goals that match or exceed the benchmark's level of ambition 3. Identify the pathways which can be taken to achieve each goal and shape actions and initiatives to drive process 4. Define sub-goals to track progress and guide communication with stakeholders
Performance Metrics	<ol style="list-style-type: none"> 5. Establish performance metrics for evaluating progress and impact which will inform decision making and determine required data flows
Integration	<ol style="list-style-type: none"> 6. Determine the processes needed to enable data flows and drive action 7. Identify system opportunities to accelerate integration and unlock greater value and impact 8. Action the opportunities by making Key Design Decisions for system implementation

Source: UNGC (2020a, 2020b and 2020c)

Raising Ambition starts with using principled prioritization by defining priorities by using SDG Ambition Benchmarks that identify the areas in which the organization can best contribute to the SDGs. Once the benchmarks are identified, the goals of the company can be aligned with them. The scope of the goals would consider the implications at the operations, products and services, and value chain levels.^[48] Specifically, the objectives would include reducing the negative impact and maximizing the positive impact of operations and supply chains, innovative products and services that can positively contribute to societal and environmental outcomes.^[49] The next step is to ascertain the pathways and actions that will enable the achievement of given goals. This could be accomplished by identifying sub-goals that are smaller components of actions and pathways that serve as interim milestones and can be quantified to assess progress towards achieving an overall goal.^[50]

The performance metrics define key indicators that enable the organization to measure progress towards goals and act as a bridge between goal setting and integration in operations. The objectives of the metrics include collecting data and information on SDG performance and improving decision-making.^[51] Since the sources of data for the metrics come from the operations, the initial step of integrating the SDGs requires mapping the performance metrics to different processes through which data can be collected, analyzed, and managed. This may require establishing and embedding data-related roles and responsibilities across different operational functions and also instituting intelligent systems. Thus, organizations can assess their current technologies and develop a technology roadmap that will enable them to not only satisfy sustainability data requirements but also consider technological solutions that can help the organizational sustainability goals in the longer term. The final step of integration is to use Key Design Decisions (KDD) that are technology-related design decisions that organizations can take to improve sustainability management and use transformative methods of integrating the SDGs.^[52] This may require engaging with different stakeholders both inside and outside the organization.

The extent to which organizations can integrate the SDGs in their operations will depend on the capabilities of people, processes, and technology.^[53] The governance and incentive structures should be supportive, and the employees should have the skills to collect and manage the relevant data; the processes should be able to collect and access the data needed for action and decision-making, and the technology should enable the tracking of metrics related to the SDGs.

“Organizations can assess their current technologies and develop a technology roadmap that will enable them to not only satisfy sustainability data requirements, but also consider technological solutions that can help the organizational sustainability goals in the longer term

Many organizations have developed criteria to assess the impact on the SDGs and environment, social, and governance (ESG) performance of firms. For example, the UN Global Compact, along with the Global Reporting Initiative (GRI), has published various guidelines on reporting specific to the SDGs and targets for businesses.^[54] The Global Sustainability Standards Board, under the Global Reporting Initiative (GRI), an independent international organization, has developed reporting standards that can help businesses and other organizations to report impact on ESG and specific SDGs.^[55] Gold Standard discusses issues related to measurement, reporting, and verification of SDG impact and identifies reporting guiding principles as credibility, efficiency, comparability, flexibility, and compelling.^[56] The measurement standards and analytical metrics discussed above can also be used for assessing the alignment of operations of non-profit organizations and Awqaf with the SDGs.

3.3.2. Alignment of Investments to the SDGs

UN Principles of Responsible Investments (PRI) defines responsible investment as 'a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership'.^[57] Since the ESG and SDGs are closely related, this definition makes the alignment of investments and asset ownership to the SDGs relevant to both assets-based Waqf and investment Waqf. UNDP initiated SDG Impact in 2018 to facilitate impact by investors and enterprises by providing stakeholders unified tools, standards, and services that can measure and validate contributions made to achieving the SDGs.^[58] SDG Impact identifies three main pillars of increasing the impact of investments to be impact management, impact intelligence, and

impact facilitation.^[59] While Impact Management includes Practice Assurance Standards to measure impact and provide a way to manage, evaluate and authenticate the impact on the SDGs, Impact Intelligence provides SDG Investor Maps that identify Investment Opportunity Areas corresponding to the SDGs and presents market level and localized intelligence on development needs and sector and market conditions that can promote the SDGs. Impact facilitation is done by organizing investor forums to foster partnerships and connections for investment aligned to the SDGs and convene policy dialogues to improve the environment that can increase SDG supporting investments.

The elements under Impact Management include developing SDG Impact Standards, providing independent assurance and seal for the adoption of standards, and providing impact management education. SDG Impact Standards include six standards across four themes of strategy, management approach, transparency, and governance.^[60] While the first standard stipulates including SDG intentions and impact goals in the strategy, three standards under the management approach require embedding impact management into design and operations and measure and manage impact performance. The standard under transparency suggests regular and comparable reporting of impact activities and performance for informed decision-making. Finally, the standard under governance recommends instituting governance practices that provide appropriate operating context and effective oversight of impact management practices.

UN Principles of Responsible Investment (PRI) were launched in 2006 to provide principles for incorporating ESG issues into investment practice.^[61] The initiative brings together investors, UNEP Finance Initiative, and UN Global Compact to foster good governance, integrity, and accountability in the financial sector and encourages responsible investment that can benefit the 'environment and the society as a whole.'^[62] After the launching of the 2030 Agenda, the PRI has included the SDGs in the Blueprint of Responsible Investments.^[63] The six principles for responsible investment are listed in Box 3.1.

Box 3.1: Principles of Responsible Investments

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles

Source: UNEP Finance Initiative and UNGC (2020),



PRI has developed various tools and frameworks to help investors to implement the Principles of Responsible Investments. For example, the Impact Investing Market Map identifies the environmental and social themes and associated key performance indicators (KPIs) that can be used by investors in their decision-making to enhance the impact on the SDGs.^[64] PRI provides a framework of how investors can develop and implement policy and process for responsible investment.^[65] The steps that can embed responsible investment in organizational structures are shown in Table 3.5.

Table 3.5: Embedding Responsible Investment into Organizational Structure

Steps	Elements
 Policy	The purpose of a policy and its key components
 Targets	Turning policy commitments into concrete goals
 Training	Identifying skills gaps and staying abreast of the latest developments
 ESG Teams & Committees	Standalone ESG and investment teams versus integrated teams
 Investment Consultants	How to align external help with the policy
 Monitoring & Reporting	Monitoring progress towards targets and reporting that information to stakeholders
 Review	Evaluating successes and failures

Source: UNEP Finance Initiative and UNGC (undated):

Investment policies can integrate responsible investment in different ways. It can take the form of integrated investment policy where ESG elements become a part of the overall core investment policy, or there can be a standalone policy that complements the core investment policy.^[66] Appropriate systems must be in place to implement the commitments set out in the policy by translating them into quantitative or qualitative targets and deadlines. Achieving the commitments and targets towards ESG may require some prerequisites that may include relevant knowledge and skills. This can be done by

raising awareness related to the SDGs internally and may require training to develop skills to achieve the targets.^[67]

Implementing ESG/SDG elements into investment decisions would require creating teams and committees that deal with different aspects of responsible investments. As in the case with policy, this can take the form of integrated responsible investment teams or standalone teams. While in the former, the managers and analysts integrate the ESG elements into the overall investment analysis, in the latter, a standalone ESG team carries out the ESG analysis, which is then used by the investment team to make decisions on responsible investment. Given the specific features of ESG investments, firms may have to use external consultants specialized in responsible investments.

Monitoring the progress in the ESG related results and reporting the results is important for different stakeholders. Thus, different types of reports may need to be prepared to satisfy stakeholders such as clients, trustees, employees, media, civil society, and the regulators. There are various standards and guidelines for reporting responsible investments provided by different international organizations. These include PRI Reporting Framework, Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD) at the organizational level and Sustainability Accounting Standards Board (SASB), GRI Standards and Impact Reporting and Investment Standards (IRIS) catalogue of ESG and impact metrics at the investment level.^[68] A policy and its implementation must be reviewed regularly to measure success and ensure that investments are aligned to the ESG objectives outlined in the policy.

3.3.3. Impact Measurement and Management

Various international organizations and private sector entities have developed tools and methods to measure the impact of investments.^[69] This chapter presents the impact measurement and management system developed by Global Impact Investment Network (GIIN) since its standards are aligned with the Global Reporting Initiative (GRI) Standards and more than 50 other global frameworks, standards, methodology, and assessment tools.^[70] GIIN is an organization dedicated to increasing the scale and effectiveness of impact investing and works with other standards bodies to develop tools that can advance the use of social and environmental performance data for impact investing decision-making and producing results.^[71] GIIN's vision was published in a document entitled *Roadmap for the Future of Impact Investing* that identifies six categories of action to promote impact investment:

strengthening the identity of impact investment, changing the paradigm governing investment behavior and expectations, expanding the impact investment products, developing tools and services, boosting education and training and enhancing policies and regulations.^[72]

GIIN initiated various initiatives to facilitate the implementation of elements of the roadmap, such as strengthening the identity of impact investment by developing the Core Characteristics of Impact Investment and launching the IRIS+ system.^[73] The Core Characteristics provides a framework for Impact Measurement and Management by identifying the key features of credible investment practice that can guide investors to develop their approach towards impact investment. The four core characteristics include intentionally contributing to positive social and environmental impact through investment alongside a financial return, using evidence and impact data in investment design, managing impact performance, and contributing to the growth of impact investment.^[74] While the system is developed for investors, these can also be employed by enterprises.^[75]

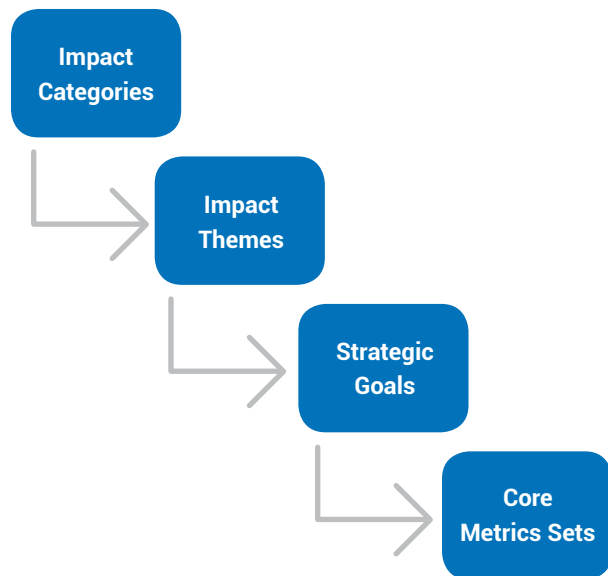
Realizing that impact investors lacked implementation guidance, comparable data, and core metrics that led to confusion and fragmentation, IRIS+ was developed as Impact Measurement and Management (IMM) system that can be used as an investment toolkit to help investors and organizations measure and manage their impact investments. The system helps investors and enterprises to measure, manage and optimize impact by translating their impact intentions into creating an impact on social and environmental issues.^[76] The system

“The four core characteristics include intentionally contributing to positive social and environmental impact through investment alongside a financial return, using evidence and impact data in investment design, managing impact performance, and contributing to the growth of impact investment”

promotes transparency, credibility, and accountability in using impact data in decision-making that drives impact results.^[77]

The IMM starts by setting goals and expectations of impact by moving from a broad classification of impact categories to identify the strategic goals by using IRIS+ Thematic Taxonomy and/or IRIS+ and the SDGs. Once the strategic goals of the investor or enterprise are

Figure 3.1. Hierarchy of IRIS Impact Categories, Themes, Strategic Goals and Core Metrics Sets



Source: IRIS (2019a:4)

identified, the IRIS+ Core Metric Sets are used to identify the indicators that are used to measure the impact. The hierarchy of the levels of impact assessment framework is shown in Figure 3.1.

The *IRIS+ Thematic Taxonomy* is structured at four levels of impact categories, impact themes, delivery methods, and strategic goals. First, the Impact Categories include broad industry classes corresponding to the International Standard Industrial Classification of All Economic Activities (ISIC) and some economic/social variables such as employment and pollution.^[78] Second, Impact Themes describes the social and environmental attributes under individual categories. Table 3.7 shows the Impact categories and themes identified in IRIS+.^[79] IRIS+ Themes indicate the different international standards and goals, including the SDGs that the theme aligns to. However, it does not identify the specific SDG target to which the theme is linked to.

Table 3.7: IRIS+ Impact Categories and Themes

Impact Category	Impact Themes
 1. Agriculture	Food Security; Smallholder Agriculture; Sustainable Agriculture
 2. Air	Clean Air
 3. Biodiversity & Ecosystems	Biodiversity & Ecosystem Conservation
 4. Climate	Climate Mitigation Climate Resilience and Adaptation
 5. Diversity & Inclusion	Gender
 6. Education	Access to Quality Education
 7. Employment	-
 8. Energy	Clean Energy; Energy Access; Energy Efficiency
 9. Financial Services	Financial Inclusion
 10. Health	Access to Quality Health Care Nutrition
 11. Land	Natural Resources Conservation; Sustainable Land Management; Sustainable Forestry
 12. Oceans & Coastal Zones	Marine Resources Conservation & Management
 13. Pollution	Pollution Prevention
 14. Real Estate	Affordable Quality Housing Green buildings
 15. Waste	Waste Management
 16. Water	Sustainable Water Resources Management Water, Sanitation, and Hygiene (WASH)

Source: IRIS (2019a: 6)

Third, the delivery models in terms of the businesses and projects that comply with the theme are identified. These provide the representative and illustrative means by which impact can be delivered to people and places to achieve the impact themes.^[60] Finally, the Strategic Goals are specific metrics that are linked to the theme, and these are identified as key indicators in the *IRIS+ Core Metrics Set*. A key indicator is a multi-variable measure producing information that describes performance towards key dimensions of impact.^[61] The investor can choose one or more of the indicators identified from the *IRIS+ Core Metrics Set* as Strategic Goals as an impact measurement variable.

IRIS+ Core Metrics Sets have a streamlined structure that is used to assess the impact of investments for the individual Strategic Goals, as shown in Table 3.8. Once the investor or the enterprise identifies the strategic goal, the next step is to identify the outcome that is relevant to corresponding to the goal. IRIS+ Core Metrics Set identifies various common outcomes for each Strategic Goal, and the one that is most relevant to the investor's activities is chosen for measurement.

Table 3.7: Structure and Elements of IRIS+ Core Metrics Sets

Elements	Explanation
Objectives of investment or enterprise	Strategic Goal the impact investor or the enterprise seeks.
Outcome to measure	IRIS+ Core Metrics Set identifies several common outcomes for each Strategic Goal from which one key outcome is used for measurement.
Key questions addressed	Measuring impact involves addressing key questions related to five dimensions of impact. ^a <ul style="list-style-type: none"> • WHAT is the goal? • WHO is affected? • HOW MUCH change is happening? • What is the CONTRIBUTION? • What is the impact RISK?
Additional metrics	These provide a high-level understanding of other or additional possible effects, including those affecting other affected stakeholder groups.
Custom functionality	Investors may add relevant metrics from the IRIS Catalog or create their own custom indicators based on IRIS metrics to tailor a Core Metrics Set to their specific approaches and goals.

Source: IRIS (2019c: 4)

a- Dimensions of impact are developed in cooperation with Impact Management Project. Details of the dimensions of impact are presented in Table 3.9.

To measure impact would require addressing key questions related to five dimensions developed by GIIN in partnership with the Impact Management Project (IMP).^[62] The issues and the data that are sought to address the various dimensions are presented in Table 3.9. The IRIS+ Core Metrics Sets and IRIS Catalog of Metrics provide a framework for assessing five dimensions of impact and enable investors to measure and describe impact performance.^[63] By using standardized data to assess impact across dimensions, the Metrics enable aggregation and comparison of the impact of investments with similar goals.

Table 3.8: IRIS+ Five Dimensions of Impact

Dimensions	IMP Definition	IRIS+ Approach
What?	What outcomes the enterprise is contributing to and how important the outcomes are to	Data categories that help enterprises and investors identify the outcomes to which they contribute and the importance of these to stakeholders.
Who?	Who experiences the effect and how underserved are they in relation to the outcome?	Data is needed to understand which stakeholders an enterprise or investment affects and how underserved they are in relation to the outcomes generated by that enterprise's activities
How much?	How much of the effect occurs in the time period?	Data is needed to understand the significance of the outcome in terms of scale, depth, and duration. IRIS+ Core Metrics Sets provide metrics and calculations for the scale (number of stakeholders experiencing the outcome) and depth (degree of change experienced)
Contribution?	How does the effect compare and contribute to what would likely occur anyway?	Data needed to assess an enterprise's contribution to the social and environmental outcomes that people and the planet experience relative to what the market or social system would have achieved anyway
Risk?	Which risk factors are significant and how likely is it that the outcome is different from the expected.	The risk dimension covers the assessment of ten impact risk factors. IRIS+ Core Metrics Sets describes risk factors identified as material for each specific Strategic Goal.

Source: IRIS (2019d: 3).

IRIS Catalog of Metrics is additional generally accepted metrics used by leading impact investors that measure social and environmental performance. In particular, the indicators in the IRIS Catalog of Metrics are aligned to the SDG targets, and each relevant SDG target is associated with a set of applicable IRIS metrics.^[64] Note that only 70 SDG targets are aligned to the IRIS Catalog of Metrics since many targets are not directly related to investors and enterprises. These targets include those related to international cooperation, public policy, or national-level activities (IRIS 2019b: 5).

3.3.3.1. Aligning Impact with the SDGs

The goals and expectations of investors and enterprises can be aligned to the SDGs by using *IRIS+* that provides the core principles of measuring the impact performance of investments towards the SDGs (IRIS 2019b). *IRIS+* system translates the SDGs and the SDG Targets into corresponding IRIS metrics so that investors can track their contributions towards them. The alignment of the SDGs and *IRIS+* components is shown in Table 3.10. While the goals of the SDGs are aligned with the *IRIS+* Strategic Goals through the Core Metrics Sets, the SDG targets are associated with the individual elements of the IRIS metrics.

Table 3.9: Alignment Framework of the SDGs with IRIS+

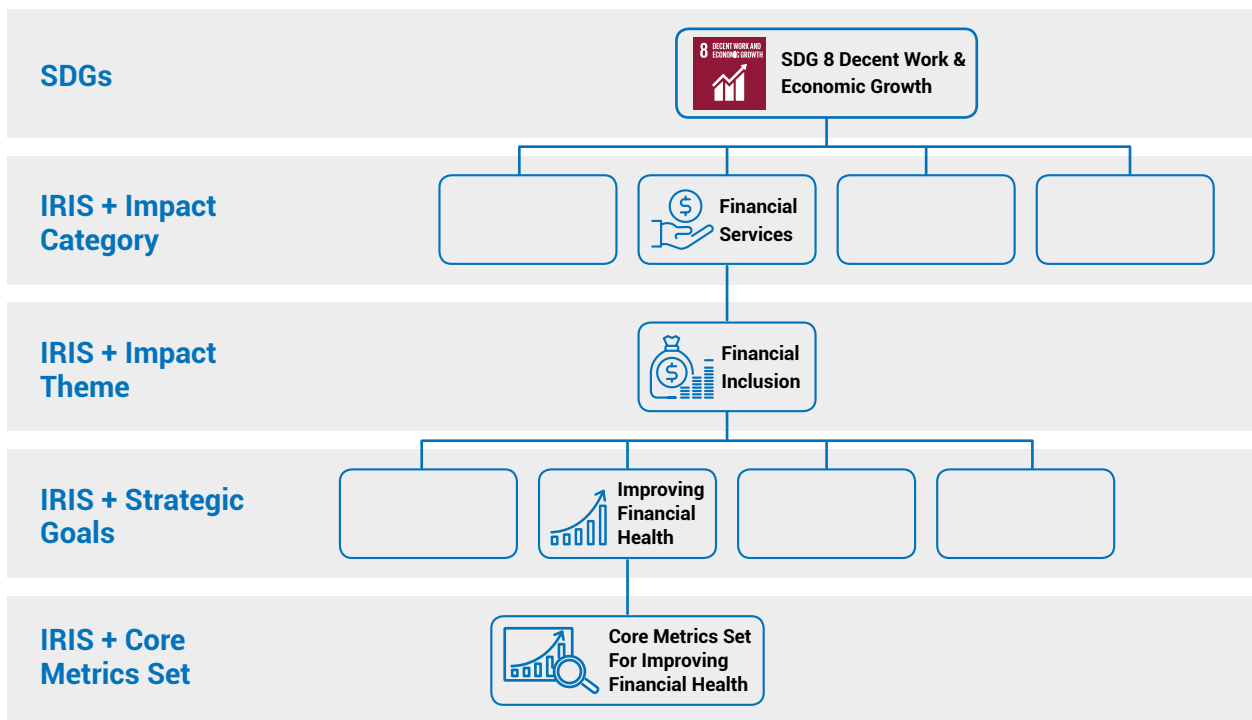
	IRIS+ Strategic Goals	IRIS Catalog of Metrics
SDG Level of Alignment	SDG Goals	SDG Targets
IRIS+ Unit of Alignment	Core Metrics Sets	Individual IRIS Metrics
Number of Alignments	31 Core Metrics Sets align to the SDGs at the Goal level.	70 SDG targets align with a set of IRIS metrics; 81% of the IRIS Catalog of Metrics aligns with SDG targets. ^a

Source: IRIS (2019b: 3).

Note: SDG targets that are not aligned to the IRIS Catalog of Metrics are not directly related to investors and enterprises.

Figure 3.2 shows an example of how the SDGs are linked to the specific IRIS+ Core Metrics Sets through the Impact Category, Impact Theme, and Impact Strategic Goal. One of the IRIS+ Impact Categories related to SDG 8 (Decent Work and Economic Growth) is 'Financial Services,' and the corresponding IRIS+ Impact Theme is 'Financial Inclusion.' The IRIS+ Strategic Goal linked to Financial Inclusion includes 'Improving Financial Health' of beneficiaries, and the specific indicators that can measure this are included in the Core Metrics Set for Improving Financial Health.

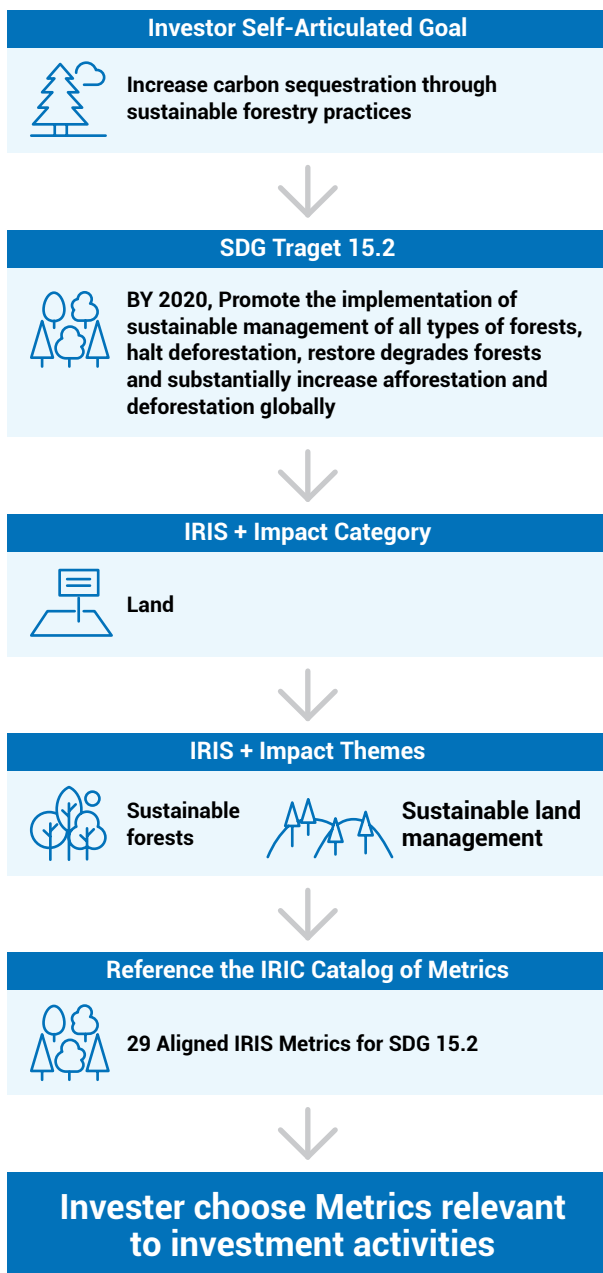
Figure 3.2: Alignment of the SDGs with IRIS+ Impact Category, Theme, Strategic Goal and Core Metrics Set—An Example



Source: IRIS (2019b: 5)

The IRIS+ system can also be used to link the SDG targets to the IRIS Catalog of Metrics. An example of an investor goal that is linked to SDG Target 15.2 and the corresponding IRIS Catalog of Metrics is shown in Figure 3.3. The figure shows that the investor goal of increasing carbon sequestration through sustainable forestry practices is linked to SDG Target 15.2 and IRIS+ Impact Category of 'Land.' The two associated IRIS+ Impact Themes are 'Sustainable Forestry' and 'Sustainable Land Management.' There are 29 IRIS metrics in the IRIS Catalog of Metrics that relate to SDG 15.2 that can be used as indicators to measure the investor's goal. The enterprise or investor can choose the metric(s) that are relevant to their activity and goal.

Figure 3.3: Alignment of Investor Goal with the SDGs and IRIS Catalog of Metrics



Source: IRIS (2019b: 5)

3.4. Alignment of Waqf with the SDGs/Vision 2030: Summary and Conclusions

The chapter uses various international guidelines and standards to determine different factors that can enhance the Waqf sector’s growth and impact on the SDGs and Vision 2030 goals. Table 3.11 identifies the key sources that were used to derive the specific determinants of increasing Awqaf’s contribution to sustainable development.

Table 3.11: Sources of Standards/Guidelines for different Determinants of Waqf Growth and Impact

Determinants	International Standards/ Guidelines
Incorporate SDG Purposes	SDGs and the KSA's Vision 2030 Branch Objectives
Policy and Institutional Coherence	SDG Mol, Core Principle of Effective Waqf Management
Enabling Legal and Regulatory Environment	SDG Mol, Core Principle of Effective Waqf Management
Governance and Management	Core Principle of Effective Waqf Management, AAOIFI Waqf Governance Standards
Knowledge, Awareness and Capacity Building	Core Principle of Effective Waqf Management, AAOIFI Waqf Governance Standards
Technology and Innovation	SDG Mol, WEF
Synergies between Waqf and Financial Sectors	SDG Mol
SDG Integration in Projects/Assets	World Benchmarking Alliance (WBI), United Nations Global Compact (UNGC) Guidelines
SDG Integration in Investments	UN Principles of Responsible Investments (PRI), SDG Impact, UNEP Finance Initiative & UN Global Compact guidelines
Impact Measurement and Management	GIIN & IRIS

Source: Author's own

Table 3.12 presents the key factors that are directly or indirectly relevant for different types of Waqf. Incorporating the SDGs/Vision 2030 in the purposes of Waqf may be restricted in existing Awqaf if these are not included in the Waqf deed due to Shariah principles governing Awqaf. However, in the case of new Waqf, issues related to the SDGs and Vision 2030 can be included since the founder has the freedom to include any purpose or beneficiaries in the deed. Policy and institutional coherence and an enabling legal and regulatory regime can help the Waqf sector indirectly by providing a supporting ecosystem.

Table 3.11: Determinants of Waqf Growth and Impact

Determinants	Existing Waqf	New Waqf	Assets Based Waqf	Investment Waqf	Corporate Waqf/Social Enterprise
Incorporate SDG Purposes	Constraints	Direct	Direct ^a	Direct ^a	Direct ^a
Policy and Institutional Coherence	Indirect	Indirect	Indirect	Indirect	Indirect
Enabling Legal and Regulatory Environment	Indirect	Indirect	Indirect	Indirect	Indirect
Governance and Management	Direct	Direct	Direct	Direct	Direct
Knowledge, Awareness and Capacity Building	Direct	Direct	Direct	Direct	Direct
Technology and Innovation	Direct	Direct	Direct	Direct	Direct
Synergies between Waqf and Financial Sectors	Direct	Direct	Direct	Direct	Direct
SDG Integration in Projects/Assets	-	-	Direct	-	Direct
SDG Integration in Investments	-	-	Direct	Direct	-
Impact Measurement and Management	Direct	Direct	Direct	Direct	Direct

Source: Author's own

Notes: a-if the Waqf is new.



Operational factors such as governance and management, capacity building, using new technology, and innovative solutions can enhance the scale and impact of all types of Awqaf. Raising the awareness of the people can also expand the creation of new social Waqf. The financial sector can increase the productivity of Awqaf by investing in Waqf assets and also by promoting financial inclusion in partnership with Islamic financial institutions. While asset-based and social enterprises can increase contributions to sustainable development by integrating the SDGs related impact into their assets and projects, the investment Waqf can do so by incorporating SDG-related principles in investment and disbursement decisions. Finally, impact measurement and management systems can be used by all Awqaf types to assess and manage the impact of their activities on the SDGs and Vision 2030.

ENDNOTES

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- [17] Ibid, p. 21.
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- [23] Ibid, p. 35.
- [24] Ibid, p. 48.
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- [47] See UNGC (2020a, 2020b, 2020c) at <https://sdghub.com/project/ambition-guides/>
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- [51] UNGC (2020a: 13)
- [52] UNGC (2020a: 18).
- [53] UNGC (2020a: 19).
- [54] The publications include GRI and UNGC (2017) GRI (2020).
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- [56] Gold Standard (2019)
- [57] UNEP Finance Initiative and UNGC (undated: 1)
- [58] <https://sdgimpact.undp.org/SDG-Impact.pdf>. To date, SDG Impact has developed standards for private-equity and SDG bonds and is in the process of developing standards for enterprises (see <https://sdgimpact.undp.org/enterprise.html>).
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- [66] While integrated investment policy is used by firms that are fully committed to ESG/SDG integration, the standalone policy is used by investors that are not ready to integrate ESG/SDG in the core investment policy (UNEP Finance Initiative and UNGC undated:2).
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- Most of the indexes and data providers such as S&P, MSCI, Bloomberg, FTSE Russell, Refinitiv, etc. have ESG indices or ratings for different companies. For example, FTSE Russell's ESG Ratings and data model provides investors a framework of a company's exposure and management of ESG factors across three pillars of environmental, social and governance dimensions. The framework uses 14 themes and 300 individual indicators under these pillars to provide the overall ESG rating for a company (see <https://www.ftserussell.com/data/sustainability-and-esg-data/esg-ratings>).
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04

Overcoming Challenges in Vision 2030 and the SDG Alignment

The purpose of this chapter is to discuss challenges to overcome in achieving Vision 2030 and SDG alignment.

4.1 Methods

An exploratory research design was adopted because there had been little previous research into Awqaf's alignment with development goals and there appeared to be an even greater absence of work examining the subject in the KSA. In addition to reviewing the literature on Awqaf obstacles¹²³⁴⁵, the study team conducted in-depth interviews with 25 individuals representing the four Awqaf stakeholder segments: Founders and donors (4), administrators and managers (10), policymakers (5), and assets managers (6). Since the study was exploratory in nature, a purposeful sample selection strategy was employed to include individuals that "have a good reason, wither from previous theory or logic or personal experience, to think there will be a lot of what it is to study".⁶

Data for this exploratory investigation were collected through guided online interviews. Each interview began with an introductory discussion about the interviewee's nature of work (or experience) and its relationship with Awqaf. Then, they were asked about their general views on Vision 2030 and the SDGs, if Awqaf should play a

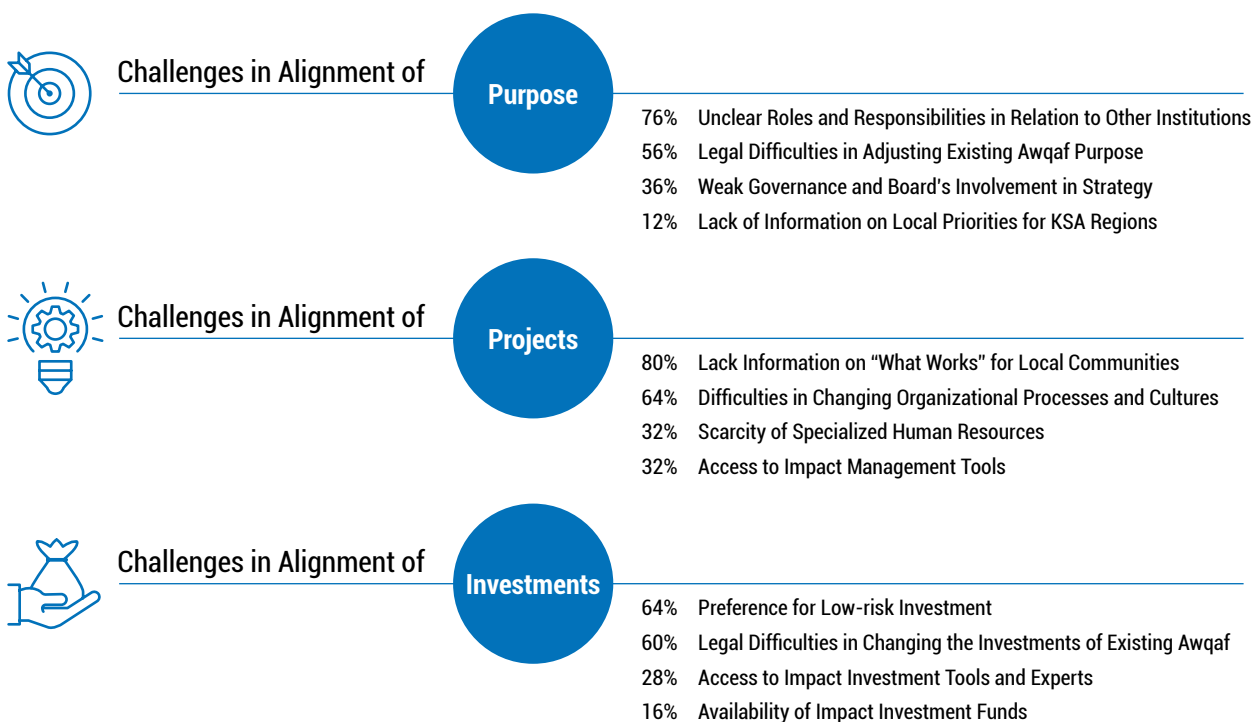
role in achieving them, and the kinds of roles. After that, depending on the individual role, a discussion on the challenges facing Awqaf in aligning with development goals was stimulated with follow-up questions. Interviews were concluded with an opportunity for participants to provide suggestions on how the Awqaf sector's social impact can be enhanced. Appendix A contains the actual interview guide employed in this part of the study.

Interviews' data were analyzed using standard processes of analytic induction employed in qualitative research^{7,8} to detect emergent themes and patterns. Findings were reviewed by experts in the Saudi Awqaf sector to ensure its trustworthiness and reduce the loss of meaning resulting from translations.

4.2 Findings

Challenges were categorized into three categories: *challenges in the alignment of purposes, challenges in the alignment of projects, and challenges in the alignment of investments*. Emergent sub-topics were then identified for each category. Graph 5 illustrates the percentage of participants who expressed challenges in each topic.

Graph 5. Challenges in Awqaf Alignment with SDG and Vision 2030



4.2.1 Challenges in Alignment of Purposes

Most of the interviewed Awqaf founders and administrators in the KSA consider the alignment of their Awqaf purposes with Vision 2030 and the SDGs a national duty and good global citizenship. They believe Awqaf should be among the first agencies to finance and work to achieve national and global development goals since they are created for social-benefit purposes. Interviewed stakeholders highlighted several challenges Awqaf founders and administrators are facing with regard to aligning Awqaf's purposes with Vision 2030 and the SDGs.

Unclear Roles in Relation to Other Institutions. The rise of the welfare states in the region in the early 20th century have greatly influenced Awqaf activities. Many of the pre-existing social institutions were incorporated into the public sector, which played a central role in funding and directly managing the provision of education, healthcare, and other social services. Since then, Awqaf's role has been unclear or limited to religious causes. While improving Awqaf policies and enhancing their social impact has become a top item on the Saudi national agenda, Awqaf's roles and responsibilities in relation to other public and private sector organizations remain in question.

All participants were asked about the kind of roles that Awqaf should play in achieving national and international development goals. Responses on Awqaf roles were not specific. They merely answered that Awqaf should play an integral role with other bodies in the ecosystem. An Awqaf director explained that the lack of clarity on Awqaf roles is a problem. According to him, "Maybe I will launch an expensive and long-term program, but I find that another agency is working in a similar program. Today, I'm seeing ministries launching nonprofit organizations, and I'm not sure if this is because the existing nonprofit sector is weak or the ministries are in a hurry to achieve targets without the need to collaborate with existing organizations, which will require greater effort. The problem is that they have become competitors to charitable organizations, and they give the impression that charitable organizations are not to be trusted".

One Awqaf founding family member suggested that Awqaf should invest in social causes that require long-term and high-risk investments because they are free from the accountability pressures that government institutions face, and they are more independent from competition pressures that for-profit companies face. She stated, "why education? We noticed our social work in the region is geared toward providing basic needs, i.e., food, housing,

“Aligning Awqaf purposes with Vision 2030 and SDGs requires making adjustments to existing Awqaf purposes to be aligned with current needs and priorities. In some cases, the social issue stated in the Awqaf deed becomes irrelevant to current social needs, or the targeted population group becomes extinct or less in need than other groups”

and healthcare, but because the investment in education is costly, its financial return on investment is weak, and the social impact of education efforts is long-term, few parties support it. I believe it can only be supported by Awqaf”.

Legal Difficulties in Adjusting Existing Awqaf Purposes.

Aligning Awqaf's purposes with Vision 2030 and the SDGs requires making adjustments to existing Awqaf's purposes to be aligned with current needs and priorities. In some cases, the social issue stated in the Awqaf deed becomes irrelevant to current social needs, or the targeted population group becomes extinct or less in need than other groups. In other cases, the Awqaf becomes inactive and needs to be merged with other Awqaf with similar purposes. Making adjustments to Awqaf purposes, however, is difficult. Legal processes to accomplish such changes to Awqaf-based organizations are not efficient in the KSA compared to other organizations' legal processes.

According to our literature review and field research, there are several challenges associated with making such adjustments. The most important ones are: the absence of laws and procedural guides regarding updating Awqaf fields of work, judicial authorities' failure to develop deed formulas and make them adaptable to social changes, acceptance of some judges to the more flexible deed formulas, the strict approval process for merging small Awqaf, the length of time it takes to make amendments to Awqaf, the lack of clear mechanisms to identify deficiencies in the implementation of Awqaf deeds, and the difficult requirements related to issuing licenses necessary for working in development fields.





The difficulties of adjusting the existing Awqaf deed was emphasized by a participating Awqaf Nadhir. He stated, "I wanted to contribute to the isolation work for people infected with Coronavirus using my Hajj Awqaf housing. This is a patriotic duty. But the conditions were too many. Flexibility is essential, otherwise, we will not move forward. If the judge will commit me to words written 120 years ago, this is a difficult issue. I mean, the Awqaf deed says to provide housing for poor azbaa [never-married women], and the judge insists that they should be single who did not marry. At that time, they may be one of the needy groups; now, the divorced, widows, and the wives of a disabled person are more in need than the azbaa. Additionally, applying this deed may lead to discouraging single women from getting married".

Weak Governance and Board's Involvement in Strategy.

The leadership and managerial factors scaffolding more evolved and aligned development strategy have begun to interest Awqaf stakeholders in the KSA. The logic behind it lies in the fact that having a sound strategy that speaks to local targets and global development goals requires strong governance. Awqaf-based organizations

would need diverse board compositions representing development stakeholders of the Awqaf field of work and strong board practices in terms of planning, performance evaluation, and having clear roles and responsibilities.

According to our literature review and field research, there are several challenges associated with Awqaf governance. The most important ones are: The lack of a governance system for Awqaf, the lack of obligation for Awqaf to include (in their registration document) key governance items and principles, many Awqaf do not have a board of trustees, many of Awqaf boards members are exclusive to one family members, many of Awqaf boards are ineffective and do not fulfill the roles required of them in monitoring and evaluation, the lack of a conflict of interest systems in many Awqaf, and the absence of legislation requiring Awqaf to disclose their financials and strategic plans.

The relationship between Awqaf's weak governance and development strategy can be elicited from an Awqaf CEO statement. He stated, "Our board of trustees in the foundation meet only once or twice a year, and the direction that I get from them around the areas of social

work and programs is very minimal. They focus on issues around financial and legal integrity, determining expenditure amounts, and hiring top management individuals. But with regard to the field of work and the desired impact on social issues, they have no say. What we do is that we depend on the requests we receive from nonprofit societies, and it gives us a good idea about the lack of services, such as the need for renal care, the need to provide housing for the poor, etc."

Lack of Information on Local Priorities for Local Regions.

Given the relatively high philanthropic giving and the current financial strain in the KSA, increasing the impact of Awqaf has moved to the forefront of the national agenda. The major focus of the dialogue and recommendations, however, is on building nonprofit organization's managerial capacities and on outcomes' measurement. While these elements are indeed critical, they assume that existing strategies for making impact decisions are correct and, consequently, that it is appropriate to focus only on managing the social programs and measuring impact. Awqaf leaders are struggling to access the appropriate information they need to make evidence-based decisions on "where to work?" and "how to work?"

According to our literature review and field research, there are several challenges associated with the availability of information on development priorities. Awqaf stakeholders pointed out the need to have a comprehensive framework for development sectors and sub-areas. Then, for each sub-sector, there is a need to know the following: What are the national and global targets in this sub-sector, what are their indicators, what are their priorities and underlying causes for each local community. Several communities need studies conducted in the KSA, but most of them document the needs in terms of lack of services and do not analyze the social problems and their underlying causes.

This lack of information was emphasized by an Awqaf founder. She stated, "on a personal level, I am one of the people who is very interested in the sustainable development goals. And I am one of the people who believe that if the seven billion people on the planet are committed to even a small part of their lives in the service of sustainable development goals, living on earth will be much better. But we need to know the development priorities in our local communities, whether at the level of regions, provinces, cities, or even neighborhoods. What is the level of poverty index, for example, in my city? What is the level of public health indicators in it? Etc. There is a good effort done by my brothers in the Ministry of Human Resources and Social Development to develop a heat map

“According to our literature review and field research, there are several challenges associated with the availability of information on development priorities. Awqaf stakeholders pointed out the need to have a comprehensive framework for development sectors and sub-areas

of social needs at the level of regions in the Kingdom, but the problem is that this map was concerned only with the needs of the poor registered in Social Security and did not study general public issues. Also, the map has not been published for public use."

4.2.2 Challenges in Alignment of Projects

Awqaf stakeholders in the KSA understand that the alignment with Vision 2030 and the SDGs have to be translated into Awqaf projects' targets, design, and implementation processes. Many of the interviewed individuals expressed their dissatisfaction with the superficial alignment of Awqaf's purposes with Vision 2030 and the SDGs only at the high-level purposes. Interviewed stakeholders highlighted several challenges Awqaf administrators and managers are facing with regard to aligning Awqaf projects with Vision 2030 and the SDGs.

Lack of Information on "What Works" for Local Communities.

To help in achieving Vision 2030 and the SDGs, Awqaf project managers need to be able to design effective interventions. To do so, they would need to have knowledge about previous local and international experiments that worked in terms of achieving social outcomes as well as the set of impact factors that these cases have. For Awqaf project managers, investors, and policymakers, having such information is key to realize social change and solve some of the KSA's most intractable problems.

According to our literature review and field research, there are several challenges associated with the availability of information on "what works" for social



issues. Awqaf stakeholders pointed out the need to have a comprehensive database for development sectors and sub-areas. Then, for each sub-sector, there is a need to know the following: What are the organizations working in this sub-sector, how effective are they in achieving impacts, what is the cost to produce the desired result, and what are the international best practices in this sub-sector, and what are the research studies and program evaluations in this sub-sector.

This lack of information on “what works” was emphasized by an Awqaf policymaker working on a national project for enabling social entrepreneurship. She stated, “our social projects ideas are traditional and ineffective. We need to be open to new ideas, and more importantly, we need to be open to learn from others’ experiences and understand what made those experiences successful. I believe that ‘making the market works’ is the solution for many of our social challenges but still, for most Awqaf directors, this means sabotaging the purely charitable work by making them enter the dirty money sector.”

Difficulties in Changing Organizational Processes and Cultures. Aligning with Vision 2030 and the SDGs does not only mean aligning goals but also aligning organizational structures, processes, and cultures related to projects’ implementation. In an impact-oriented organization, processes are designed to be adjusted on the basis of data, they take into account economic, social and environmental dimensions, and employees know what their own contribution to the organizational mission is. For Awqaf project managers, having such organizational processes and cultures is key to realize the social impact.

According to our literature review and field research, there are several challenges associated with the ability of Awqaf to adopt more effective organizational processes and cultures. They include: preference of direct philanthropic giving to individuals, unclear project designing process and in many cases such process do not engage stakeholders properly, long bureaucratic procedures in deciding to fund social programs, unclear process flow from eliciting implementing partners and overseeing the achievement of milestones, vague criteria for grantees, lack of Arabic-language technologies for social project management, awareness among employees that we are part of a bigger world and we all should strive to solve common issues.

The need to adopt impact-oriented organizational processes and culture was discussed by a director of a grantee nonprofit association. He stated, “many of the rich Awqaf-based foundations do not prefer to work with

us [association]; instead they design and implement their own projects, which I think is not good because they should focus on strategy and leave the implementation to us. Also, most of these foundations do not have a clear process for a grant application. We have to depend on our connections to request grants”. When asked about monitoring and evaluation, he responded, “actually, once we got the grant, there was very minimal follow up in terms of achieving targets.”

Scarcity of Specialized Human Resources. Enhancing the impact of Awqaf in terms of achieving national and international development targets requires having human resources that have impact management competencies in addition to their understanding of Awqaf laws and Shariah guidelines. The development field is becoming more and more sophisticated in terms of goals, theories, frameworks, and tools. There are university schools with majors and minors in development-related studies such as nonprofit management, public policy, and social entrepreneurship.

While most Awqaf leaders and staff in the KSA have an adequate understanding of Awqaf laws and Shariah guidelines, they fall behind in impact management competencies. According to interviewed Awqaf stakeholders, Awqaf leaders and staff need to improve their impact management competencies such as: systems thinking about social problems, impact-oriented strategic planning, evidence-based decision-making, stakeholders’ participatory leadership, human-centered design and management, continuous outcome measurement, and evidence-based improvement.

The need to develop Awqaf leaders and staff’s impact management competencies was emphasized by a Waqf director. He stated, “the availability of qualified and

“Enhancing the impact of Awqaf in terms of achieving national and international development targets requires having human resources that have impact management competencies in addition to their understanding of Awqaf laws and Shariah guidelines



specialized cadres is one of the biggest challenges facing the Awqaf today, especially with regard to development field specializations. I couldn't find employees who have comprehensive knowledge about the SDGs, who are able to differentiate between outputs and outcomes, who have some knowledge in behaviour change theories and other social change-related theories, and who know how to conduct program evaluation and develop impact reports. We are still struggling to reach qualified people."

Access to Impact Management Tools. In addition to having specialized human resources, Awqaf need to access impact management tools that will practically assist Awqaf project managers to more effectively align their projects with Vision 2030 and the SDGs. Very few of the impact management tools are available in the Arabic language and are culturally sensitive, i.e., use Awqaf principles and terminology.

It was apparent from Awqaf managers' input, and our review of Awqaf-based performance reports that Awqaf will greatly benefit from impact management tools if they were practically accessible. Such tools include: gaps

prioritization indexes (scale, depth, urgency, political feasibility, etc.), stakeholders mapping frameworks (players mapping, relationship mapping, time-line mapping), impact defining dimensions (what, how much, who, contribution, risk), theory of change (direct services, capacity building, policy change), logic model (inputs, outputs, outcomes, impact), local and global targets and metrics (Vision 2030 and SDG), impact measurement methods (comparative designs, assessment scales, data collection tools), and impact monitoring and reporting tools and technologies (scorecards, dashboards, clouds to report impact to relevant stakeholders).

According to a Waqf project manager, "most of Awqaf expenditures are aligned with development goals, such as disaster relief which were effective during Corona pandemic, the provision of basic needs for the poor: food, health, etc. But the question is to what extent we are actually aligning our projects and implementation procedures with the development goals. I mean, many of the Awqaf, including us, have done that exercise where we work on aligning our goals with Vision 2030 objectives which was done with a direction and help from the Ministry

of Human Resources and Social Development. But at the end, nothing has changed on the ground at the level of programs and projects."

4.2.3 Challenges in Alignment of Investments

Impact investing has become an attractive topic to discuss for Awqaf policymakers, experts, and Awqaf administrators in the KSA. Many of them believe that investing in purpose-driven sectors and business initiatives is a great way for Awqaf to engage in achieving Vision 2030 and the SDGs. Interviewed stakeholders highlighted several challenges Awqaf asset managers are facing with regard to aligning Awqaf investments with Vision 2030 and the SDGs.

Preference for Low-risk Investment. It was apparent from the interviews that some of the Awqaf asset managers believe that impact investments mean higher risk than other forms and that Awqaf should only invest in low-risk investments. According to an Awqaf asset manager, "there is a traditional condition for Awqaf investment which is to be a safe investment, meaning the risk should be minimal. The Waqf principal is accountable to God for this money, so safety is more important than diversity." Another Waqf investment advisor said, "the original

purpose of Awqaf is in the conservation of the asset. Preservation comes before social benefit. Preserving the Waqf is more important than a social development that loses the whole asset."

On the other hand, some of the interviewed Awqaf policymakers, directors, and asset managers showed interest and openness to the idea of investing in high-impact sectors. According to an Awqaf asset manager, "usually the Waqf founder states important regulation which is that the investment does not violate the Sharia. God is good and does not accept anything but good. Therefore, I believe that all international guidelines for responsible investing do not deviate from this, such as not trading in forbidden things and not trading in what harms human beings". Another Awqaf director stated, "Awqaf should review their sources of income and move towards the most beneficial investments: health from health awareness and primary care to specialized treatment to health law, the family: entering into family investment is very important, the financial loss of divorce is high."

According to a government official responsible for public Awqaf, "the current stage we are working on is how to maximize the financial benefits of Awqaf properties. Well, we can talk with the top management about increasing



the social benefit, because at the end, what is done, they give us the profit to be spent on social development. Well, what if we invested in projects that might give you the full amount of profit that you would get, but through which you achieve the impact that expenditure side is trying to reach. Instead of giving to a nonprofit association to dispense water, we can invest in creating a water factory. Yes, the factory may give high profit, but it will achieve higher and more sustainable impact”.

Legal Difficulties in Changing the Investments of Existing Awqaf. Laws and policies play a key role in enhancing or discouraging the alignment between Awqaf investments and development goals. While the KSA has made great progress in the private sector regulations to create a thriving and more diversified economy, Awqaf regulations are not keeping up with such development. The current Awqaf regulations focus on the control and inspection functions rather than viewing Awqaf as partners in development.

According to our literature review and field research, there are several challenges associated with Awqaf regulations. They include: Long and complicated procedures for replacing real estate, converting it into stocks, or buying and selling in general, imposing fees and taxes on the investment operations of Awqaf (not exempt), the lack of regulation of Awqaf stocks at the Capital Market Authority, the absence of special regulations to motivate Awqaf to establish Awqaf investment funds, courts not benefiting from specialized bodies such as the Saudi Authority of the Accredited Valuers and the Saudi Organization for Certified

“Laws and policies play a key role in enhancing or discouraging the alignment between Awqaf investments and development goals. While KSA has made great progress in the private sector regulations to create a thriving and more diversified economy, Awqaf regulations are not keeping up with such development

Public Accountants, lack of regulation committing Awqaf to governance systems, weak competencies of the employees of the investment review bodies, judges do not differentiate between Awqaf assets that are fixed and investment tools that are developed through monetary Awqaf.

According to an Awqaf investment manager, “our investors in the country do not like to have a Waqf partner. The reason is the difficulty in making the decision in Awqaf. The regulations and legislation are still looking at the Awqaf with apprehension. I mean, now if I want to make an amendment to my Waqf deed, to sell a property belonging to the Waqf and establish a technology company, for example. From the very beginning, when the judge sees the word “Waqf,” he activates antennae and demands 20 requirements, while this can be done in the private sector in 24 hours. Unfortunately, this wastes great opportunities on Awqaf. The result is that many people do not officially register their Awqaf”.

Access to Impact Investment Tools and Experts.

There are mixed views across participants as to what constitutes impact investing. For many, it is seen as a high abstract concept that can logically justify most types of Awqaf investment. Others believe that only Awqaf investments that have the intention of providing clear, measurable impact constitutes this type of investment. There is, however, a common belief that introducing impact investing tools and advisers to the Awqaf context is an effective approach in shifting investing behaviours.

Awqaf investments can benefit from impact investment tools if they are accessible and supported by experts. Such tools include: social outcome taxonomies, impact investment readiness frameworks, impact measurement frameworks and tools, impact effective strategies and theories of change, impact financing tools and frameworks, impact management principles, social capital as a service model, and impact investing portfolios.

According to an Awqaf policymaker, “I think we need to work on promoting the concept of social investment and empowering Awqaf investment managers with the needed tools, resources and training. Many Awqaf principles take the Nadhir position by inheritance without any qualifications or competencies. There are some discussions about impact investment incentives and strategies for Awqaf. For example, we need policies to engage Awqaf in government bids and purchases, government funding processes for social projects, and I’m part of a group working on applying the concept of impact bonds in Saudi Arabia.”



Availability of Impact Investment Opportunities. In addition to raising awareness and proving the necessary tools and competencies of impact investing, stakeholders pointed out the need to create impact investing opportunities. There is a need to create and re-design impact investing opportunities such as investment funds, impact bonds, social venture capitals, and private equity that speaks to Awqaf investors.

On the lack of investment opportunities, Awqaf investment manager said, "our investment fields in the country were very few. In the past, investment options were very few: real estate, stock, or starting a business from scratch. We did not have the private equity culture. We didn't have the venture capital culture. We didn't have companies specialized in evaluating companies. We didn't have capital companies searching for the best investments in the market. All that was not available to all investors, not just Awqaf investors. Only recently, we are seeing investment capitals helping us search for investment opportunities, following SEMA, which made licensing more easy. REIT [real estate investment trust] has also appeared today as a new investment path, and the parallel

market to the stock market has appeared as a new area for IPO. So, the opportunities began to expand, which will definitely be reflected on Awqaf."

While the challenges portrait above may hamper Awqaf from aligning their purposes, projects, and investments with Vision 2030 and SDG, they create great opportunities for social activists, researchers, consultants, practitioners, and policymakers who have genuine intentions to empower and develop Saudi society.

“There is a need to create and re-design impact investing opportunities such as investment funds, impact bonds, social venture capitals, and private equity that speaks to Awqaf investors”



APPENDIX

Interview Guide

Founders/Donors

1. Tell me a little about the nature of your work (your experience) and its relationship with the Awqaf sector.
2. What is the objective/purpose of your Waqf?
3. Describe your experiences with founding/funding Waqf.
4. If you had the power to change something in the Awqaf ecosystem, what would it be? Why?
5. In your past experiences with Waqf, what motivated you to found/fund them?
6. To what extent are you aware of SDG goals?
 - a. If aware, what do you think of the SDGs?
7. To what extent are you aware of Vision2030?
 - a. If aware, what do you think of Vision2030 objectives?
8. Do you believe Awqaf should play a role in achieving national and international development goals?
 - a. If yes, what kinds of roles?
9. Would you personally be interested in founding/funding Awqaf with purposes that are aligned with Vision2030 and the SDGs? How?
10. In your opinion, what would be the key challenges for Awqaf in aligning with development goals?
11. Do you have suggestions on how the Awqaf sector's social impact can be increased?
12. Is there anything else you would like to tell me?

Thank you for taking the time to participate in the Awqaf and Development Goals study. If you like a copy of the study findings, please provide an email address where it can be sent.

Administrators and Managers

1. Tell me a little about the nature of your work (your experience) and its relationship with the Awqaf sector.
2. What is the objective/purpose of your Waqf?
3. Describe your experiences with administrating/managing the Waqf.
4. If you had the power to change something in the Awqaf ecosystem, what would it be? Why?
5. What motivated you to work for a Waqf?
6. To what extent are you aware of SDG goals?
 - a. If aware, what do you think of the SDGs?
7. To what extent are you aware of Vision2030?
 - a. If aware, what do you think of Vision2030 objectives?

8. Do you believe Awqaf should play a role in achieving national and international development goals?
 - a. If yes, what kinds of roles?
9. Would you personally be interested in aligning your Waqf goals and projects with Vision2030 and the SDGs? How?
10. In your opinion, what would be the key challenges for your Waqf to align with development goals?
11. Do you have suggestions on how the Awqaf sector's social impact can be increased?
12. Is there anything else you would like to tell me?

Thank you for taking the time to participate in the Awqaf and Development Goals study. If you like a copy of the study findings, please provide an email address where it can be sent.

Policy Makers

1. Tell me a little about the nature of your work (your experience) and its relationship with the Awqaf sector.
2. What is the objective/purpose of your Waqf?
3. Describe your experiences with developing policies for the Awqaf.
4. Do you use any international standards or guidelines in framing the policies of Awqaf? If yes, which ones?
5. If you had the power to change something in the Awqaf ecosystem, what would it be? Why?
6. What motivated you to work in the Awqaf sector?
7. To what extent are you aware of SDG goals?
 - a. If aware, what do you think of the SDGs?
8. To what extent are you aware of Vision2030?
 - a. If aware, what do you think of Vision2030 objectives?
9. Do you believe Awqaf should play a role in achieving national and international development goals?
 - a. If yes, what kinds of roles?
10. Would you personally be interested in developing policies that would help aligning Awqaf with Vision2030 and the SDGs? How?
11. In your opinion, how the policy and regulatory environment can help or hinder Awqaf's alignment with development goals?
12. What would be the key challenges for developing such policies?
13. Do you have suggestions on how the Awqaf sector's social impact can be increased?
14. Is there anything else you would like to tell me?

Thank you for taking the time to participate in the Awqaf and Development Goals study. If you like a copy of the study findings, please provide an email address where it can be sent.

Asset Managers

1. Tell me a little about the nature of your work (your experience) and its relationship with the Awqaf sector.
2. What is the objective/purpose of your Waqf?
3. Describe your experiences with managing Awqaf assets.
4. In managing Awqaf assets, do you use any international standards or guidelines on responsible investing? If yes, which ones?
5. If you had the power to change something in the Awqaf ecosystem, what would it be? Why?
6. What motivated you to work for Awqaf?
7. To what extent are you aware of SDG goals?
 - a. If aware, what do you think of the SDGs?
8. To what extent are you aware of Vision2030?
 - a. If aware, what do you think of Vision2030 objectives?
9. Do you believe Awqaf should play a role in achieving national and international development goals?
 - a. If yes, what kinds of roles?
10. Would you personally be interested in aligning your Waqf investments with Vision 2030 and the SDGs? How?
11. In your opinion, to what extent SDG-aligned investment vehicles that meet the ethical requirements of Awqaf are available?
12. What would be the key challenges for your Waqf investment to align with development goals?
13. Do you have suggestions on how the Awqaf sector's social impact can be increased?
14. Is there anything else you would like to tell me?

Thank you for taking the time to participate in the Awqaf and Development Goals study. If you like a copy of the study findings, please provide an email address where it can be sent.

ENDNOTES

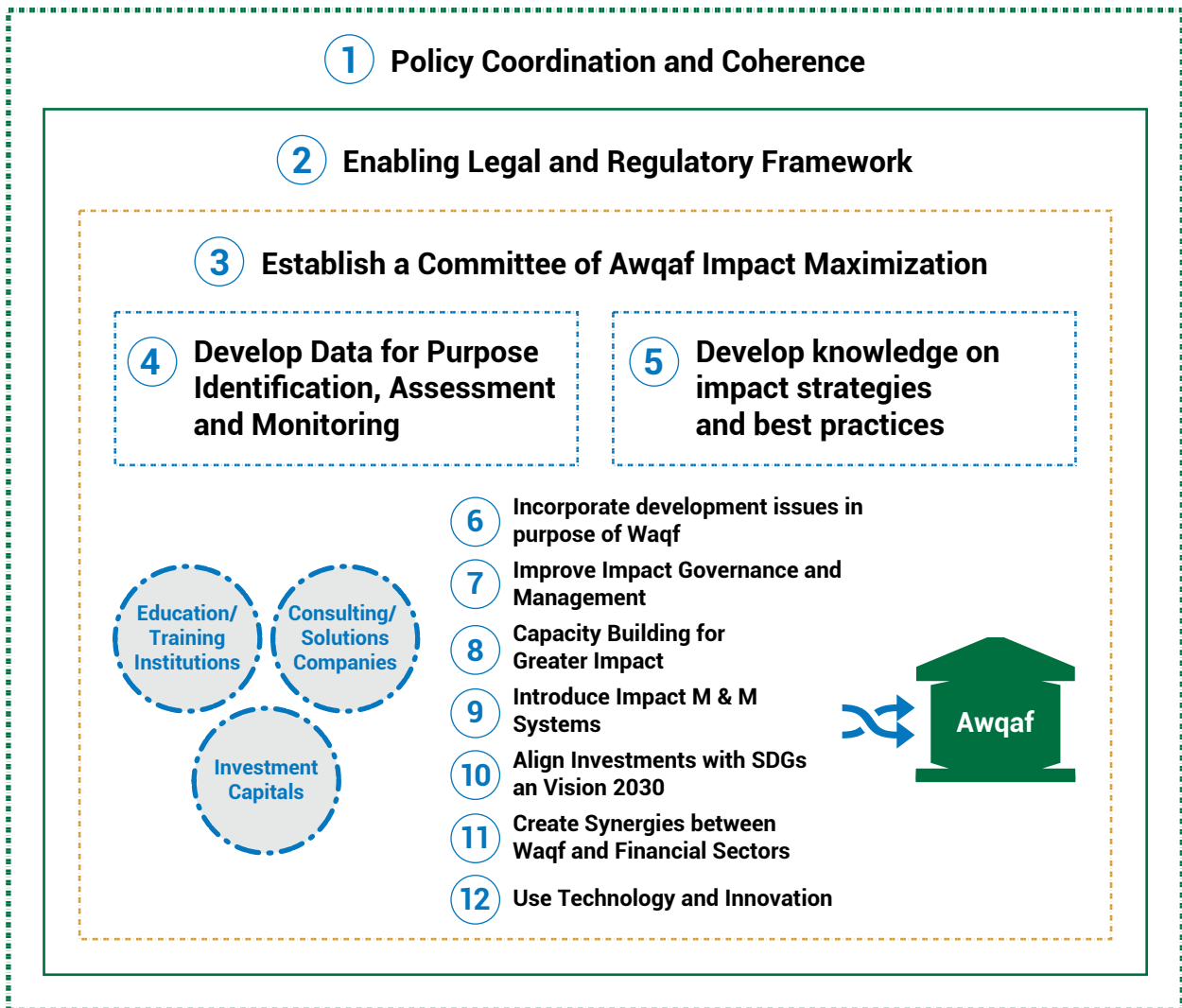
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05

Recommendations

This chapter provides actionable recommendations for Awqaf stakeholders to move forward in aligning the sector with the SDGs and Vision 2030. Specifically, the Vision 2030 strategic objectives envisage increasing the size of the non-profit sector from less than 1% to 5% of GDP and increasing the proportion of the non-profit sector projects creating impact from 7% to 33% by 2030. After highlighting the issues that inhibit the development of the Waqf sector identified in the literature and from experience in the KSA, the recommendations identify the necessary steps different stakeholders can take to increase the growth and impact of Awqaf in the economy. While the recommendations relate to the development of the Waqf sector in the KSA, they are relevant and can be used in other countries to help promote the SDGs. The recommendations are presented under two broad categories of macro-level issues and organizational-level factors. Figure 1 illustrates the recommendations.

Figure 1: Summary of the Recommendations



5.1. Macro-level Recommendations

The policies that provide an enabling macro-economic environment for the development of Awqaf are discussed below.

5.1.1. Introduce Policy Coordination and Coherence

One of the challenges identified in the first Voluntary National Review of (VNR) of SDGs carried out by the KSA in 2018 is the lack of coordination among different stakeholders to translate the SDGs into implementable tools for realizing the sustainable goals. The VNR asserts the need to promote the SDGs at the sub-national level by integrating the targets and indicators to local circumstances and public policies.^[1] This would require facilitating strong coordination among government and non-government institutions to avoid duplication of efforts and ensure synergies. The VNR also emphasizes the need to build capacity for local government, improving planning and linking performance to evidence and results.

While the Ministry of Economy and Planning is responsible for overseeing the implementation of SDGs and Vision 2030, four different government agencies deal with Awqaf in the KSA that include the Ministry of Justice, General Authority of Awqaf, the Ministry of Human Resources and Social Development, and the Federation of Saudi Chambers. There will be a need for coordination among these different government agencies to develop a common policy framework to enhance the role of the Waqf sector in contributing to the SDGs and achieving the strategic goals of Vision 2030. In this regard, the General Authority of Awqaf, with its mandate of developing Awqaf in the country, can take the lead and coordinate with other governmental agencies, including the Council of Economic and Development Affairs and the Ministry of Economy and Planning to come up with an agreed-upon strategic framework for the role of the Waqf sector in achieving national and international goals.

The interviews of Waqf donors in the KSA reveal that while the donors are willing to contribute to the SDGs and Vision 2030 goals, there is a lack of clarity in terms of the roles of Awqaf and the government in the provision of social goods and services. While historically, Awqaf provided certain social goods and services such as education and health, governments provide these services in contemporary welfare states. Given their independence from fundraising imperatives, competition forces, and accountability pressures, Awqaf's flexibility enables them to invest in long-term, high-risk, multi-level experiments to deal with increasingly complex societal problems. This

flexibility, coupled with the growing role philanthropy plays in promoting social welfare worldwide, is arguably what makes Awqaf's roles of utmost importance.

5.1.2. Create an Enabling Legal and Regulatory Framework

As discussed in Chapter 1, an underdeveloped legal and regulatory framework can limit the growth of the Waqf sector. While in some countries, Waqf laws do not exist, in other countries, the Waqf laws are inefficient, introducing extra financial and non-financial costs and inhibiting the creation of new Waqf. While the KSA has made remarkable progress in regulating the private sector to create a prosperous economy, Awqaf regulations did not keep pace with this development. Stakeholders identified some rigidities in the legal framework of Awqaf in Chapter 4, including the absence of laws and procedural guides regarding updating Awqaf fields of work, judicial authorities' failure to develop deed formulas and make them adaptable to social changes, the strict approval process for merging small Awqaf, the length of time it takes to make amendments to Awqaf and the lack of clear mechanisms to identify deficiencies in the implementation of Awqaf deeds. Furthermore, legislation in the KSA does not require Awqaf to disclose its financials and strategic plans. Thus, there is a need to institute efficient Waqf laws that would consider the contemporary developments and realities and facilitate the development of Awqaf and increase its impact.

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The *Waqf Core Principles* can be used as a guideline for developing a contemporary legal framework and an efficient Waqf law.^[2] Other than identifying the different types of Waqf assets, permissible activities, licensing criteria, etc., the Waqf law would establish an apex body, the Waqf Board, to regulate and oversee Waqf activities to ensure, among others, Shariah compliance, financial transparency, and operational efficiency of the Awqaf. The General Authority of Awqaf (GAA) was established in 2016 in the KSA by the Council of Ministers as an independent body with a mandate of developing the *Awqaf* to increase its role in economic and social development and social solidarity. Being an apex body regulating Waqf, the GAA can collaborate with the Ministry of Justice to adopt elements of the regulatory framework identified in the *Waqf Core Principles* to allow for the flexibilities in the Waqf by introducing the contemporary Shariah perspectives, require good governance and management and encourage transparency in the operations. A standardized Waqf accounting and financial reporting system and a monitoring system can be introduced to assess Waqf management performance and operational efficiency.

5.1.3. Establish a Committee of Awqaf Impact Maximization

The bulk of the Awqaf in most countries, including the KSA, was established in the past. A key issue of enhancing the role of existing Waqf in contributing to the SDGs and Vision 2030 goals is that since these were established in the past, they do not incorporate features relevant to contemporary

needs and realities. This is confirmed in the interviews of Awqaf stakeholders who indicate that sometimes the purposes and beneficiaries identified in existing Waqf may not be relevant for contemporary times, or the investments of existing Waqf may not be optimal. While recognizing that the Waqf deed has primacy in determining all aspects of Waqf, there may be cases in which some features of Waqf can be changed to make them relevant to contemporary times and increase their impact on beneficiaries. For example, in some cases, the purposes of the existing Waqf may not be known because the Waqf deed does not exist, or purposes become irrelevant due to the absence of beneficiaries specified in the Waqf deed.

To deal with these issues that make the Waqf relevant to developmental needs, the GAA can set up a high-level Committee of Awqaf Impact Maximization within the Board of Directors of the GAA consisting of Shariah scholars and Waqf stakeholders to provide guidance on issues that can enhance the social role of Awqaf during contemporary times.^[3] The Committee of Awqaf Impact Maximization can decide on the use of proceeds of existing Waqf that has no clear or irrelevant purposes and change the investment criteria to increase returns and enhance social and developmental goals.

5.1.4. Develop Data for Purpose Identification, Assessment, and Monitoring

The Voluntary National Review of (VNR) of SDGs for the KSA identifies data availability and statistical capacity to acquire accurate and timely disaggregated data and

statistics to monitor the alignment with the SDGs and Vision 2030 as a challenge to achieve the SDGs.^[4] This also applies to *Awqaf* as the sector's contribution to SDGs and Vision 2030 strategic goals cannot be assessed without relevant data and information on its size and impact. *Waqf Core Principles* identifies the availability of regional, economic and social statistics as a component of public infrastructure for the Waqf sector and suggests that the national level Waqf Board's monitoring systems should assess the economic and social impacts on the beneficiaries.^[5]

According to our literature review and field research, several challenges are associated with the availability of information on development priorities. The GAA, in coordination with the General Authority of Statistics, and the United Nations (UN) office in the KSA, can commission a dashboard on *Awqaf's* Contribution to the SDGs and Vision 2030. The dashboard contains a comprehensive framework for the sectors and sub-sectors that *Awqaf* are contributing. For each sub-sector, it identifies the following 1) demand factors: What are the national and global targets in this sub-sector, what are their indicators and levels, what are their priorities and underlying causes for each region, 2) supply factors: How many *Awqaf* working on each sub-sector and how much is the current spending for each sub-sector. This will avoid duplication of efforts and help the Waqf sector focus on providing more impactful programs.

Given the above, the GAA may institute appropriate data collection systems to collect accurate and reliable data on various dimensions of the *Awqaf* sector. The GAA can establish a department related to data and statistics that can collect and analyse data and information on the Waqf sector to assess and monitor the size and impact of the *Awqaf*. Alternatively, the GAA can partner with General Authority for Statistics to gather the relevant data and information to assess the growth and impact of *Awqaf* in the country.^[6]

5.1.5. Develop knowledge on impact strategies and best practices

The interviews with the *Awqaf* leaders in the KSA reveal that they struggle to access the appropriate information to make evidence-based decisions on key development issues. They expressed the need to have knowledge about previous local and international experiments that worked in terms of achieving social outcomes as well as the set of impact factors that these cases have. For *Awqaf* project managers, investors, and policymakers, having such

information is critical to realize social change and solve some of the KSA's most intractable problems.

University research centers and local research think tanks in the Kingdom can develop a research track for "what works" in the development fields. Research efforts may aim to identify the following for each development field: What are the organizations working in this field, how effective are they in achieving impacts, what is the cost to produce the desired result, what are the international best practices in this field, and what are the research studies and program evaluations in this field.

5.2. Organizational Level Recommendations

Various organizational level recommendations to enhance the growth and impact of *Awqaf* are presented below

5.2.1. Incorporate Contemporary Development Issues in Purpose of Waqf

It should be noted that from a Shariah perspective, it is difficult to change the main objectives indicated in the Waqf deed. However, there may be cases in which existing Waqf can be used to serve societal needs when the purposes of the Waqf are either not known or become irrelevant. The former can happen if the Waqf deed does not exist or is lost, and in these cases, the default would be to use the proceeds of the Waqf for social purposes, which can also be those contributing to the SDGs and Vision 2030 goals. Such changes require a legal framework that allows Waqf purposes' flexibility when the original purposes become obsolete or irrelevant to contemporary realities. As indicated above, the proposed Committee of *Awqaf* Impact Maximization can decide on how the proceeds of existing Waqf with no clear or irrelevant purposes can be used to enhance social and developmental goals.

The new *Awqaf*, as well as old Waqf with vague objectives, have the flexibility to address the contemporary developmental needs but require advocacy efforts to raise the awareness and well to align with SDGs and Vision 2030 goals. To have a societal impact, *Awqaf's* objectives and theories of change can be aligned to the SDGs and Vision 2030 goals. Furthermore, when the donors create a Waqf, they can introduce flexibility by defining the social purposes in general terms and give the managers or board of trustees discretion within broad categories to identify the relevant social goals and beneficiaries that the *Waqf* would serve. To promote such behaviors, there needs to be awareness and clarity in terms of national and

international targets and the roles that Awqaf can play in achieving those targets as well as internal and external incentives for Awqaf leaders. The GAA may collaborate with the General Authority of Zakat and Tax to develop impact-based tax incentives.

5.2.2. Improve Impact Governance and Management

Having well-developed strategies in Waqf that speak to local targets and global development goals requires strong governance. A key challenge facing Awqaf is governance and management that traditionally has been carried out either by individual managers (Nadhir) or the state. The interviews with the Waqf stakeholders also highlight weaknesses in governance and management in Awqaf in the KSA. The respondents identify several weaknesses in governance-related issues such as registration not requiring Awqaf to include governance framework and principles, some Awqaf only managed by one family member, lack of systems that avoid conflict of interests, and ineffective boards. A study cited in Chapter 2 reports that bulk (72%) of the Waqf in the KSA are managed by individual principal managers (Nadhir). They also point out that the board of trustees meetings are held infrequently, and the discussions usually focus on financial and legal integrity rather than on impact and social issues. The interviews also highlight the need to change the organizational processes and cultures to enhance social impact.

Given the above, there is a need to institute good governance and management practices in the Awqaf sector. There is a need to adopt impact-oriented processes and cultures in Awqaf to enhance their contribution to the SDGs and Vision 2030 Goals. In this regard, the GAA can take the lead in developing Guidelines for Governance and Management in consultation with the Awqaf stakeholders in the country. The Guidelines can benefit from the principles outlined in the *Waqf Core Principles* and AAOIFI's *Waqf Governance*.

5.2.3. Capacity Building for Greater Impact

Appropriate knowledge and skills are necessary for efficient and effective operations, therefore enhancing the social impact of Waqf. The survey of Awqaf stakeholders in the KSA shows weak governance and a lack of active involvement of boards' contributions to the organization's development strategy. The survey also reveals that while the Awqaf leaders have an adequate understanding of Waqf laws and Shariah guidelines, they lack impact management competencies such as: systems thinking about social problems, impact-oriented strategic

“ The survey also reveals that while the awqaf leaders have adequate understanding of waqf laws and Shariah guidelines, they lack impact management competencies such as: systems thinking about social problems, impact-oriented strategic planning, evidence-based decision-making, stakeholders' participatory leadership, human-centered design and management, continuous outcome measurement, and evidence-based improvement

planning, evidence-based decision-making, stakeholders' participatory leadership, human-centered design, and management, continuous outcome measurement, and evidence-based improvement. One of the interviewees identified the availability of qualified development professionals as one of the biggest challenges facing the Waqf sector. A respondent dealing with the Waqf policy pointed out that the current social projects are traditional and ineffective, and there is a need to come up with new ideas to resolve contemporary problems.

The development field is becoming more and more sophisticated in terms of goals, theories, frameworks, and tools. Given the above, there is a need to incorporate impact governance and management courses into the non-profit and Awqaf education and professional development programs to enhance the non-profit sector's contribution in general and the Waqf sector in particular in development. Such courses can be integrated with the non-profit or Awqaf emerging degrees in the KSA, being offered by leading academies and universities such as the Master Program in Awqaf Management and Economics program provided by King Abdulaziz University, among other notable educational programs.

While educational institutions can provide these capacity-building programs, *Core Waqf Principles* also stipulate that the efficiency and effectiveness of the national level

Waqf board, which is the case of the KSA is the GAA, should also be enhanced so that it can build the capacity of the Waqf managers (Nadhir) by carrying out research and development that can improve such institutional development programs.^[7] While the GAA has an Academy offering some training courses^[8], it can develop the knowledge-base for private programs and courses on impact management aspects of Waqf development in collaboration with the educational institutions in the country.

5.2.4. Introduce Impact Measurement and Management Systems

A key aspect of any social intervention is to assess the impact to understand the efficacy of the projects and take remedial measures in case of weak performance. In particular, it is essential to measure and manage the Waqf sector's impact to assess its contribution to the SDGs and Vision 2030 goals. The interviews from the survey reveal some weaknesses in the project management and monitoring the impact of achieving the targets. While many Awqaf may be contributing to the SDGs and Vision 2030 goals, a lack of measurement and monitoring systems makes it difficult to assess the impact. For example, Chapter 2 reports that over SAR 6 billion are distributed by the Waqf sector in different social fields. However, there is no information on the impact this large amount of spending has on various stakeholders. While there are various impact measurement and

management tools available that the Waqf sector in the KSA can use, the impact measurement and management system IRIS+ developed by Global Impact Investment Network (GIIN) discussed in Chapter 3 is an option that can be used. IRIS+ is not only developed in consultations with other international organizations and stakeholders; its metrics can be used to assess the impact on specific SDG targets. The use of impact measurement and management systems by Awqaf would require not only the availability of the systems but also trained professionals who can use them. Regional and local third parties can adapt some features of impact management systems to make them available in the Arabic language and culturally sensitive Awqaf terms. The GAA may also add more comprehensive content covering aspects of impact management systems to its Social Impact Measurement course.^[9]

5.2.5. Align Investments with the SDGs and Vision 2030

Discussions in Chapter 3 highlight the need for Waqf investments to align with the ESGs/SDGs to create an impact on sustainable development. Among others, this can be done by investing responsibly in ESG compliant funds that comply with Shariah and the UN Principles of Responsible Investments (PRI). Other than investing in ESG compliant funds, one way in which investments can contribute to the SDGs would be to invest in sustainable social enterprises that create social impacts.^[10] In a Waqf framework, this would imply that Waqf can invest in



enterprises serving some social needs commercially. For example, Awqaf can invest in microfinance institutions through a linkage program. While there is no information on the type of investments of Awqaf, data on the spending of social Waqf in the KSA indicates that only 1% of the total proceeds goes to innovation and entrepreneurship.

The survey of the stakeholders reveals that while they are aware of impact investing and acknowledge that Awqaf should engage in investing in the purpose-driven initiative, they face several challenges in doing so. The challenges to align Awqaf investments to promote Vision 2030 and SDGs include a preference for low-risk investments, legal rigidities that prevent changing investments in existing Waqf, and access to impact investment funds. While the Shariah issues related to changing the investments of existing Waqf are issues that need to be resolved by the proposed *Awqaf Committee of Impact Maximization*, the local financial, capital and investment entities, , can make available and promote for the ESGs/SDGs and Shariah-compliant investment funds to not only the Awqaf sector but other investors in general.

5.2.6. Create Synergies between Waqf and Financial Sectors

In addition to developing Shariah-compliant ESGs/SDGs investment funds, the financial sector can also provide financing to develop existing Awqaf and help create new ones. The discussions in Chapter 2 show that the average rate of return on Waqf in the KSA is only 3.28% which is much lower than returns on comparable contemporary endowments.^[11] Many existing Awqaf properties are under-developed and have substantial growth potentials since many are located in prime areas and locations. Examples from different parts of the world show that investments in developing the Waqf assets can increase their returns significantly. In the KSA, one of the largest Waqf developments in Makkah, the Zamzam towers under King Abdulaziz Waqf, was funded by a Sukuk. Similarly, the Waqf building for Madinah Research Center in Madinah was funded by Awqaf Properties Investment Funds.

Another way in which Waqf can contribute to poverty alleviation and employment creation is to provide financing to the micro and small enterprises that are not served by the financial sector. As discussed in Chapter 2, some Awqaf in the KSA, such as Sulaiman Al-Rajhi Foundation for Development Finance, Almajdouie Foundation, and Al-Ohali Foundation, provide microfinance to the poorer sections of the population, thereby contributing to financial inclusion and economically empowering them.

5.2.7. Use Technology and Innovation

Expanding the Waqf sector and enhancing the impact in the era of the Fourth Industrial Revolution would have to integrate technology into business models and products. While technology has great potential in facilitating the SDGs, some barriers such as lack of infrastructure, digital access, up-skilling, and reskilling digital skills can inhibit its use.^[12] This would require enabling infrastructure and policies on the one hand and initiatives at the organizational level that can encourage the use of technology and capacity building on the other hand.

In some parts of the world, innovative solutions have been introduced to develop and expand the size of Waqf, such as *mywaqaf* in Malaysia. While the GAA is using technology to enhance its activities and has a Waqf platform that enables the collection of donations from different donors that are used for development purposes, other Waqf institutions can also introduce similar initiatives. Looking forward, there is the scope of developing the Waqf sector by initiating new innovative models that can not only enhance the efficiency and effectiveness of Waqf institutions but also enable retail donors to contribute to the expansion of new Awqaf. In this regard, given the focus of research of Islamic Research and Training Institute (IRTI) of Islamic Development Bank (IsDB) Group on the digital economy, it can take the lead of developing digital solutions for the Awqaf sector that can be used not only in the KSA but also in other IsDB member countries.

5.3. Summary and Conclusions

Achieving the ambitious SDGs and Vision 2030 goals would require contributions from different sources and sectors. Table 3.1 lists the key recommendations that can help increase the effectiveness of the Awqaf sector and identifies the key stakeholders who can help implement them. While the recommendations can help increase the size of the Waqf sector and increase its impact in the KSA, they are also relevant for other countries with significant Waqf sectors.

Table 5.1: Recommendations, Stakeholders and Actions/Examples

Recommendations	Responsible Stakeholders	Actions/Examples
Macro-level		
<i>Introduce Policy and Institutional Coherence</i>	Council of Economics and Development Affairs, Ministry of Economy and Planning, GAA, Ministry of Human Resources and Social Development	Identify Awqaf roles in achieving the SDG and Vision 2030 goals at national level policies
<i>Create an Enabling Legal and Regulatory Framework</i>	GAA, Ministry of Justice	Adapt elements of the regulatory framework identified in the <i>Waqf Core Principles</i> to allow for flexibility, governance, and transparency
<i>Establish a Committee of Awqaf Impact Maximization</i>	GAA	Provide guidance on issues that can enhance the social role of Awqaf during contemporary times
<i>Develop Data for Purpose Identification, Assessment and Monitoring</i>	GAA, General Authority of Statistics, UN	Develop a dashboard on Awqaf's Contribution to the SDGs and Vision 2030
Develop knowledge on impact strategies and best practices	University research centers and local research think tanks	Develop a research track for "what works" in local development fields.
Waqf Level		
<i>Incorporate Contemporary Development Issues in Purpose of Waqf</i>	Awqaf donors, General Authority of Zakat and Tax, GAA	Develop impact-based tax incentives Use <i>Guidance on Awqaf's Contribution to the SDGs and Vision 2030</i> to determine purposes
<i>Improve Impact Governance and Management</i>	Awqaf donors, managers, GAA	Use <i>Core Principle of Effective Waqf Management</i> and <i>AAOIFI Waqf Governance Standards</i> to develop <i>Governance and Management Guidelines</i>
<i>Capacity Building for Greater Impact</i>	GAA, non-profit/Awqaf educational programs in universities	Incorporate impact governance and management courses into the non-profit and Awqaf education and professional development programs
<i>Introduce Impact Measurement and Management Systems</i>	Awqaf donors, managers, and regional third parties.	Use tools (such as IRIS developed by GIIN) or develop new systems of measuring and managing the impact on the SDGs
<i>Align Investments with the SDGs and Vision 2030</i>	Local financial, capital and investment entities	Make available and promote for the ESGs/SDGs and Shariah-compliant investment funds that comply with guidelines of UN Principles of Responsible Investments, SDG Impact, UNEP Finance Initiative & UN Global Compact guidelines
<i>Create Synergies between Waqf and Financial Sectors</i>	Managers, Islamic financial sector	Raise funds from the Islamic financial sector to invest in Waqf development and provide financial services to micro and small enterprises
<i>Use Technology and Innovation</i>	IRTI, Awqaf donors, managers	Introduce digital technology to enable crowdfunding and enhance the impact of Awqaf

Source: Authors' own

ENDNOTES

- 1 GSA (2018b), *Towards Saudi Arabia's Sustainable Tomorrow, First Voluntary National Review 2018 – 1439*, Government of Saudi Arabia, p. 28, https://sustainabledevelopment.un.org/content/documents/20230SDGs_English_Report972018_FINAL.pdf
- 2 BWI, BI and IRTI (2018), *Core Principles for Effective Waqf Operation and Supervision*, Badan Waqaf Indonesia, <https://www.bwi.go.id/wp-content/uploads/2020/05/Waqf-Core-Principles-2018.pdf>, p.21.
- 3 This Committee will be similar to other bodies that exist in other governmental agencies. For example, the commercial disputes related to the banking sector are handled in the Commission for the Settlement of Commercial Disputes (CSCD) that operates under the authority of the Ministry of Commerce. Each Commission has two Shari'ah experts appointed by the Ministry of Justice and a legal expert selected from the Ministry of Commerce (Vogel 2000).
- 4 GSA (2018b), *Towards Saudi Arabia's Sustainable Tomorrow, First Voluntary National Review 2018 – 1439*, Government of Saudi Arabia, p. 28, https://sustainabledevelopment.un.org/content/documents/20230SDGs_English_Report972018_FINAL.pdf
- 5 BWI, BI and IRTI (2018), *Core Principles for Effective Waqf Operation and Supervision*, Badan Waqaf Indonesia, <https://www.bwi.go.id/wp-content/uploads/2020/05/Waqf-Core-Principles-2018.pdf>, pp.16, 21.
- 6 Note that the General Authority of Statistics has some data on the nonprofit sector in the KSA. See <https://www.stats.gov.sa/en/1085>
- 7 BWI, BI and IRTI (2018), *Core Principles for Effective Waqf Operation and Supervision*, Badan Waqaf Indonesia, <https://www.bwi.go.id/wp-content/uploads/2020/05/Waqf-Core-Principles-2018.pdf>, p.21.
- 8 <https://www.awqaf.gov.sa/ar/academy>
- 9 <https://www.awqaf.gov.sa/ar/academy/trainings>
- 10 UNGC and Rockefeller Foundation (2012).
- 11 For example the rate of return on Harvard endowment in the fiscal year 2020 was 7.3%. See <https://www.thecrimson.com/article/2020/9/29/harvard-endowment-fy2020/#:~:text=Harvard%20Management%20Company%20returned%207.3,note%20from%20HMC%20CEO%20N.P>.
- 12 WEF (2020), *Unlocking Technology for the Global Goals*, http://www3.weforum.org/docs/Unlocking_Technology_for_the_Global_Goals.pdf, p. 7

06

Conclusion

Achieving the SDGs and the goals of Vision 2030 will require huge resources and would need funding from various sources. Given the financing needs and the gaps, the SDGs and Vision 2030 identify the non-profit sector as an important source in promoting sustainable development. Specifically, Vision 2030 envisages increasing the size of the non-profit sector from less than 1% to 5% of the KSA's GDP and increasing the proportion of the non-profit sector projects creating social impact from 7% to 33% by 2030. A key non-profit institution in Muslim societies is Waqf which historically played an important role in providing social services and contributing to development. However, in many Muslim countries, the Waqf sector has become dormant and contributing little to social and economic development. The aim of this study was to provide a strategic vision of how to use Waqf as a source of sustainable financing for Vision 2030 and the SDGs in the KSA.

After presenting the features of Waqf and highlighting some of the challenges from a global perspective, the study examined the status of the Awqaf sector in the KSA and presented results from a survey of key Waqf stakeholders in the country. There are more than 113,000 Awqaf institutions in the KSA valued at SAR 235 billion, out of which SAR 14 billion is public and managed by the GAA. Approximately 80% of the public Awqaf are in the form of real estate and earned SAR 459 million, yielding an annual return of 3.28% on the assets. Waqf serving social purposes is estimated at 70% of the total Awqaf with total returns of over SAR 6 billion are spent on social and development purposes.

While the size of the Waqf sector in the KSA is significant, the results from the survey highlight some challenges facing the sector. Recognizing the challenges faced by Awqaf, the study presents various recommendations that can help increase the sector's contribution to the SDGs and Vision 2030. The recommendations suggest ways in which the Waqf sector can align itself to international standards, guidelines, and best practices to enhance its growth and productive capacity and increase its impact. The key recommendations of the study are summarized below.

Policy Coordination and Coherence: Since contemporary states play key roles in providing many social and public goods and services that the Awqaf sector traditionally used to provide, there is a lack of clarity in terms of the roles that the Awqaf should play. At the macro-level, there is a need for Policy Coordination and Coherence among the Ministry of Economy and Planning that is responsible for overseeing the implementation of the SDGs and Vision 2030 and other government agencies dealing with Awqaf in order to develop a common policy framework

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to enhance the role of the Waqf sector's contribution to the SDGs and Vision 2030. The General Authority of Awqaf (GAA), with its mandate of developing Awqaf in the country, can take the lead and coordinate with other governmental agencies to come up with an agreed-upon strategic framework for the development of the Waqf sector.

Legal Framework and Shariah Issues: The absence of flexible laws and some rigidities related to operational issues in the Waqf sector act as constraints to enhance the role of *Waqf* in development. There is also a need to institute efficient Waqf laws and regulations that would consider the contemporary developments and realities and facilitate the development of Awqaf and increase its impact. Since there are some Shariah issues related to



the current applications of Awqaf, the study recommends establishing a Committee of Awqaf Impact Maximization by the GAA consisting of Shariah scholars and Waqf stakeholders. The Committee can provide guidance on issues that can augment the social role of Awqaf during contemporary times.

Data and Information: A key issue in the Waqf sector is the lack of reliable and accurate data on the efficiency and effectiveness of Waqf. Since there is insufficient information on the sectors and subsectors in which Waqf can contribute to the SDGs and Vision 2030, there is a need to make data/information on Waqf available for purpose identification, assessment, and monitoring. A comprehensive database can identify the development sectors and sub-areas in which Waqf can contribute to their communities. The GAA, along with other governmental agencies, such as the General Authority of Statistics, and the KSA's UNDP Office, can take the initiative to develop a dashboard on *Awqaf's contribution to the SDGs and Vision 2030*, providing information on the sectors/sub-sectors in which Awqaf can contribute. This would require enhancing statistical capacity to acquire accurate and timely disaggregated data and statistics by instituting appropriate data collection systems in the GAA on various dimensions of the Awqaf sector.

Governance and Management: Governance and management of Awqaf is another area of concern, with a survey indicating that 72% of the Awqaf are managed by individual managers (*Nadhir*) in the KSA. There is a need to institute good governance and management practices

“At the macro-level, there is a need for Policy Coordination and Coherence among the Ministry of Economy and Planning that is responsible for overseeing the implementation of the SDGs and Vision 2030 and other government agencies dealing with Awqaf in order to develop a common policy framework to enhance the role of the Waqf sector's contribution to the SDGs and Vision 2030



in the Awqaf sector. Using AAOIFI's *Waqf Governance* standards and *Waqf Core Principles*, the GAA can develop Guidelines for Governance and Management in consultation with the Awqaf stakeholders in the country. There is a need to integrate technology into business models and products to expand the Waqf and enhance its impact on the SDGs and Vision 2030. Moving forward, it is important to measure and manage the Waqf sector's impact to assess its contribution to the SDGs and Vision 2030 goals. In this regard, impact measurement and management systems such as one developed by Global Impact Investment Network (GIIN) can be used since its metrics can be used to assess the impact on SDG targets.

Knowledge, Skills, and Capacity Building: Appropriate knowledge, skills, and capacity building can help the effectiveness of the Awqaf. There is a need to build knowledge and skills of Waqf board members and managers to enhance the quality of governance and management of Waqf organizations. Furthermore, there is a need to develop and disseminate knowledge on best practices and impact strategies that produced social outcomes from different successful examples both with the KSA and abroad. In this regard, GAA can take the lead in developing programs and courses on different aspects

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of Waqf development and impact in collaboration with the educational institutions in the country.

Waqf Type and Impact: The study reveals that only around 70% of Awqaf in the KSA serve social purposes. At the organizational level, the societal impact can be improved by aligning the purpose of the new Awqaf to the SDGs and Vision 2030 goals. Since many Awqaf were established in the past, the social purposes identified in the Waqf deeds

may not be relevant to the contemporary needs of the SDGs and objectives of Vision 2030. For existing Waqf, the proposed Committee of Awqaf Impact Maximization can decide on how the proceeds of Waqf with no clear or irrelevant purposes can be used to enhance the impact on social and developmental goals.

Enhancing Productivity and Impact of Waqf Assets: The real estate based Waqf faces problems of underdeveloped assets that results in lower returns and investment. Waqfs are not aligned to the SDGs in line with international guidelines. While the Islamic financial sector can provide financing to develop existing Awqaf and invest in creating new ones, Awqaf can contribute to poverty alleviation and employment creation by providing microfinance services. The investments of investment Awqaf can be aligned with the SDGs by complying with Shariah and the UN Principles of Responsible Investments (PRI) or by investing in sustainable social enterprises that produce social goods and services. In this regard, the Islamic financial sector can develop Shariah-compliant ESG investment funds.

While Awqaf historically played a key role in providing social and public services in Muslim societies, its current status in contributing to the social and development needs is not significant in many countries. Achieving the ambitious SDGs that would require enormous resources and the Awqaf sector can potentially play an important role in providing long-term financing to meet the social and

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development needs. Some countries have taken initiatives to revive the Waqf sector by providing an enabling legal and regulatory framework and strengthening the organizational capabilities. Given that in many countries, the size of the existing Waqf is large but dormant and also the possibilities of creating new Awqaf are significant due to its religious foundations, the sector has huge potentials for growth and creating societal impact. While this study presents various recommendations to enhance Awqaf’s contribution to the SDGs and Vision 2030 in the KSA, these are also relevant and can be applied in other countries to help promote their sustainable development goals.



