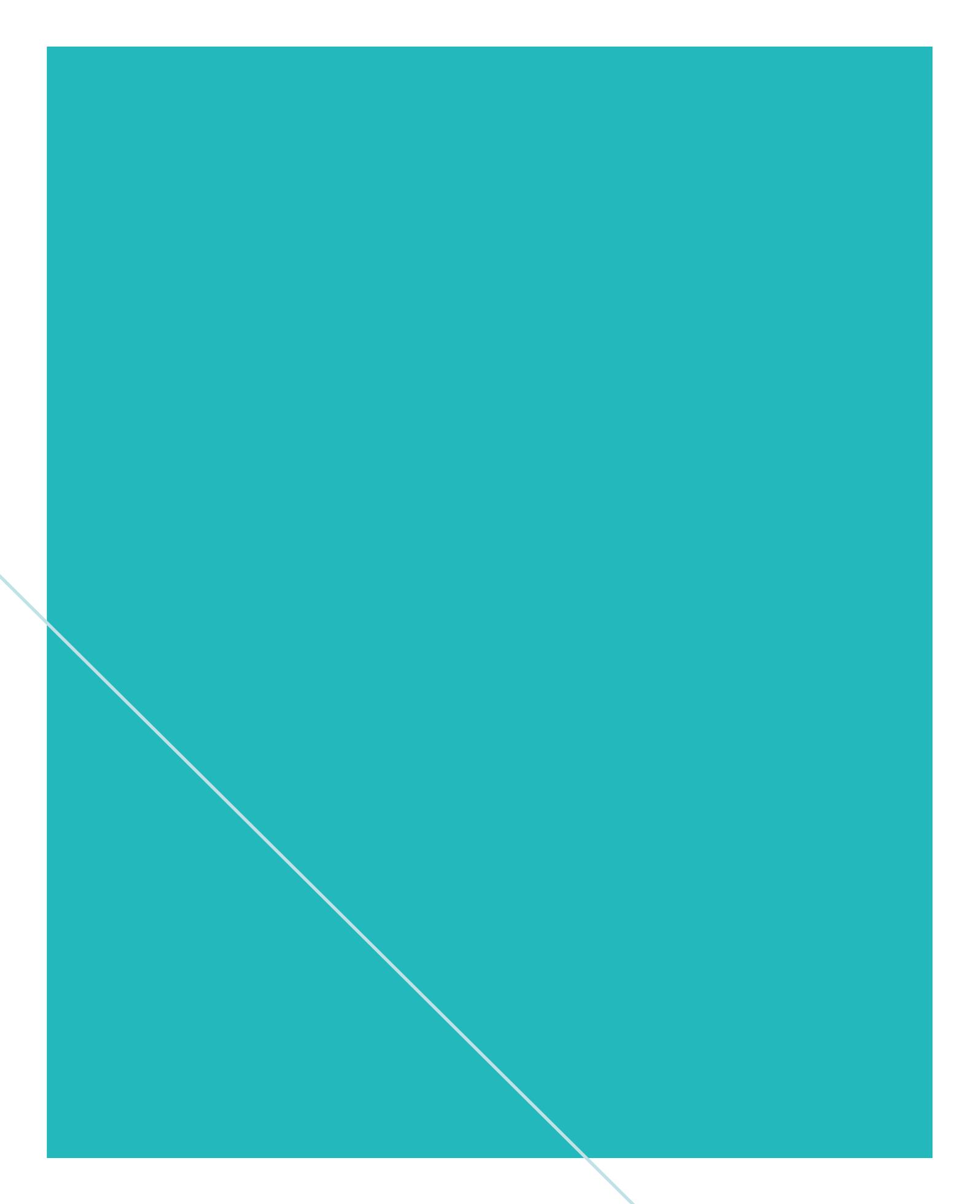
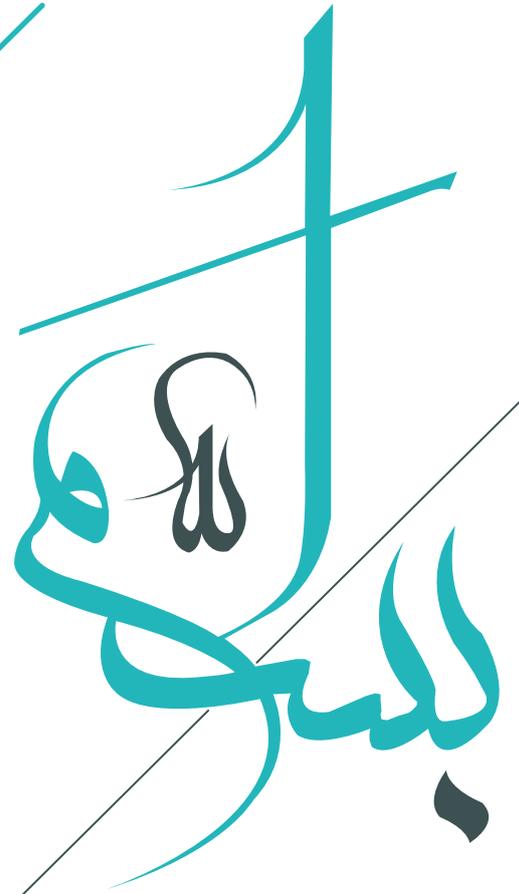




مؤسسة
الملك خالد الخيرية
King Khalid Foundation

Saudi Nonprofit **Trends Report** 2018





Saudi Nonprofit
Trends Report 2018

2 Message of His Highness Chairman of the Board of Trustees

Since the establishment of KKF in 2001, we have been aware of the importance of building an effective and empowered non-profit sector in the Kingdom. Our initial goal was to abolish poverty in the Kingdom. We soon realized that the success of any social program lies in building effective partnerships. Therefore, we have devoted our resources and programs to the empowerment of development partners from different sectors in order to achieve a prosperous Saudi society. We have given special attention to the empowerment of the non-profit sector because we believe that non-profit organizations are the most capable of expressing and addressing society's needs. In fact, non-profit organizations are usually the key initiators of innovative solutions to pressing social problems. Non-profit organizations have been present as development partners ever since developmental efforts began in the Kingdom. Such organizations have made several contributions as providers of cash and in-kind transfers to the poor, creating educational opportunities for youth, and establishing maternal and child welfare programs.

To conclude the report, we have included several recommendations, which we believe to be a roadmap for the necessary enablers of the non-profit sector in order for it to be able to continue fulfilling its developmental role. We highlight the importance of launching a Vision Realization Program to enhance the non-profit sector's contribution similar to other programs that are being launched for the realization of Saudi Vision 2030. Further, the establishment of a national commission devoted to the development of the non-profit sector is essential. The proposed authority should oversee issues related to registration, licensing, empowerment, and regulation, instead of the current governance structure which involves 13 different regulators.

Additionally, we encourage all sectors to utilize and trust in the capabilities of the non-profit sector as a partner. We also encourage individuals to get involved in the sector through employment, volunteer work, or giving. The non-profit sector is the most suitable channel for self-expression; it builds societies and develops economies and is a key player in the prosperity of any nation.



Chairman of the Board of Trustees
Faisal bin Khalid bin Abdulaziz





“ We have included several recommendations, which we believe to be a roadmap for the necessary empowerment of the non-profit sector in order for it to be able to continue fulfilling its developmental role. ”

Through this report, KKF targets interested parties, decision makers, and employees in the non-profit sector. The report aims at documenting a number of statistical indices related to giving, voluntarism, and social impact, in addition to the size and characteristics of non-profit organizations. The report also sheds light on the non-profit sector's economic and developmental roles in creating job opportunities and contributing to the GDP. The main objective of publishing this report is to emphasize the non-profit sector's importance highlighting the role it plays in national development. In addition, the report aims at shedding light on the non-profit sector's role in achieving the goals of Saudi Vision 2030.

It is worth noting that this report acts as a baseline for a group of indicators by focusing on the non-profit sector's main themes and approaches in an attempt to motivate further research in this area. This coincides with the expected publication of reliable detailed statistical data soon to be issued by the General Authority for Statistics.

We have noticed that the lack of philanthropic data related to social work and non-profit sector statistics is an international phenomenon. The quality and consistency of non-profit sector data are poor even in developed countries. This is mainly due to the inadequacy of current statistical methods to accommodate and account for the non-profit sector's activities. In addition, current national accounting and statistical procedures tend to account for for-profit activities more than voluntary or non-profit activities. This is detected in the lack of volunteer work indicators in labor market statistics, in addition to the misallocation of non-profit sector activities within private sector activities in data concerning national accounts, which is quite a common practice.

Nevertheless, we have been witnessing an international trend towards the development of philanthropic data and related statistical methods. The International Labor Organization, for instance, has been pushing for the inclusion of volunteer work within recommended labor market surveys. We also find other encouraging attempts aiming at enhancing the objectivity and fairness of the means employed in calculating the non-profit sector's contribution to the GDP.

We, at KKF, seek to take part in the global debate revolving around improving the quality of non-profit sector data and statistics. Accordingly, we are working together with a number of international partners to achieve this goal. We are also proud of the developments achieved on the national level and the collaboration with the General Authority for Statistics and its commitment to conducting national surveys on the non-profit sector this year. We consider this to be an outstanding partnership, even on an international scale, in terms of enhancing the quality of non-profit sector statistics by establishing strong partnerships between the sector and national offices of statistics. We aspire for the Kingdom to be a leading example in this regard.



Policy Design and Advocacy Program,
KKF



6 > Contents

Our Story:
History of the
Non-Profit
Sector

12 Our Story

The
Permeable
Sector

16 Defining the
Non-Profit Sector

Diverse
Organizations
and Weak
Monitoring

20 The Sector's Size and
Domains

The Sector
Generating the
Most Decent
Jobs in the
Kingdom

32 The Workforce

The Fastest
Growing
Contributor to the
Saudi GDP

36 Economic Contribution

A Promising
Sector with
Weak and
Unsustainable
Funding

42 Financials of the
Non-Profit Sector

A Sector
Reflecting
a Proactive
and Initiative-
Taking Society

46

Giving and Volunteering

A Forgotten
and
Misunderstood
Sector

48

Perceptions

Expanding
Horizons;
Limited
Resources

52

Achieving Vision 2030

Recommendations

58

References and
Methodology

64

The Sector's Size and Domains

KKF estimates that there are

2,598 non-profit

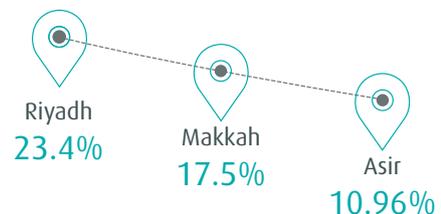
organizations including charities and foundations, non-profit universities and hospitals, cooperative associations, chambers of commerce, professional associations, and other non-profit entities.

The ratio of non-profit sector organizations per capita in Saudi Arabia is considered low with one organization for every 10,000 inhabitants.

The sector's activities mostly involve social services (26%) followed by housing and development (25.6%) and faith-based organizations (23%).

A significant lack has been detected in the number of organizations providing services like education (0.6%) and healthcare (3.2%), with an increase in those providing social services (26%).

The following regions witnessed



A larger share of non-profit organizations compared to other regions in the Kingdom.

The Permeable Sector

Non-profit distribution and voluntarism are considered essential factors for all of the sector's activities and organizations. Volunteerism is the basis of all transactions and activities. Therefore, the non-profit sector provides endless and continuous opportunities for societal participation via individuals, private sector entities through social responsibility programs, or the government through support and grants.

The Sector Generating the Most Decent Jobs in the Kingdom

- Non-profit sector jobs are considered more suitable and have higher wages compared to private sector jobs, in addition to their reasonable working hours. Moreover, the non-profit sector is more gender balanced.
- The non-profit sector employs at least 47,038 male and female workers.
- The non-profit sector outperforms the private sector in employment growth..



Growth Rate in the Non-Profit Sector



Growth Rate in the Private Sector

- When considering job type, we find that the average wage in the non-profit sector is (5,323 SR), which is higher than the average wage in the private sector (4,455 SR).
- The non-profit sector is the most gender-balanced sector in the country with regards to employment. Females represent 42.8% of the employees in the sector, which exceeds the overall average of female workers in the job market (14.9%).

The Fastest Growing Contributor to the Saudi GDP

Like most non-profit sectors around the world, the Kingdom's non-profit sector is growing at an accelerating rate as a contributor to the Saudi GDP. In fact, it is outperforming the government sector and the non-oil private sector.

- In 2016, the non-profit sector's contribution to the Kingdom's economy ranged between 3 and 4.5 billion SR.
- The non-profit sector's economic contribution is estimated at 4,375 billion SR with predictions that it will reach 6,505 billion SR in 2020 and 17,532 billion SR in 2030 assuming a consistent growth rate of 10%, which is below the 2020 target in the National Transformation Plan (NTP 2020).
- The sector needs to achieve annual growth rates of 31-39% to fulfil the goals of Saudi Vision 2030.

A Promising Sector with Weak and Unsustainable Funding

Charities:

Twenty-seven percent of the income of charities comes from government funding, which amounts to 450 million SR which is consistent with international averages.

Charities also rely on donations (38%), and they allocate 49% of their expenses to cash and in-kind transfers.

Cooperative Associations:

210 million SR in Capital

476 million SR in Assets

Public Endowments:

54

billion SR
Public Endowments

300

billion SR
Private Endowments

* Public endowments do not include endowments related to the two Holy Mosques. They only include endowments managed by the General Authority of Endowments.

A Sector Built on a Proactive Society

14,489^{SR}

Annual Average Amount of Charitable Giving from Saudi Donors.

2,769^{SR}

Annual Average Amount of Charitable Giving from Saudi Donators to Non-Profit Organizations

100^{Hours}

Annual Average Number of Volunteering Hours for Saudi Volunteers

- ↳ Saudis prefer not to disclose the sums of their donations. However, they generally prefer to give donations to those in need directly instead of donating through organizations.
- ↳ Saudis tend to volunteer and give donations to the following causes: relief efforts, social services, religious causes, and healthcare.

A Forgotten and Misunderstood Sector

- ↳ Saudi society believes that the non-profit sector's impact on development ranges from medium to low.
- ↳ Those involved in the non-profit sector believe that the lack of regulations and irregular cash flows are the main obstacles hindering the sector.
- ↳ Decision makers, on the other hand, do not pay attention to the non-profit sector and the need to empower it because it is not on their list of priorities.

A Sector that Contributes to Achieving the Strategic Goals of Saudi Vision 2030

The non-profit sector directly contributes to achieving the strategic goals of Saudi Vision 2030:



Our Story: History of the Non-Profit Sector

Being Muslim, the Saudi society is known for its sense of giving which is encouraged by our Islamic values in addition to our Arab heritage. In fact, voluntarism preceded the Kingdom of Saudi Arabia. Nevertheless, it is difficult to pinpoint the exact time at which volunteer work began in the Kingdom since it is fundamental to all Saudis. We can, however, talk about the first institutionalized non-profit organizations which started working officially in the Kingdom.

The 1934 Saudi-Yemeni War

The National Emergency Medical Association

Due to the outbreak of the Saudi-Yemeni war with many battles fought in the Asir mountains and the coasts of Tihama, there was an urgent need for emergency medical services to tend to those injured on the battlefield. This required providing doctors, medicine, and bandages. A group of citizens came forward to the government to establish an association in Makkah which was to provide humanitarian aid. The government approved and the National Emergency Medical Association was established and started collecting donations to perform its tasks.

The ambulance donated by King Abdulaziz*



* «History of the Saudi Red Crescent Authority» and its predecessors.
<http://www.srca.org.sa/ar/About/History>

The Charitable Emergency Medical Services' Society

After the war, a group of citizens from Makkah requested that the National Emergency Medical Association continue to operate for purposes other than the war effort. The goal was to provide services to pilgrims suffering from injuries or other medical conditions (e.g., fatigue, heatstroke, etc.) while performing Hajj or Omra. Due to the lack of official bodies, the injured and sick were improperly transferred by their families or friends to Ajyad Hospital, the only hospital in Makkah at the time.



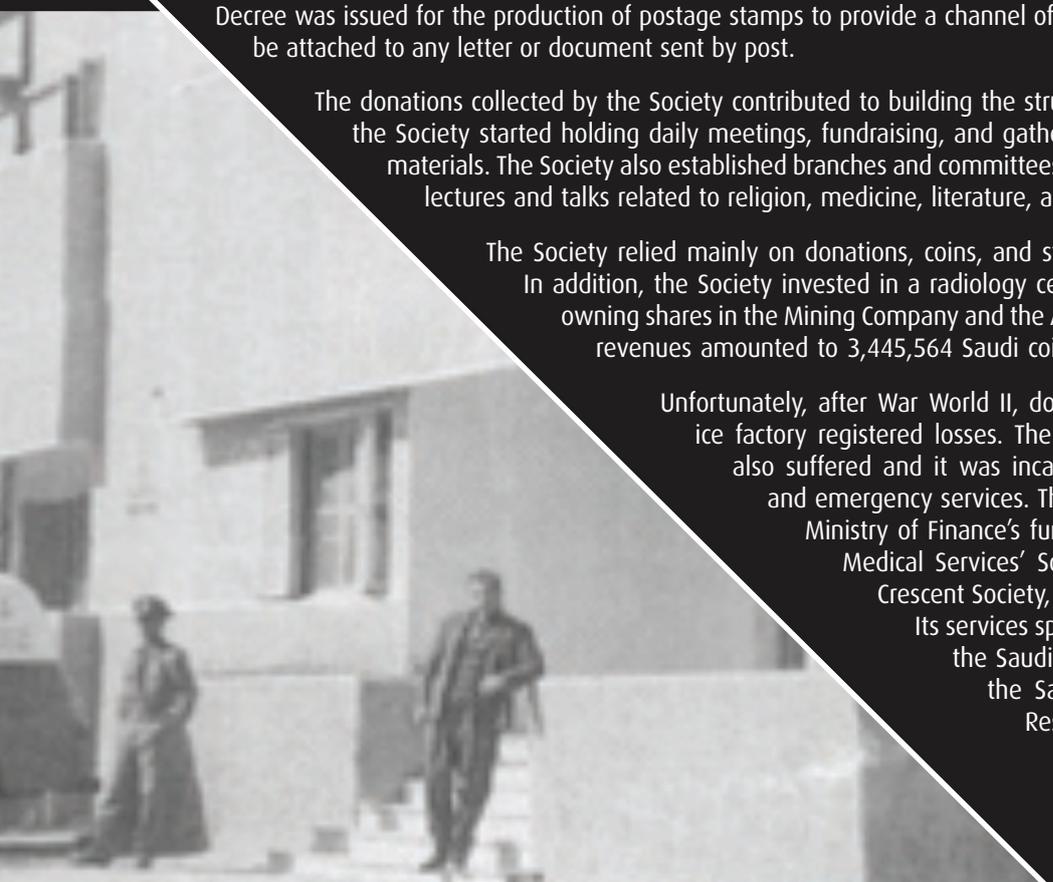
The center at Al-Wada' Gate, which was the Charitable Emergency Medical Services' Society headquarters. It is currently located in Al-Bab Alley in Makkah. It was donated by King Abdulaziz as an endowment for the Society.

Royal Decree No. 3306 dated 02/03/1354H (03/06/1935) was issued for the National Emergency Medical Association to continue operating in the same way similar associations in other countries operate, such as the Islamic Red Crescent Society and the Red Cross Society. The name of the Association was also changed to the Charitable Emergency Medical Services' Society. In addition, a Royal Decree was issued for the production of postage stamps to provide a channel of funding for the Society. The stamps were to be attached to any letter or document sent by post.

The donations collected by the Society contributed to building the structure of the National Hospital in Ta'if. Then the Society started holding daily meetings, fundraising, and gathering supplies, medicine, and other first aid materials. The Society also established branches and committees in Jeddah and Medina, as well as organized lectures and talks related to religion, medicine, literature, and poetry.

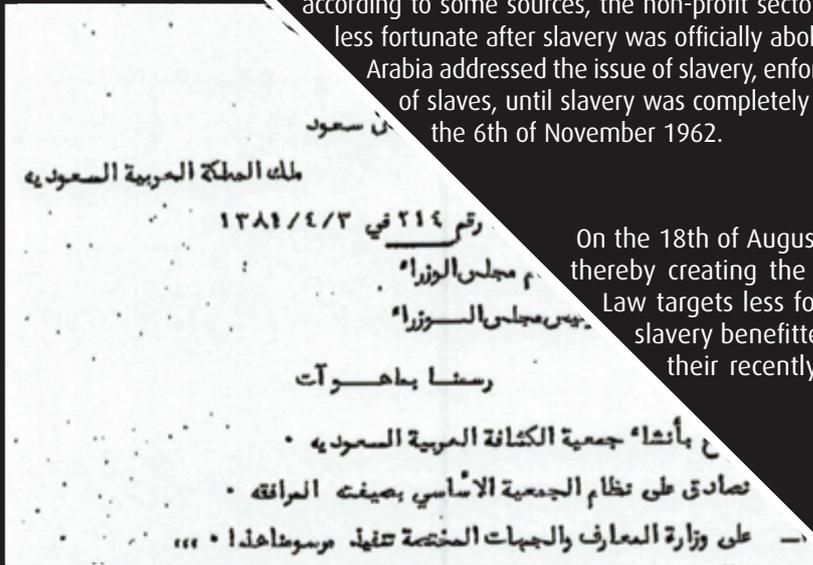
The Society relied mainly on donations, coins, and stamps that were allocated by government. In addition, the Society invested in a radiology center and an ice factory in Mina, as well as owning shares in the Mining Company and the Arabian Auto Company. In 1947, the Society's revenues amounted to 3,445,564 Saudi coins.

Unfortunately, after War World II, donations and resources diminished, and the ice factory registered losses. The Society's intellectual and literary activities also suffered and it was incapable of carrying out many of its medical and emergency services. The only financial support remaining was the Ministry of Finance's funding. After that, the Charitable Emergency Medical Services' Society was the precursor to the Saudi Red Crescent Society, founded in Riyadh in 1963 by Royal Decree. Its services spanned all of the Kingdom's regions. In 2008, the Saudi Red Crescent Society was transformed into the Saudi Red Crescent Authority pursuant to a Resolution issued by the Council of Ministers..

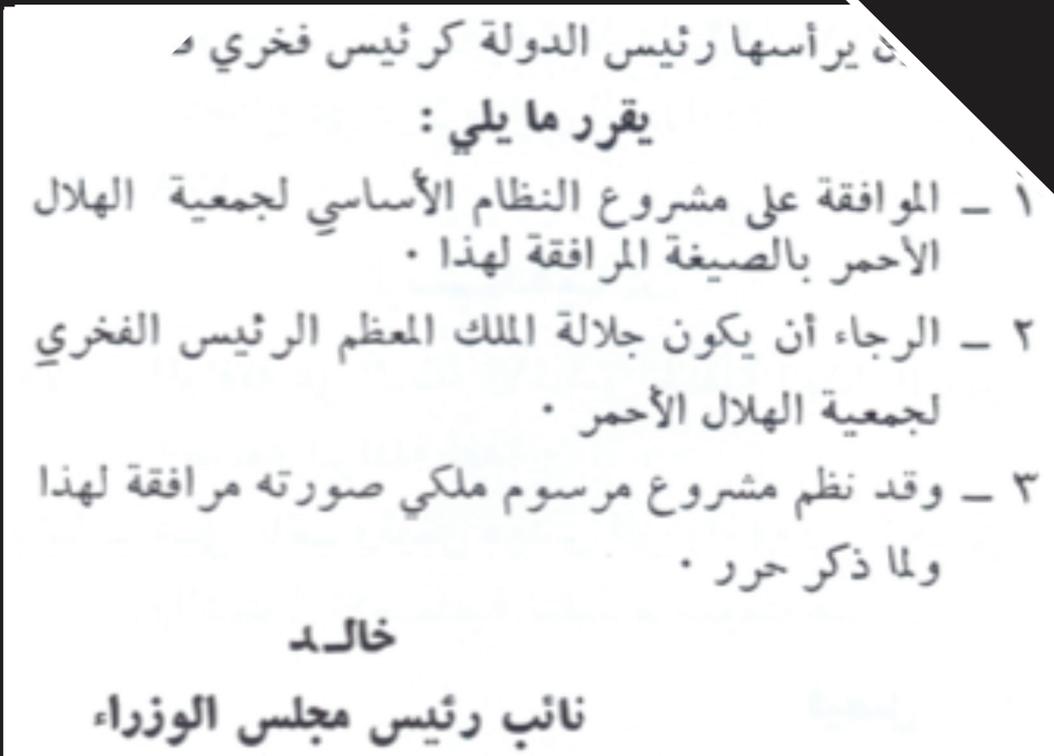


1962 The Year of Social Protection

After the Charitable Emergency Medical Services' Society, documents obtained by KKF indicate that a Royal Decree was issued on 19/09/1961 regarding the establishment of the Saudi Arabian Scouts Association. The non-profit sector began during the Saudi-Yemeni war in the 30s in response to a humanitarian need in the Kingdom. Likewise, the non-profit sector expanded in the early 1960s as a response to society's humanitarian needs. Especially that, according to some sources, the non-profit sector grew as a response to the urgent need of supporting the less fortunate after slavery was officially abolished in the Kingdom. From day one, the Kingdom of Saudi Arabia addressed the issue of slavery, enforcing gradual steps to abolish it, such as prohibiting the trade of slaves, until slavery was completely prohibited and all slaves were set free and indemnified on the 6th of November 1962.



On the 18th of August of the same year, the Social Assistance Law was issued thereby creating the most important social safety net in the Kingdom. The Law targets less fortunate groups in society and those recently freed from slavery benefitted the most from social transfers due to their needs after their recently-acquired freedom.



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
 المملكة العربية السعودية
 وزارة العمالة والشؤون الاجتماعية
 إدارة التعاون



رقم
 ١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

١٢٣٤٥٦٧٨٩٠

During the same period, the first philanthropic society was established in Riyadh under the name "Al-Nahda Philanthropic Society for Women". Al-Nahda began as a Riyadh Club for Girls. It was then transformed into a society as a response to the need for social services in the Kingdom. Al-Nahda provided services to society and the less fortunate including income maintenance, training, and other social services. It was officially registered with the Ministry of Labor and Social Affairs on 23/07/1963, and after a short while, other charitable societies were licensed and registered with the Ministry. The first charitable society to be registered with the Ministry was the First Women Welfare Society in Jeddah, which was registered only a few days before Al-Nahda on 11/07/1963. The Society in Jeddah was established by a group of ladies who initially created a committee for motherhood and child welfare in Jeddah. The objective of the committee was to educate less fortunate women and raise their awareness, in addition to providing them with health services and educating them on health-related issues.

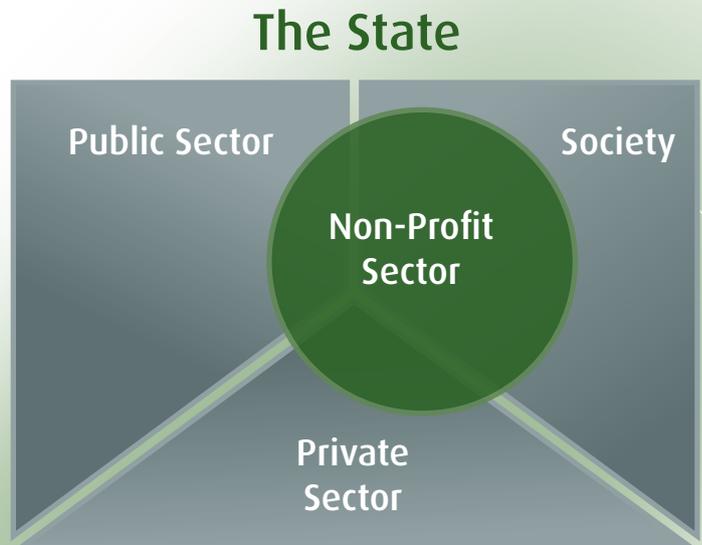
A few months before the registration of both societies, the Saudi Law of Cooperatives was issued on 10/02/1963, and the Multipurpose Cooperative Society in Diriyah was the first to be registered on the same day the law was passed.

After decades of social work in the Kingdom, the regulations for charities and foundations were issued on 22/01/1990. However, no foundation was officially registered until 1996. KKF was established by a Royal Order on 11/03/2001. The Foundation has devoted its efforts to developing the Kingdom's non-profit sector. King Khalid's family believed that his legacy and charitable character will be carried through a foundation that is dedicated to building local non-profit organizations across the Kingdom to serve the less fortunate. KKF organized the first forum for charities in the Kingdom. It also launched the community development program in Qilwa Province, Al-Baha Region. Qilwa was the poorest village in Saudi Arabia at the time. The program aimed at empowering charities in the village to serve the people of Qilwa and help them attain their needs and achieve financial independence. Further, KKF devoted the following 17 years to building the capacities of workers in the non-profit sector on a national scale. It also supported charitable associations and funded their developmental programs through grants. When KKF was established, the number of charities and foundations did not exceed 115. Today there are 1,125 charities and foundations registered with the Ministry of Labor and Social Development, which is almost 10 times the number of charities and foundations at the time KKF was established.



On the first of December 2015, the Saudi Charities and Foundations' Law was passed after being under consideration for more than 10 years, and its complementary regulations have yet to be finalized.

The Permeable Sector



Different terms are used to refer to the non-profit sector including:

Third sector	Civil Sector
Philanthropic Sector	Social Sector
Civil Society	

These different names attest to the different views surrounding the sector, in addition to the difficulty of distinguishing its activities and their respective entities because any individual or entity can get involved in the non-profit sector activities (hence the permeability) either as an individual or through public or private organizations. This is due to the fact that the principles of “voluntarism” and “non-profit seeking” are the characteristics of all the sector’s activities. Therefore, the sector’s openness and accessibility make it difficult to account for its activities. However, this also contributes to the diversity of the sector’s activities, in addition to magnifying their impact and benefits.

KKF seeks to provide a working definition of the non-profit sector in the Kingdom through this report with the aim of identifying its social and economic contributions.



KKF's Definition of the Non-Profit Sector in the Kingdom of Saudi Arabia:

In a collaborative effort that brought together KKF, the General Authority for Statistics, non-profit sector workers, and statisticians, the Foundation hosted a workshop titled "Non-Profit Sector Statistics". The results of the workshop indicated that the non-profit sector represents the country's social economy. Further, the sector is built upon a variety of societal activities (e.g., volunteer work, giving, social responsibility programs, and social entrepreneurship) and non-profit entities (e.g., charities and foundations) which:

- 1) are initiated by individual citizens under their own free will independent of government entities; and
- 2) fulfill social goals or public benefits since their main objective is not profit seeking or distributing.



As an organization, KKF is keen on proposing a working definition for the non-profit sector to be used for statistical and research purposes, which supports the classification of non-profit sector organizations in surveys and studies conducted to identify the sector's contribution, as follows:

Criteria for Non-Profit Organizations⁽¹⁾

1. Organizational Structure:

The organization must be registered with an official body or licensed as an independent legal personality.

2. Independence:

- a. Government entities shall have no direct influence over the organization's overall orientation and programs by enforcing direct administrative relations, appointing most of the organization's board or top management, or any other form of interference that goes against the organization's independence.
- b. Membership to the organization shall be made available to the public or to any professional for which a professional association is established. Members shall be active decision makers and shall also be given the opportunity to become board members and attend general assembly meetings.

3. Autonomous Management:

The organization shall bear full responsibility for the outcomes of its activities and operations including any economic risks, profits, or losses.

4. Voluntarism:

Participation in the organization shall be voluntary (with the exception of professional associations and trade unions).

5. Not for Profit:

The organization shall not make profits or conclude obligations to limit profit distribution, most of the profits shall be reinvested in the organization's programs.

We are aware that the non-profit sector does not only involve entities and organizations but also activities. Such activities may not be institutionalized, but they remain, nevertheless, pivotal elements in the sector. Non-profit sector activities are classified based on the International Classification of Non-Profit Organizations (ICNPO)⁽²⁾, which has been adopted by the Ministry of Labor and Social Development:



Religion



Education and Research



Health



Business and Professional Associations and Unions



Culture and Recreation



Advocacy



Social Services



Environment



Not Elsewhere Classified

The Debate

Surrounding the Non-Profit Sector's Terminology!

It is well-established that the state is composed of three main sectors:

The public sector, the private sector, and the non-profit sector.



Political scientists consider the public sector the state's focal point. For this reason, they call it the first sector which is followed by the second sector (i.e., the private sector) and then the non-profit sector (i.e., the third sector).



Economists, on the other hand, base their view on what they believe to be the motivator of human rationality, which is profit-seeking. Accordingly, they classify the state's sectors into public, for-profit (i.e., private), and non-profit.



Social scientists view society from the perspective of networks of relations between individuals and groups within societies, as well as societal activities. Therefore, they have different views concerning the components of the state. They classify the sectors in a state into public, private, and voluntary. They believe that "voluntarism" dominates the non-profit sector's activities.

Another popular expression is

"Civil Society Organizations"

It is used to refer to civil and private activities that include political parties and groups, labor and journalist unions, and other civic activities.

Diverse Organizations and Weak Monitoring

Non-profit organizations in the Kingdom organize a wide scope of diverse activities and operate in a variety of different domains. However, the fact that these organizations are linked (from a regulatory perspective) to more than

13 Government Entities

makes it difficult to accurately account for their number and contributions. Furthermore, limiting the scope of the definition of non-profit sector organizations to charities and foundations fails to represent the actual size of the sector in the Kingdom, since the number of charities and foundations registered with the Ministry of Labor and Social Development is

1,125

Through this report, KKF seeks to present data that reflect the sector's actual size and diversity, where the actual number of non-profit organizations is

2,598

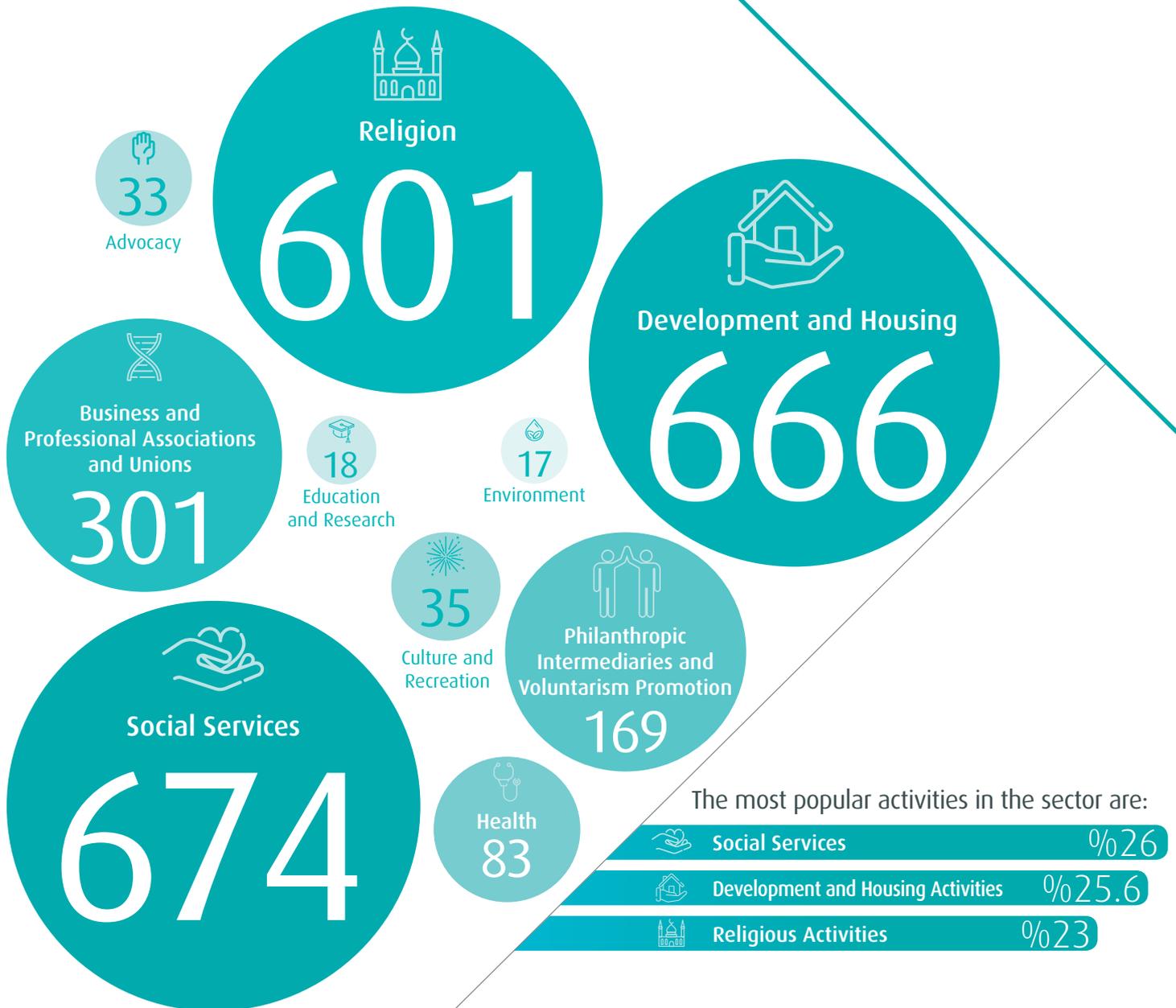
after including charities and foundations, non-profit universities and hospitals, cooperatives, chambers of commerce, and professional associations as well as other types of organizations.



Charities and foundations outnumber other types of non-profit organizations followed by societies for the memorization of the Holy Qur'an and cooperative offices for religious call and guidance, then social development committees.

The Sector's Activities:

Even though the non-profit sector's organizations are diverse, their activities intersect. The sector's activities can be classified as follows based on the UN's ICNPO⁽³⁾:



* KKF's classification of Saudi non-profit organizations

After the issuance of the new Law of Charities and Foundations in 2015, the non-profit sector witnessed an increase in the number of applications for registration. By the end of 2016, the number of applications filed for the establishment of charities⁽⁴⁾ was

9,015

4X

This is almost four times the current number of non-profit organizations in the Kingdom. Accurate statistics regarding applications for other types of organizations are unavailable, whether these organizations are cooperatives, civil society organizations or others. This is an indicator of the sector's anticipated growth, which will be addressed in detail in the rest of the report.

200

France



Number of Non-Profit Organizations

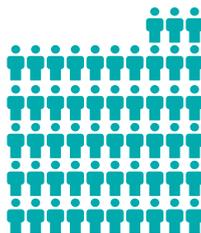
per 10,000 inhabitants

* KKF Analysis

53



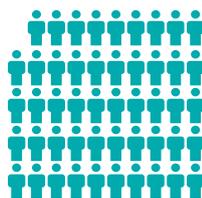
Canada



49



USA



18

Zionist Entity



17

Malaysia



5

Egypt



1

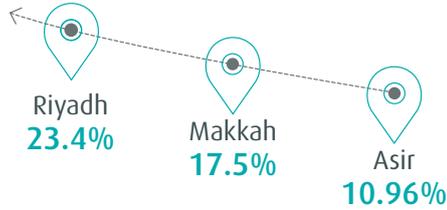
Saudi Arabia



The Sector's Size and Domains

Geographical Distribution:

In terms of geographical distribution, the following regions have witnessed a larger share of non-profit organizations



compared to other regions in the Kingdom.

Social Development Committees: Present but Absent

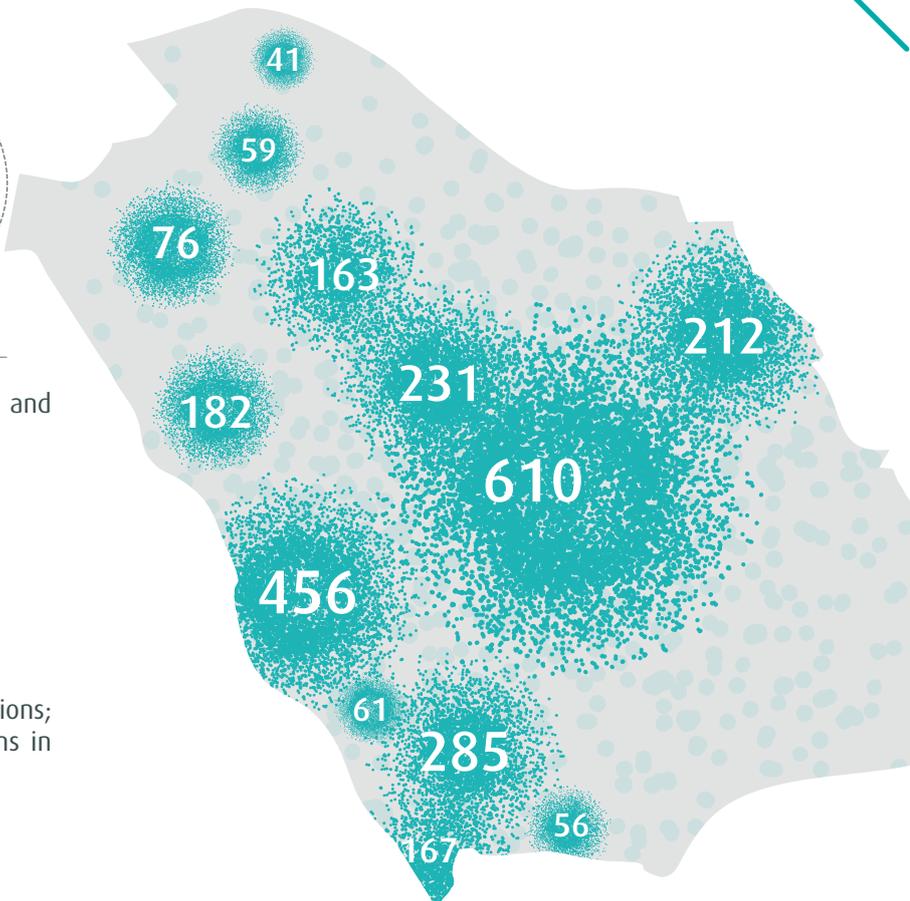
Social Development committees represent 20% of the total number of non-profit entities in the Kingdom. The Ministry of Labor, through conjoined efforts with social development centers across the Kingdom, is encouraging the formation of these regional committees by the locals to fulfill the developmental needs of their respective communities. Unfortunately, social development committees lack institutionalization and developmental planning and rely mainly on individual efforts.

The number of organizations in Riyadh is due to the high number of charities in Riyadh (106). Moreover, most professional associations are headquartered in Riyadh, in addition to associations that provide services on a national scale.

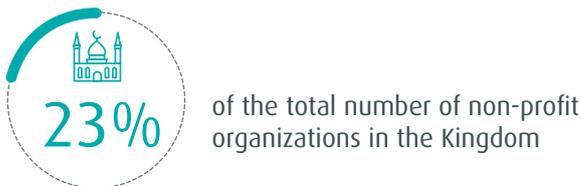
It was also observed that social development committees and societies for the memorization of the Holy Qur'an outnumber charities in some regions. For instance, social development committees represent:



Geographical Distribution of Non-Profit Organizations in the Kingdom



Societies for the memorization of the Holy Qur'an and offices for religious call and guidance represent



Al-Bahah Region has a high number of these organizations; 67.2% of the total number of non-profit organizations in the region.

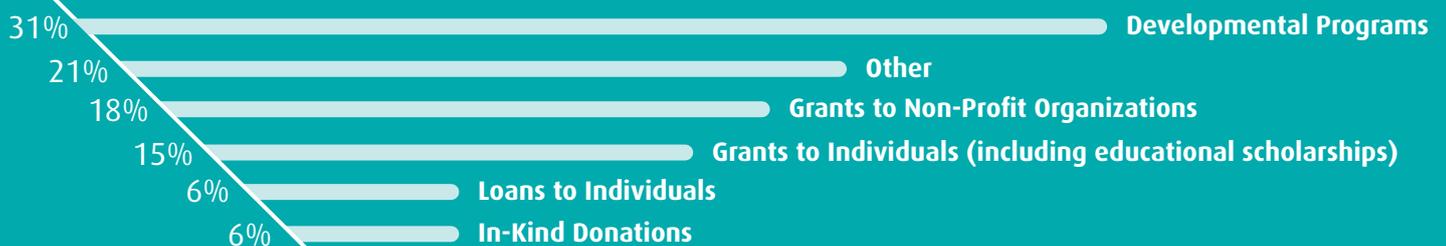
Foundations.. A Deeper Look

Based on KKF's 2018 survey⁽⁵⁾ of foundations, there are 187 foundations in the Kingdom most of which were established after 2001. These organizations are mostly distributed between Riyadh, Makkah, and the Eastern Province. Some are also found in Qassim, Madinah, Asir, Al-Jouf, and the Northern Borders. Furthermore, five administrative regions have no foundations. Private foundations represent 80% of the total number of foundations in the Kingdom compared to semi-government foundations or those established pursuant to Royal or Higher Decrees, which represent 20%.

Further, the average number of employees in foundations is 33 per foundation. Foundations also rely on volunteers with the number of volunteered hours equivalent to 36 full-time employees per year per organization (FTE). Members of the boards of trustees or directors usually play a role in the executive operations of foundations especially when it comes to making decisions related to granted beneficiaries. Moreover, foundations tend to outsource functions related to legal services, corporate communication, and marketing.

The survey indicated that 20% of foundations do not measure the impact of their programs and grants after completion, while 90% investigate needs assessments (before implementation), in addition to measuring results and outcomes (during and after implementation). However, third parties are usually not involved in performing such assessment processes. As far as governance is concerned, most foundations reported that they prepare audited financial statements, in addition to reports on funding sources, expenses, and grant allocation. But they usually do not publish such information and only issue a general annual report about their activities and programs.

Foundations continue to operate their own programs. The survey showed that 31% of organizations execute their developmental programs without the assistance of third parties (operating foundations). compared to 33% which reported that they give grants to other organizations or individuals.



Most foundations tend to allocate their funds to education, training, upskilling, and fighting poverty. Eighty percent have aligned their goals to the goals of Saudi Vision 2030, especially 1) **promoting social responsibility**, 2) **providing healthy and fulfilling lives**, and 3) **promoting Islamic values and national identity**. Furthermore, 36% have aligned their goals to the UN's Sustainable Development Goals (SDGs), especially the following:

1) No Poverty, 2) Quality Education, and 3) Good Health and Well-Being.

The Non-Profit Sector's Developmental Effect

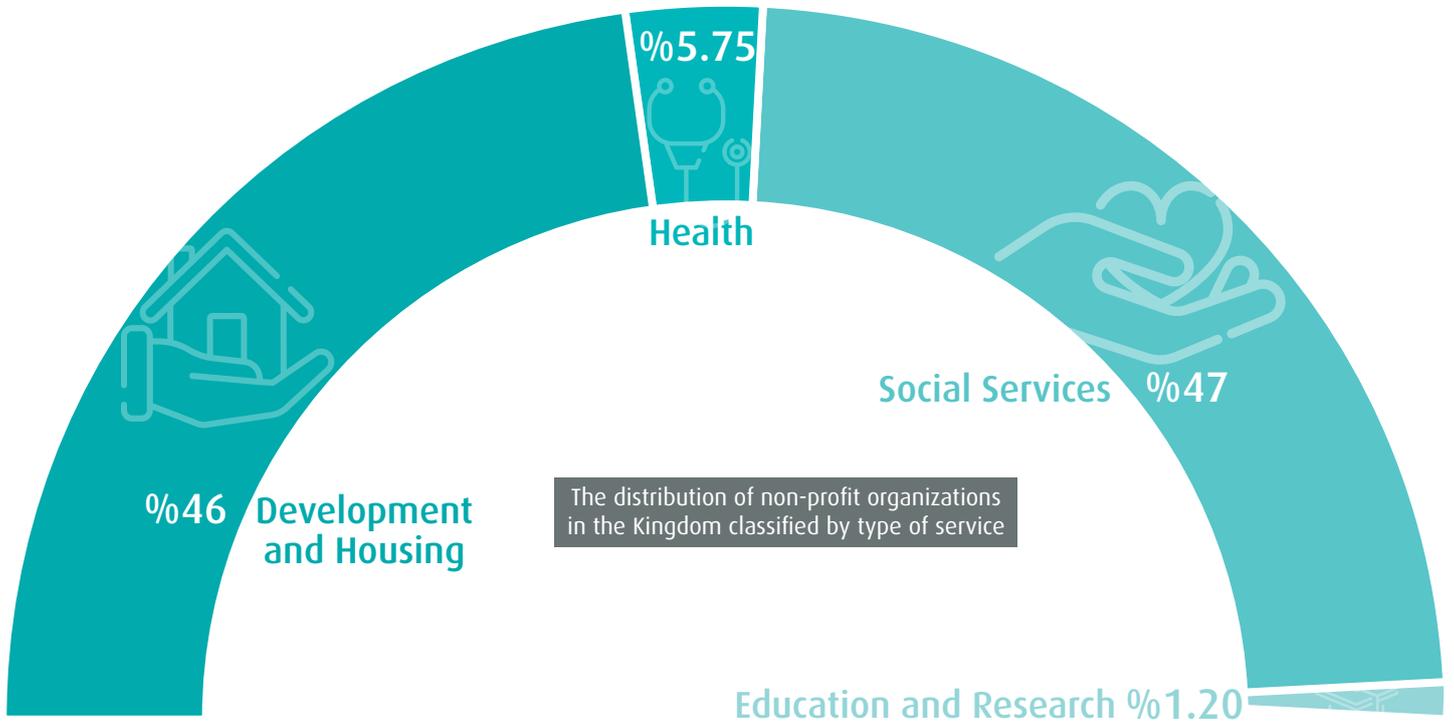
The non-profit sector's significant role is evident in the provision of social, healthcare, and educational services, which represent most of the services of non-profit organizations worldwide.

* Percentage of service NPOs of the total number of NPOs in different countries



* A report published by the Center for Civil Society Studies, Johns Hopkins University: "The State of Global Civil Society and Volunteering: Latest Findings from the Implementation of the UN Nonprofit Handbook (2013)"

Most of the services provided by non-profit organizations in the Kingdom are related to social services and development and housing, while only a small percentage of services is related to education and health.



(A) Social Services and the Developmental Role of Albir Charities

The classification of the organizations' activities in the Kingdom indicates that most organizations are active in providing social services and religious services, as well as services related to development and housing. It is important to note that the services provided by the non-profit sector, including social services, were initiated as a response to societal needs. A recent debate has been growing around the role Albir charities play in the Kingdom. They have been criticized for providing welfare services because they give financial and in-kind donations and handouts directly to those in need. Even though it is unacceptable to generalize, because some Albir charities have introduced developmental themes to their programs, we believe it is important to emphasize that income maintenance and cash transfers should be provided to low-income groups based on poverty and sufficiency lines.

In fact, this has a significant developmental impact on the living conditions of less fortunate groups. It also plays a significant role in the non-profit sector by funding social safety nets within the country's social protection scheme. That is why this is the most popular type of activity among non-profit organizations around the world even though it is carried out differently in different contexts. In fact, KKF analysis has indicated that compared to government cash transfer programs, NGOs in the Kingdom are better at targeting those in need.



(B) Education and Research Services and Establishing Private Education in the Kingdom:

Non-profit universities played a leading role in establishing private education the Kingdom. In fact, three non-profit universities were the first to be licensed as private universities in the Kingdom. Of the 11 private universities currently operating, 6 are classified as non-profit (54.5%). Non-profit research centers have also started spreading around Saudi Arabia, irrespective of the absence of relevant regulations, such as the King Salman Center for Disability Research (which is registered as a charity), the King Abdullah Petroleum Studies and Research Center, and the King Faisal Center for Research and Islamic Studies. Such centers bring added value to the knowledge produced in Saudi Arabia.

The King Abdullah Petroleum Studies and Research Center (KAPSARC) is a leading research center in energy economics, which is a discipline concerned with the consumption and use of energy, and its economic and social impact on markets and societies. KAPSARC was established in Riyadh in 2013 by a Royal Decree. It is an independent non-profit entity funded by an endowment established by the Saudi Government, guaranteeing a level of independence and objectivity for research.

Spotlights

The King Abdullah Petroleum Studies and Research Center (KAPSARC)⁽⁷⁾





The Center's efforts are not limited to its research activities, it also hosts an open-access portal that enables decision-makers, researchers, or anyone interested in energy economics to access close to 900 databases and a number of models and instruments related to energy and the economy.

The Center is keen on tackling current obstacles related to energy, such as creating sustainable environment-friendly energy sources by striking a balance between the goals of energy-related policies and their outcomes, augmenting the value of consumed energy, and cutting the cost of providing energy to achieve prosperity for Saudi society.

KAPSARC is considered an ideal example of the non-profit sector's contribution to different aspects of Saudi Vision 2030.



KAPSARC's main objective of cutting back on energy consumption and costs is actually realized in the building housing the Center which relies on solar energy to generate 20% of its needs. The Center hosts a group of experts and researchers from Saudi Arabia and other countries around the world.

(C) Health Services and the Non-Profit Sector's Recently-Acquired Role

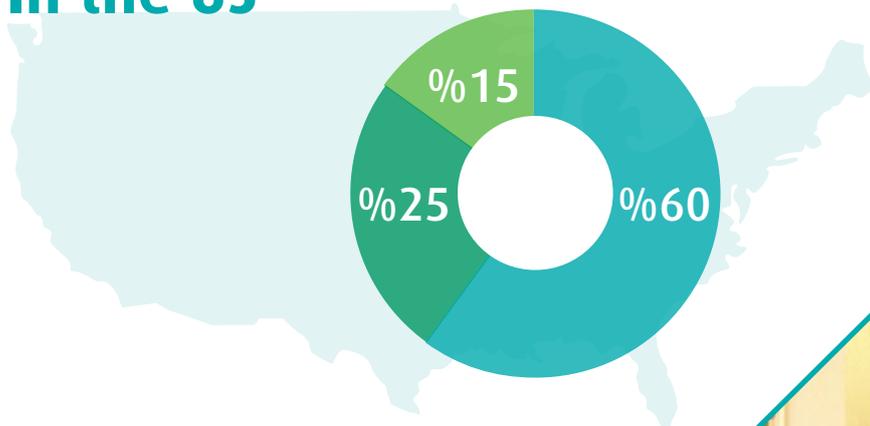
Healthcare and educational services are the most operated by non-profit entities across the world. For example, 59% of the hospitals in the US are non-profits, while 25% are for-profit, and only 15% are public hospitals. The growing popularity of providing healthcare services through the non-profit sector requires government support by involving the sector in privatization, giving the sector priority in investing in public facilities or obtaining property or funding.

In the Kingdom



Non-Profit Hospitals⁽⁶⁾

In the US



- Non-Profit Hospitals
- For-Profit Hospitals
- Public Hospitals



Spotlights

Abdul Latif Jameel Hospital

More than 20 years ago, the founder of the Abdul Latif Jameel Company established a non-profit hospital in Jeddah. The hospital, which specializes in medical rehabilitation, was the first of its kind in the Kingdom. Abdul Latif Jameel Hospital aspires to become a leading organization in improving the quality of life for the disabled of all ages through a variety of comprehensive rehabilitation programs that meet the highest professional standards under the supervision of a team of specialized and experienced medical practitioners.

The Hospital provides a variety of rehabilitation services for different cases, such as fractures, neural and respiratory diseases, victims of accidents, and amputees. It also provides specialized programs for those suffering from acquired brain injuries or spinal injuries, in addition to the Extended Care Unit for patients with chronic conditions.

Abdul Latif Jameel Hospital focuses on everything that assists the recovery of a patient and improves his physical and psychological well-being, in addition to supporting the families of patients through psychological



مستشفى عبد اللطيف جميل
Abdul Latif Jameel Hospital



and social support programs, nutritional education, life-skills training, and preparing the patient for social reintegration.

Due to Abdul Latif Jameel's recognition of its social responsibility and the importance of fulfilling the needs of patients who cannot afford treatment, a financial aid office has been established to evaluate the medical needs of patients and assess their economic and social conditions in order to determine the percentage of contribution in their treatment programs. Furthermore, the Hospital is keen on collaborating with other charitable entities to support their beneficiaries.

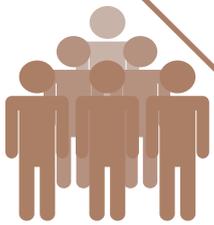
Since its establishment, Abdul Latif Jameel Hospital has received accreditation from the Saudi Central Board for Accreditation of Healthcare Institutions and the Australian Council on Healthcare Standards. The hospital has also treated more than 47,000 cases.

The Hospital aspires to give its patients hope by helping them function efficiently in their daily lives through the implementation of data-driven treatment solutions, in addition to taking care of the humanitarian aspect of medical care.⁽⁸⁾



The Sector Generating the Most Decent Jobs in the Kingdom

Non-profit sector jobs are characterized as being decent jobs with better average wages and more reasonable working hours than the private sector. The non-profit sector is also more balanced in terms of hiring males and females. Further, it seems to be the sector more adept at dealing with economic pressure.



47,038
Employees⁽⁹⁾

in charities and religious guidance offices supervised by the Ministry of Labor and Social Development and the Ministry of Islamic Affairs excluding those working at other non-profit organizations.



35,260 Employees⁽¹⁰⁾

registered in the General Organization for Social Insurance by the end of the fourth quarter of 2017.

This illustrates the discrepancy in the number of employees registered at the General Organization for Social Insurance and other ministries, which may be due to the lack of registrations and subscriptions of non-profit sector workers at the General Organization for Social Insurance, or it may be due to the different definitions of non-profit sector employees among government entities and the distribution of their data among multiple entities.

The NTP 2020 target is

50,000
female and male workers by 2020

Non-Profit and Private Sector Jobs Growth⁽¹¹⁾

-0.64%

Non-Profit Sector Jobs Growth

-4.75%

Private Sector Jobs Growth

What is a decent job?
 One of the most significant job market social protection guarantees involves the provision of the following:
 1) Equal employment opportunities
 2) Sufficient wages
 3) Suitable working hours
 4) Secure work environments
 5) Social security

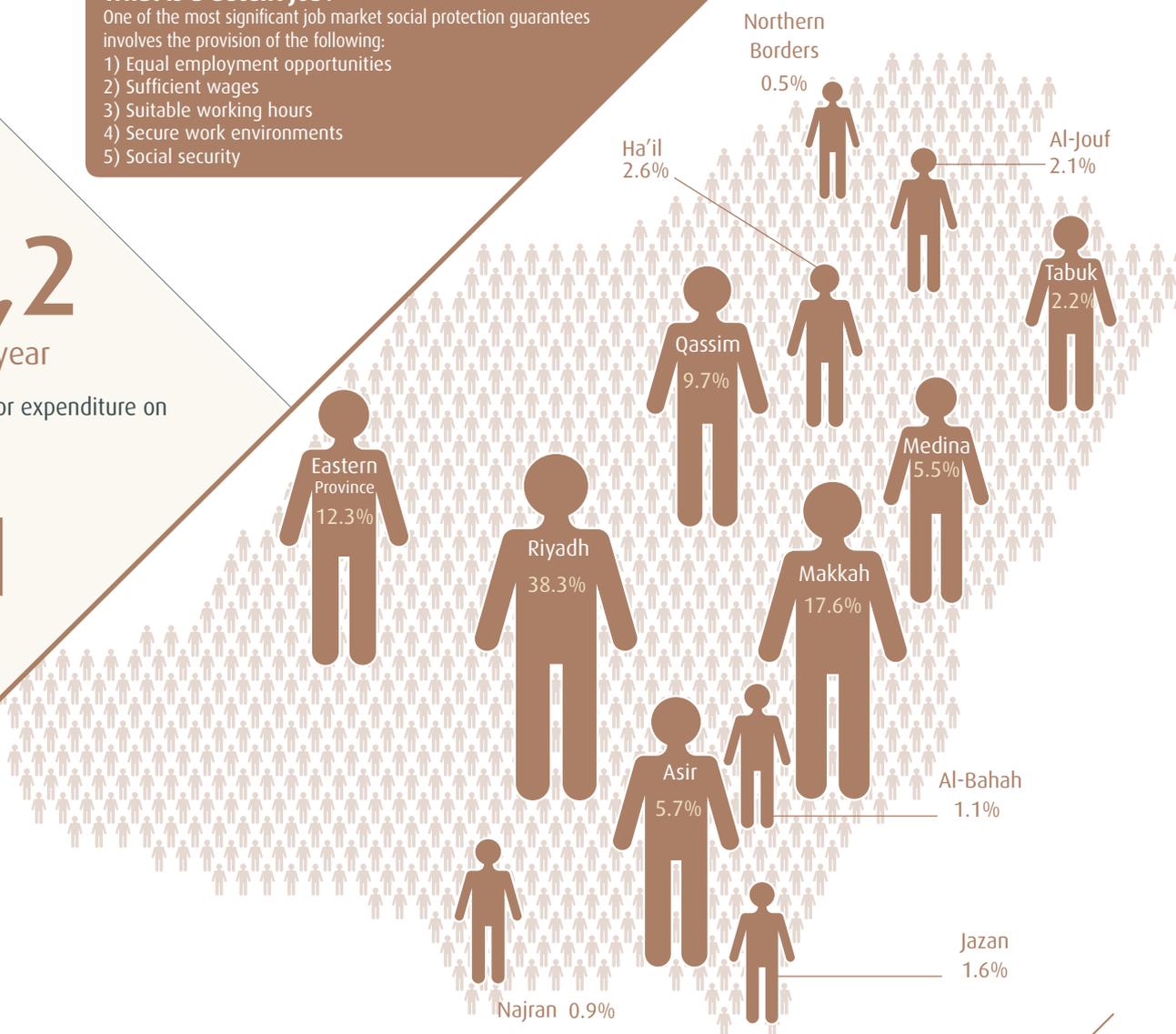
Geographical Distribution of Jobs in the Kingdom



253,2 million SR per year

Total non-profit sector expenditure on employment at a rate of

21,1 million SR per month⁽¹²⁾



Greater Growth of decent Jobs

5,323
SR

Average Wage in the
Non-Profit Sector

4,455
SR

Average Wage in
the Private Sector

The average wage in the non-profit sector is higher than the private sector because the latter mainly relies on low-skilled workers with low wages. This means that the non-profit sector is generally considered a better provider of decent jobs.⁽¹³⁾



Suitable Working Hours

The average number of actual working hours in the Saudi job market stands at

45 hours per week⁽¹⁴⁾

KKF data indicates that the actual working hours in the non-profit sector are

4 less than
hours per week



Job Security Index



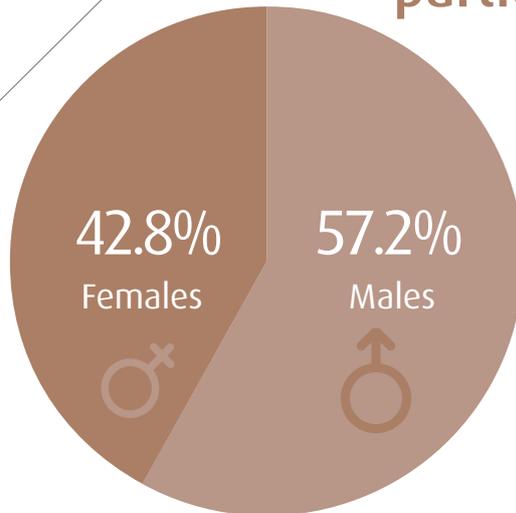
7,908

work-related injuries in the third quarter of 2017 based on the injuries registered at the General Organization for Social Insurance

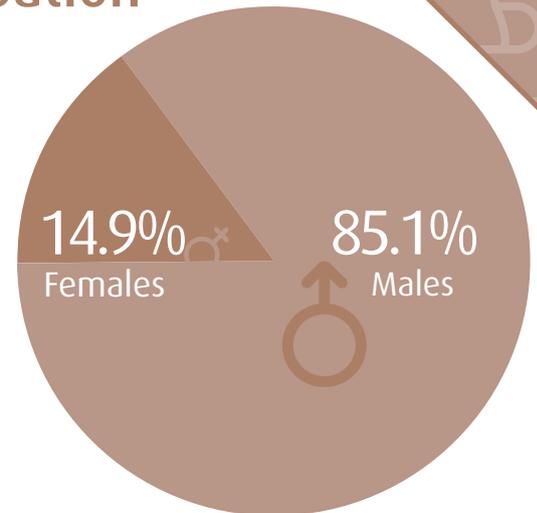
Work-Related Injuries
in the Non-Profit
Sector

6 injuries⁽¹⁵⁾

The most balanced sector
in the country
in gender market
participation



Non-Profit Sector



Private Sector

The Fastest Growing Contributor to the Saudi GDP

Like most non-profit sectors around the world, the Kingdom's non-profit sector is growing at an accelerating rate as a contributor to the Saudi GDP. In fact, it is outperforming both public and non-oil private sectors.

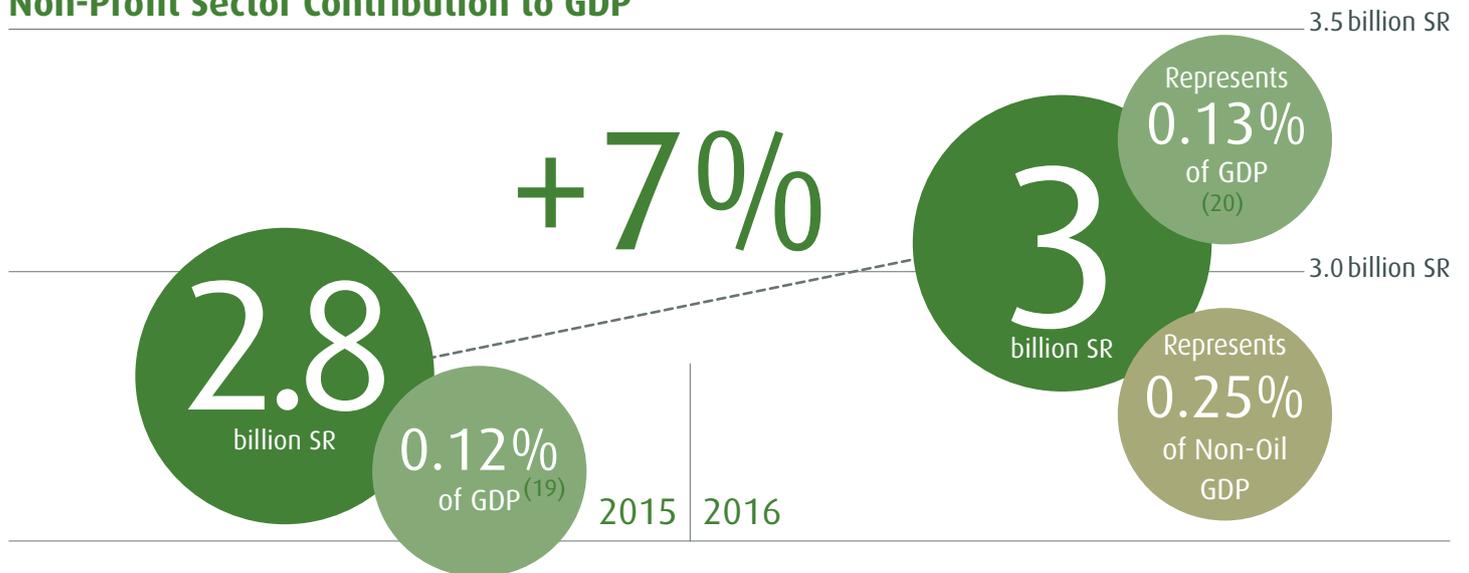
In 2016, the non-profit sector's contribution to the Kingdom's economy ranged between 3 and 4.5 billion SR. The sector should achieve annual growth rates of 31-39% to fulfill the goals of Saudi Vision 2030.(16)

Even though the non-profit sector's contribution to the Saudi GDP is still low, it is growing at encouraging rates. Since 2013, the sector has been outperforming the Saudi economy as a whole by achieving an annual growth rate of 10.4% in GDP. This is consistent with non-profit sector growth rates in other countries as the non-profit sector almost always outperforms the growth rates of economies.⁽¹⁷⁾

Growth Rates of Different Sectors in GDP Contribution ⁽¹⁸⁾



Non-Profit Sector Contribution to GDP



The sector represents

27.5% ⁽²¹⁾



of mining and concretion activities in the Kingdom (with the exception of crude oil and natural gas)

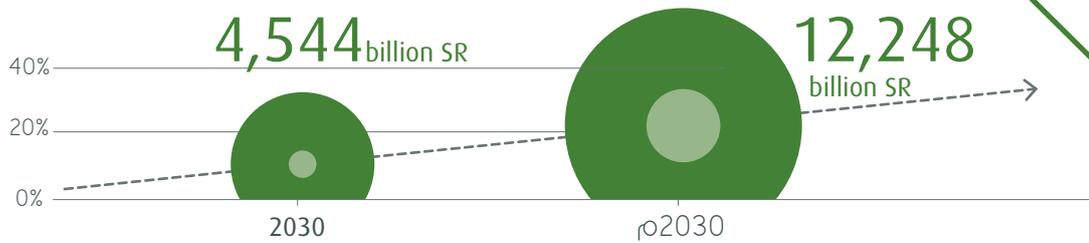
Saudi Vision 2030's Ambitious Expectations of the Non-Profit Sector's Contribution

Assuming current growth rates continue, the non-profit sector's contribution to GDP is expected to grow at an annual rate of

10.4%

Saudi Vision 2030 aims at a 5% contribution from the non-profit sector to GDP.

to reach



According to NTP 2020, in 2020 the non-profit sector's contribution should reach:

16
billion SR

Growth rates should make up 5% of GDP in 2030 according to Saudi Vision 2030.

KKF estimates indicate that it is difficult to reach the 2020 target with the current calculation methods, which are under review by the General Authority for Statistics to create a satellite account that accurately accounts for the non-profit sector's contribution by implementing the UN's updated national accounting method.

According to the Ministry of Labor and Social Development's estimates, the non-profit sector's contribution to Saudi GDP stands at 4,375 billion SR, which means it is expected to reach 6,505 billion SR in 2020. This is below the 2020 target of 16 billion SR as determined by the NTP 2020.

Thus, developing statistical calculation methods that adopt the UN's latest standards is essential to accurately document the non-profit sector's economic contribution. This might also increase the sector's actual contribution to record-high levels compared to relevant international experiences. For example, the Canadian experience of calculating non-profit sector contribution to GDP found that it stands at

2.5%

and increased to:

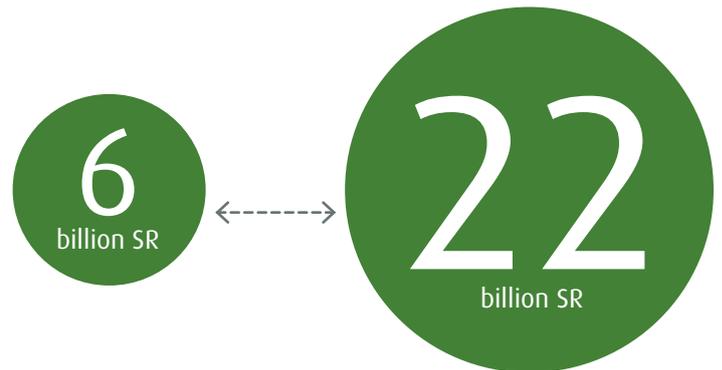
after adopting updated international accounting method that included the contributions of non-profit hospitals, universities and colleges.

6.8%

This is where the significance of defining non-profit organizations becomes evident, which also involves including their activities in calculations of economic activity.

Based on international experiences, the new UN-recommended standards for the calculation of non-profit sector contributions to the economy might increase the value of non-profit sector contribution to the Saudi GDP from two to five times its current value.

KKF projections indicate that the non-profit sector's actual contribution to the GDP could range between:⁽²²⁾



Adopting internationally-recommended calculation procedures might increase the non-profit sector's actual contribution to the economy at rates that range between

200% - 500%

To fulfill the goals of Saudi Vision 2030 and NTP 2020, the Saudi non-profit sector must achieve annual growth rates ranging between 38% and 51% to achieve the 2020 target, and annual growth rates ranging between 31% and 39% to achieve the 2030 target.

Global Average Non-Profit Sector Contribution

1.7% - 3.5%

The collective economic contributions of non-profit sectors around the world place the non-profit sector as 16th in size among the world's largest economies, which shows the non-profit sector's growing contribution worldwide. It also becomes clear when average economic contributions are calculated in countries that developed their calculation methods to meet international standards. The average, in such cases, stands at 3.5%, which is close to Saudi Vision 2030's target contribution, compared to an average of 1.7% using older calculation methods currently applied in the Kingdom; which are currently undergoing review.

Total sum of the economic contribution of the global nonprofit sector places it as the world's

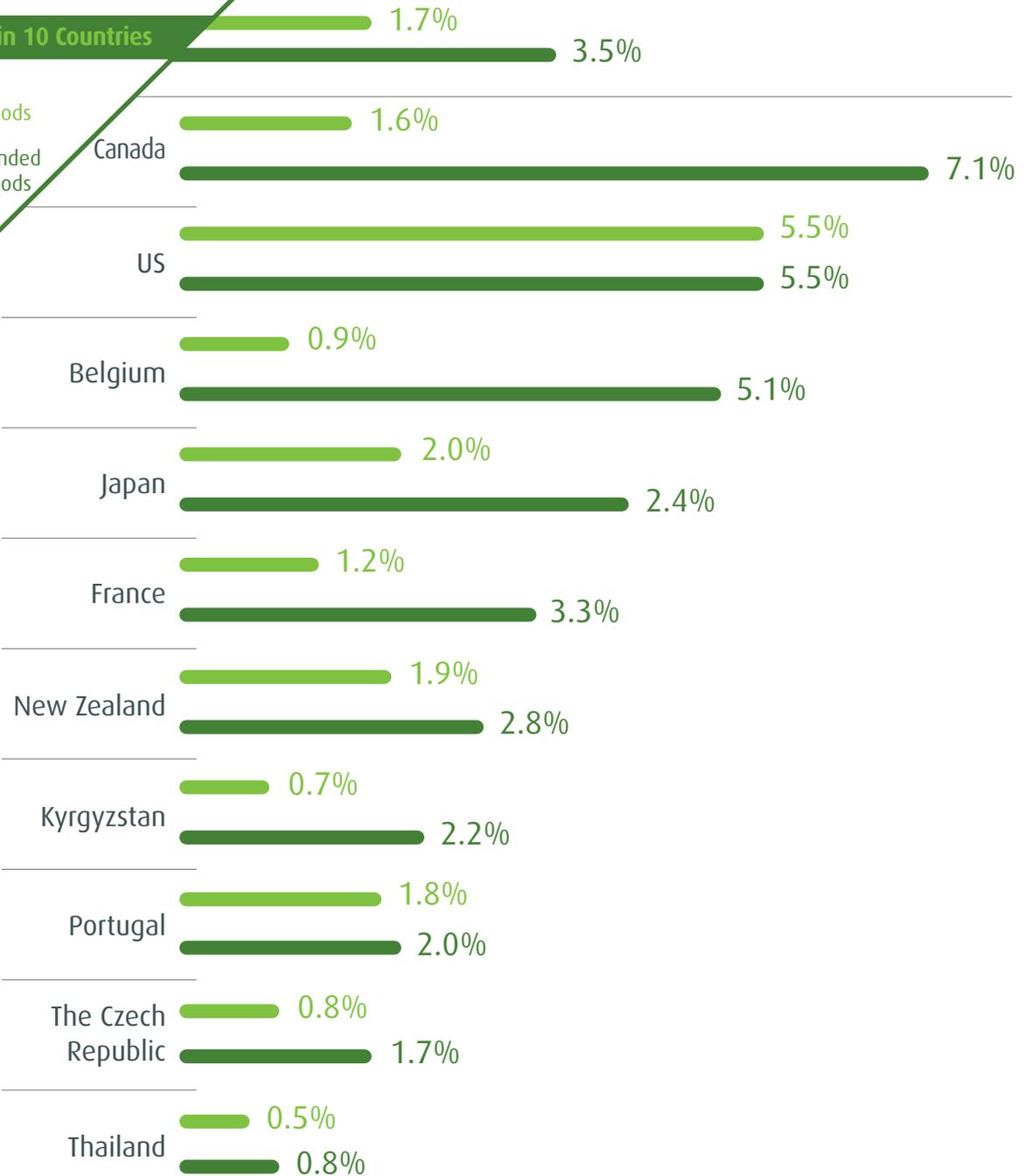
16

largest economy⁽²³⁾

Contribution to GDP⁽²⁴⁾

Average Contribution in 10 Countries

- Using Current Calculation Methods
- Using Recommended Calculation Methods



A Promising Sector with Weak and Unsustainable Funding

Income and Expenses of Charities

Charities rely on government funding for income as follows:



International Average of Government Funding Directed to the Non-Profit Sector

Government funding of Saudi charities is consistent with international averages, as the total government allocations to charities are:



Government funding to cooperatives

The source of 27% of the income of charities is government funding, which is consistent with international averages.

550

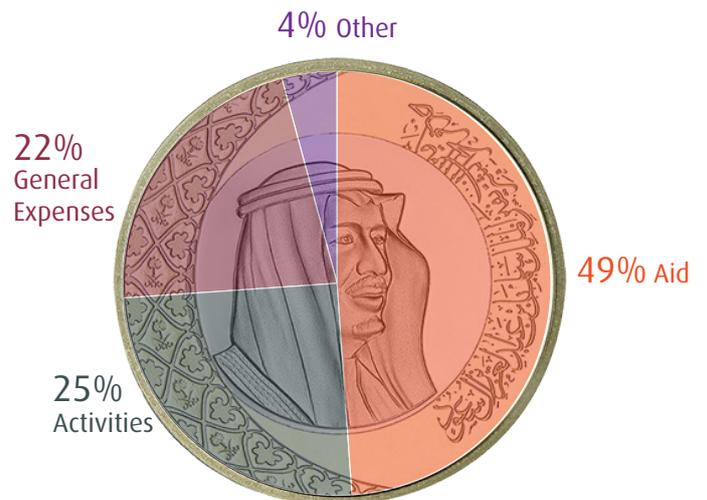
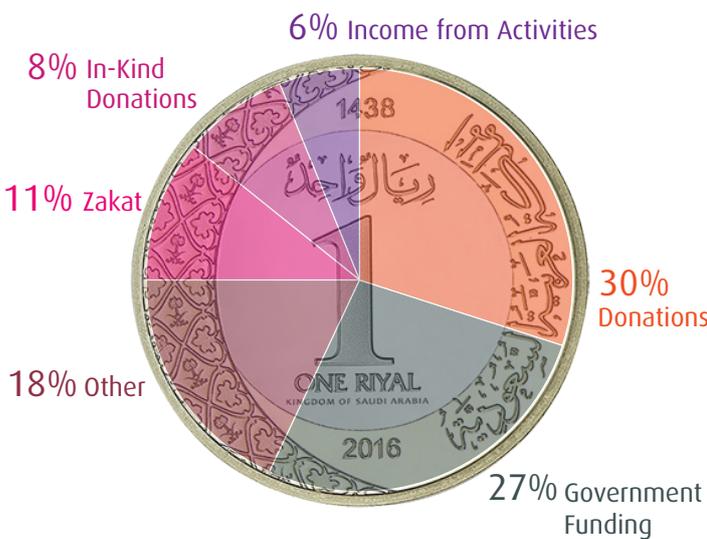
million SR per year⁽²⁹⁾
Government funding of non-profit organizations

The source of 38% of the income of charities is cash, conditional, and in-kind donations collectively, and 49% of their expenses are allocated to aid.

Detailed distribution of income based on sources of income and expenditure:⁽³⁰⁾

Income

Expenditure



Endowments

A Recent report on the economics of endowments issued by the endowments' committee at the Chamber of Commerce in the Eastern Province estimated the size of public endowments supervised by the Saudi government as follows:⁽³¹⁾



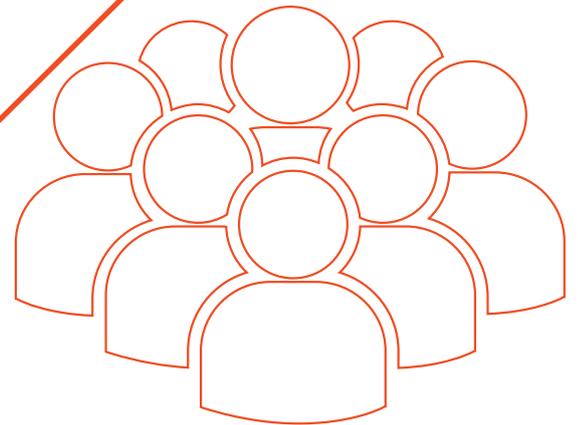
54
billion SR
Public Endowments

300
billion SR
Private Endowments

* Public endowments do not include endowments related to the two Holy Mosques. They only include endowments managed by the General Authority of Endowments.

Assets, Capitals, and Members of Cooperatives:

Capitals of cooperative associations (by the end of 1432H) were estimated at 210 million SR with assets valued at 476 million SR and more than 51 thousand members.



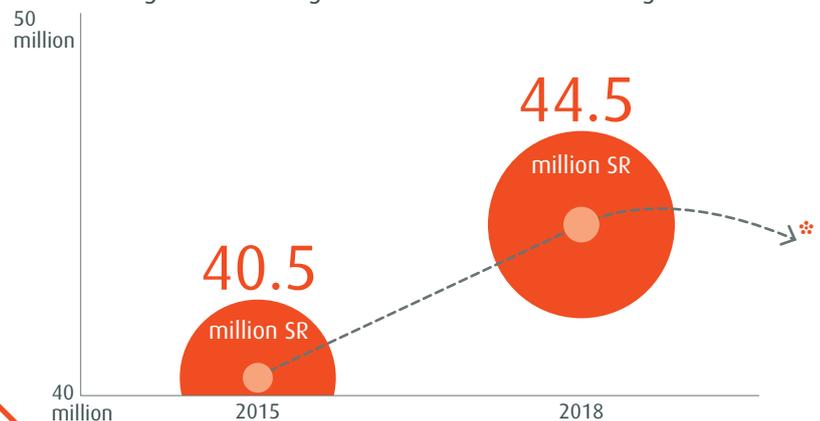
51,000
Members of Cooperatives⁽³²⁾

Activities of Cooperative Associations by Type Until 30/12/1432H⁽³³⁾

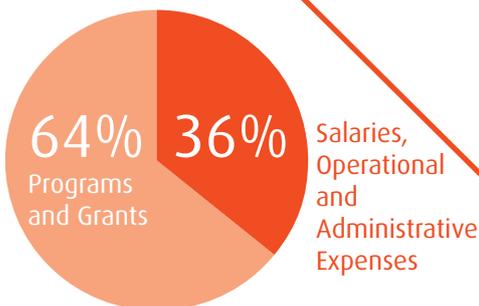
	Number of Members	Capital "thousand SR"	Assets "thousand SR"
Multipurpose	39983	120183	210000
Agricultural	10152	40188	240000
Consumer	570	1632	8204
Professional	321	3486	1240
Marketing	48	10243	13920
Fishermen	255	800	2410
Services	155	33391	0
Total	51484	209923	475774

Financials of Foundations⁽³⁴⁾

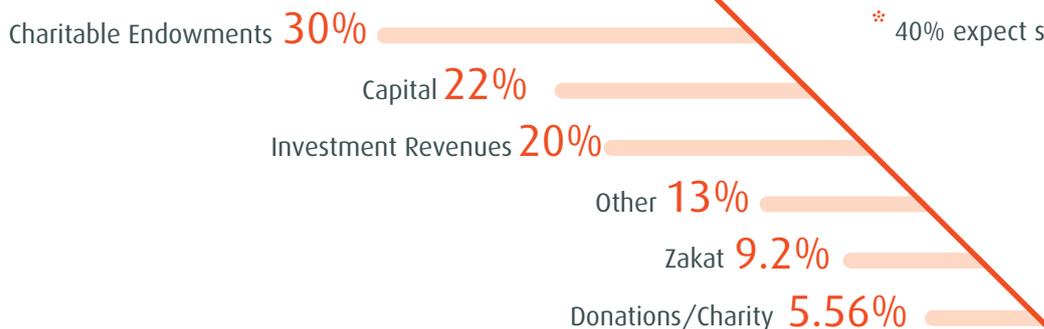
Average Annual Budgets of Foundations in the Kingdom



Expenditure of Foundations:⁽³⁵⁾



Funding Sources of Foundations



* 40% expect significant budget cuts in the future.

A Sector Built on a Proactive and Initiative-Taking Society

Non-Profit Work in the Kingdom.. **Volunteering and Giving**

Globally, the non-profit sector, unlike other sectors, is based on voluntary and non-profit initiatives from members of society. The Saudi non-profit sector is characterized by a high level of proactivity from members of society who believe in their social initiatives and causes, which range from fighting poverty to building the capacities of the youth to caring for the less fortunate.

Our Definition of Volunteer Work

is non-compulsory unpaid work and the contribution of time to serve others outside the scope of one's family. Such work can be performed through non-profit organizations or independently.

This is translated in the establishment of institutionalized purpose-driven non-profit organizations, donations by individuals, and volunteering. It is actually very difficult to account for sums given as donations or charity in the Kingdom because of the conservative nature of the society in which concealing donated amounts, zakat, and charity is encouraged by Islam. Rarely do members of society respond honestly when asked about their donations, as Islam encourages humility when giving to the needy, and for this to be done in private without bragging.

As such, Saudis prefer not to disclose the sums of their donations. Furthermore, they generally prefer to give donations to those in need directly instead of donating via organizations.

In a baseline phone survey conducted by KKF about giving and volunteering in Saudi society, a sample of Saudi adults surveyed indicated:⁽³⁶⁾

14,489_{SR}
Average Giving of Responding Donators

49%
Donated in the Last 12 Months

46%
Refused to Respond to the Question

5%
No Donations

A smaller sample of citizens indicated that they direct their donations to non-profit organizations. **31%** of the sample indicated that the amount of donations given to non-profit organizations is averaged

2,769_{SR}

41% refused to respond to the question

International studies showed that 26% of Saudi society disclosed that they had given donations to charities during the previous month.⁽³⁷⁾ This supports that Saudis prefer to give their donations to those in need directly instead of doing so via charities and non-profit organizations. Saudis also prefer to give donations and get involved in volunteer work for different purposes, such as relief and emergency situations, social services, call, guidance, and religious teaching, as well as healthcare.

The KKF survey also indicated that 27% of Saudis participated in volunteer work during the last 12 months with an average of 100 volunteer hours per volunteer per year. Of those who volunteered, 60% performed independent volunteer work without being affiliated to any charity or nonprofit organization. This also supports the fact that Saudis prefer independent and direct volunteer work and donations without resorting to non-profit organizations.

100
Volunteer Hours/Year
Average Volunteering Hours by Saudi Volunteers

Saudis tend to volunteer and give donations to the following causes: relief efforts, social services, call, guidance, religious teaching, and healthcare.

A Forgotten and Misunderstood Sector

“Saudi society believes that the non-profit sector’s impact on development ranges from medium to low. Non-profit sector workers believe that the lack of regulations and unsustainable cash flows are the main obstacles hindering the sector. Decision-makers, on the other hand, ignore the non-profit sector and the need to empower it.”⁽³⁸⁾

Society’s Perception of the Non-Profit Sector

In a baseline survey conducted by KKF about the Saudi society’s perception of the non-profit sector, a representative sample of Saudi adults surveyed via telephone indicated that non-profit organizations effectively support and supplement the government’s role. Most of the respondents believe that volunteering is better than donating money. They also believe that volunteer work helps resolve many social issues. It also enhances an individual’s chances of getting a job, as well as promoting self-respect. Many also consider assistance given to relatives as a form of volunteer work which goes against the world-wide accepted definition of volunteering. Globally, acts are not classified as volunteer work unless they are performed outside the scope of the household.

Most Saudis agree that the non-profit sector plays a role in serving and developing Saudi society, but the majority feel that this contribution is only medium or small. Further, 11% of the sample think that the non-profit sector does not play a role in serving or developing Saudi society.

Most Saudis believe that the non-profit sector’s impact on developing the society ranges from medium to low.

Decision-Makers' Perceptions of the Non-Profit Sector

KKF's qualitative study of the perceptions of decision-makers regarding the non-profit sector showed that decision-makers are either neutral or indifferent towards the usefulness or importance of the sector. The results of the study also indicated that some decision-makers (especially in sectors responsible for regulating the non-profit sector) question the integrity of the financial transactions of non-profit organizations. In this respect, they are influenced by the negative stereotype that was created due to the involvement of few charities in financing terrorism and promoting extremist ideology.

In fact, most decision-makers tend to enforce more financial and administrative restrictions on non-profit organizations to prevent questionable practices among some of the sector's workers. Decision-makers rarely try to enforce effective oversight on the transactions of non-profit organizations, while empowering transparent non-profit organizations that have an impact on society. This leads to enforcing more restrictions on the sector, its development and impact. This is evidenced by the delay in issuing regulations that enable the non-profit sector, such as the Implementing Regulations of the Law of Charities and Foundations and the Law of Non-Profit Companies, in addition to the delay in activating the newly formed General Authority for Endowments. Nevertheless, Saudi Vision 2030 has highlighted the non-profit sector's role as well as committing to maximizing its impact so that it reaches

5%
of GDP

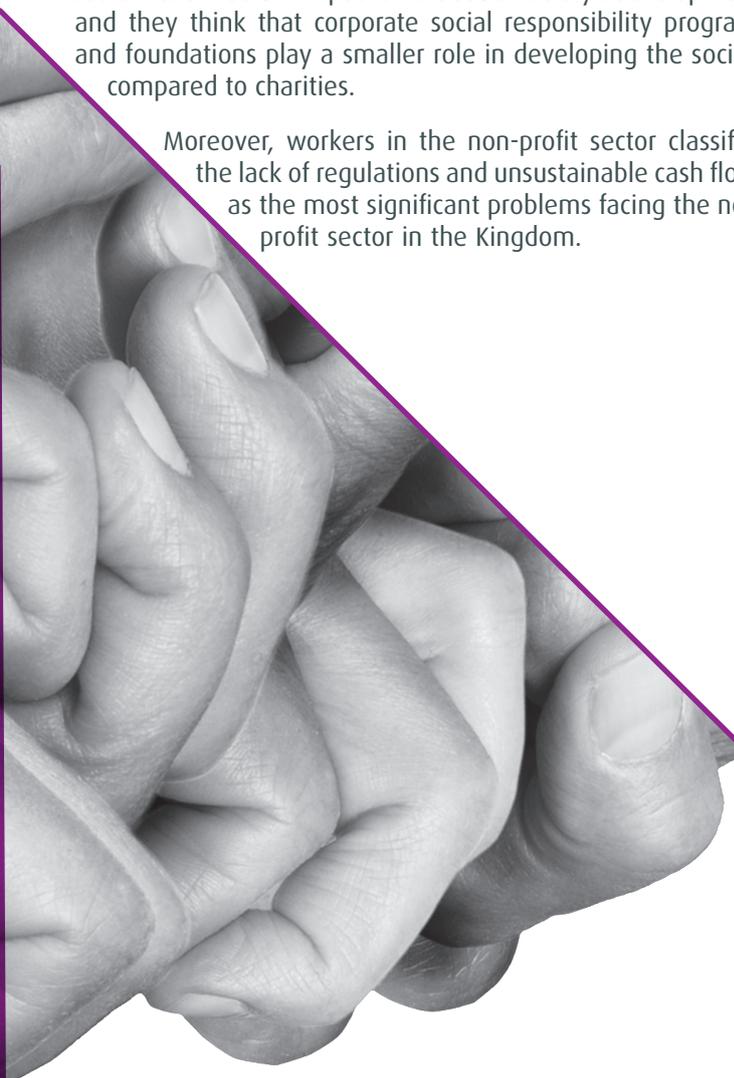
Decision-makers do not see the non-profit sector. They are oblivious to its existence!

Deputy Minister

Perceptions of Non-Profit Sector **Workers:**

Non-profit sector workers believe that lack of regulations and unsustainable cash flows are the main obstacles hindering the sector. They also believe that the non-profit sector is better capable of reaching beneficiaries, as well as having a medium impact on the Saudi society's development.





In a baseline survey conducted by KKF about the perceptions of non-profit sector workers, most of the respondents agreed that charities are better capable of reaching beneficiaries than other entities. Non-profit sector workers also believe that the sector has a medium impact on the Saudi society's development, and they think that corporate social responsibility programs and foundations play a smaller role in developing the society compared to charities.

Moreover, workers in the non-profit sector classified the lack of regulations and unsustainable cash flows as the most significant problems facing the non-profit sector in the Kingdom.

KKF's qualitative study (39) showed that the perceptions of non-profit sector workers about each other and the organizations they work for (professional, cooperative, funding, charitable, etc.) varied. Workers in non-profit professional associations, for instance, believe that society does not realize their benefit to the public nor does it believe in the usefulness of supporting them or making donations to them. These associations suffer from lack of funding, attention, and donations. Accordingly, professional associations are calling for the compulsory registration of relevant professionals, which will provide them with the income needed to serve and defend the profession. They are also calling for relevant regulations because of the discrepancy among the legal instruments upon which these entities were established, in addition to the discrepancies found in the governance procedures of each association, which is accompanied by the absence of clear regulations to control their establishment and operations.

Furthermore, professional associations objected to the current overlap in responsibilities between them and chambers of commerce committees since such committees are competing with professional associations over the roles that should be performed by professional associations, which confuses beneficiaries. In addition, chambers of commerce consider themselves non-profit organizations, but they fail to translate this concept into their goals and daily practices. It has been noticed, however, that there is a lack of communication between professional associations in general and society. Further, this lack of communication is also noticeable between professional associations and other non-profit organizations due to the obvious exclusion of professional associations by such organizations.

We have regulations for accepting donations, but no such donations have been made since the association was established!

**Professional Association
Representative**

Expanding Horizons; Limited Resources



Saudi Vision 2030's Objectives for the Non-Profit Sector:

- ✎ Raising the non-profit sector's contribution from 0.3% to 5% of GDP
- ✎ Increasing the percentage of developmental projects that have a social impact from 7% to 33%
- ✎ Improving the Kingdom's ranking on the Social Capital Index from the current rank of 26 to the rank of 10
- ✎ Increasing the number of volunteers from the current 11 thousand to 1 million

Commitments of Saudi Vision 2030:

- ✎ Facilitating the establishment of non-profit organizations for the rich and wealthy, which motivates non-profit sector growth
- ✎ Encouraging the non-profit sector to implement sound governance principles
- ✎ Empowering non-profit sector institutionalization
- ✎ Providing a supportive technical environment
- ✎ Promoting collaboration between non-profit foundations and government entities
- ✎ Facilitating the recruitment, training, and capacity building of qualified individuals
- ✎ Developing the culture of voluntarism among members of society

Saudi Vision 2030's Strategic Objectives:

Saudi Vision 2030's commitments and themes have been translated into strategic objectives for the purpose of supporting their execution and measuring achievement rates.

A Vibrant Society

Promoting Islamic Values and National Identity

Providing Fulfilling and Healthy Lives

A Thriving Economy

Developing and Diversifying the Economy

Increasing Employment Rates

An Ambitious Nation

Enhancing Government Efficiency

Promoting Social Responsibility

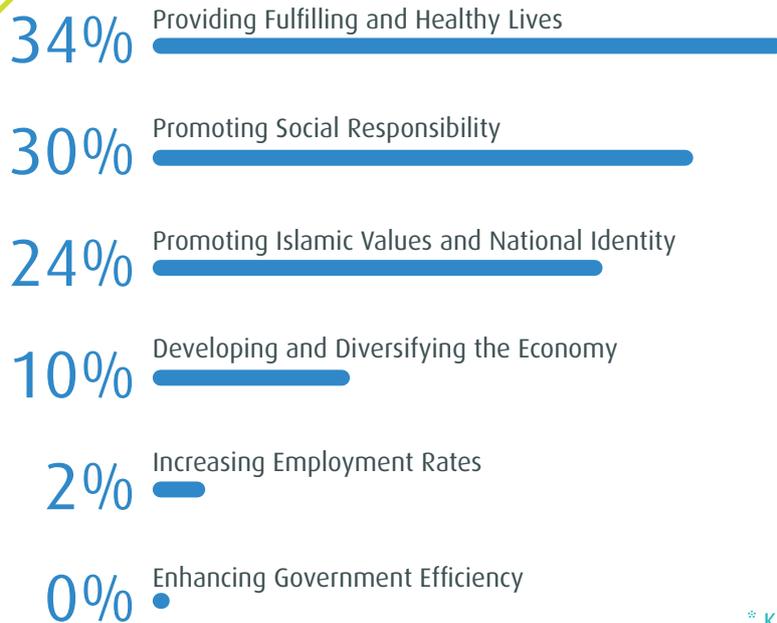
3 Themes

6 Main Objectives

96 Detailed Goals

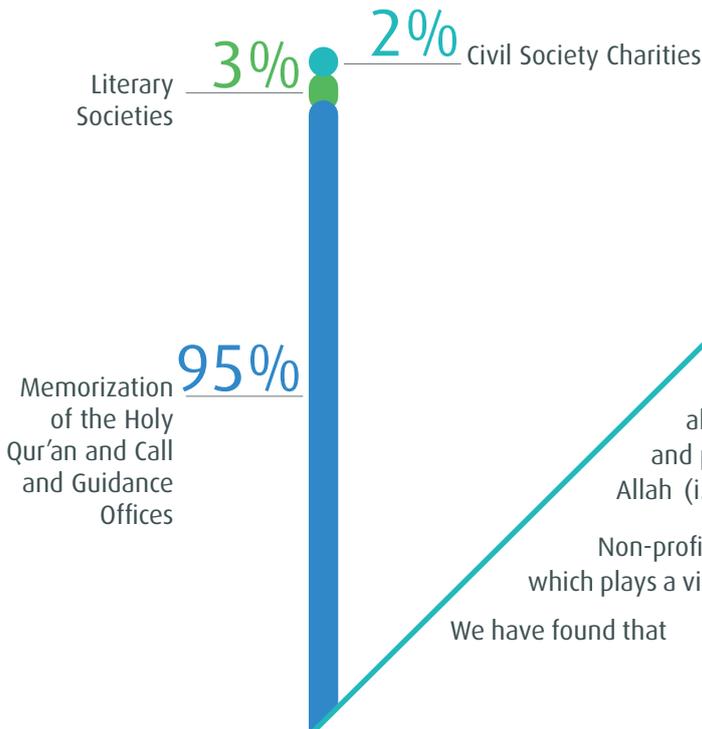
The non-profit sector, with its diversity of activities and entities, is capable of contributing effectively to the achievement of a number of Saudi Vision 2030's strategic objectives. KKF has assessed the activities of non-profit organizations. Organizations were also classified based on their contribution to Saudi Vision 2030's themes as follows:

Classification of non-profit organizations based on their contribution to the achievement of Saudi Vision 2030's strategic objectives



* KKF Analysis

A Vibrant Society



First Strategic Objective: Promoting Islamic Values and National Identity

This objective aims at promoting our Islamic and cultural values, such as moderation, tolerance, perfectionism, discipline, justice, transparency, determination, and diligence. It also involves promoting our national identity, protecting our heritage, and preserving the Arabic language, in addition to serving the guests of Allah (i.e., pilgrims performing Hajj and Omra).

Non-profit organizations in the Kingdom contribute to achieving this objective, which plays a vital role in building the Saudi citizen's personality and identity.

We have found that

24%

of non-profit organizations are working to achieve this objective. They vary and include civil society charities, charities for the memorization of the Holy Qur'an, call and guidance offices, and literary societies.

Second Strategic Objective: Providing Fulfilling and Healthy Lives

Most of the activities of non-profit organizations in the Kingdom contribute to this objective at a percentage of **34%**

The second objective is concerned with providing better healthcare services, improving the quality of life, and protecting the environment by limiting pollution. It also aims at enhancing traffic safety, fighting drugs, promoting culture and recreation, and providing housing and social services.



A Thriving Economy

Third Strategic Objective: Developing and Diversifying the Economy

This objective is concerned with the Kingdom's commercial and industrial sectors. It aims at diversifying and encouraging new industries, creating new sectors, and increasing the country's assets via the Public Investment Fund. It also aims at investing in the Kingdom's geographical location as a hub connecting three continents.

Even though it may seem that this objective targets public and private sectors, in particular, non-profit organizations represented by the chambers of commerce have a huge role to play in terms of encouraging new investments. They also help coordinate efforts of both private and public sectors. Cooperative charities also play a vital role in developing the economy. In fact, the international economic contribution of cooperative charities amounts to 3 trillion USD⁽⁴⁰⁾. Further, there are more than 1 billion cooperatives around the world. Cooperatives have also created more job opportunities than those created by international corporations. The Saudi non-profit sector's contribution to this objective remains weak since only

10% of non-profit organizations contribute to it.

Cooperative Charities **89%**

Chambers of Commerce **11%**

Non-Profit Universities **18%**

Civil Society Charities **82%**

Fourth Strategic Objective: Increasing Employment Rates

This objective is based on the provision of equal job opportunities in different regions, to both genders, and among the youth. It also aims at developing human capital by adapting the outcomes of educational institutions to job market requirements and providing occupational training, as well as integrating the disabled, enhancing the contribution of small and medium-sized establishments and productive families, and supporting innovation and entrepreneurship.

It is worth noting that the non-profit sector's contribution to this objective is weak as the percentage of non-profit organizations with relevant contributions is

only 2%

due to the lack of non-profit organizations specializing in job market training and preparation. It is important to encourage charities that cater to less fortunate families to provide training programs to integrate such families into the job market moving them from their current state of being in need to being productive members of society.

An Ambitious Nation

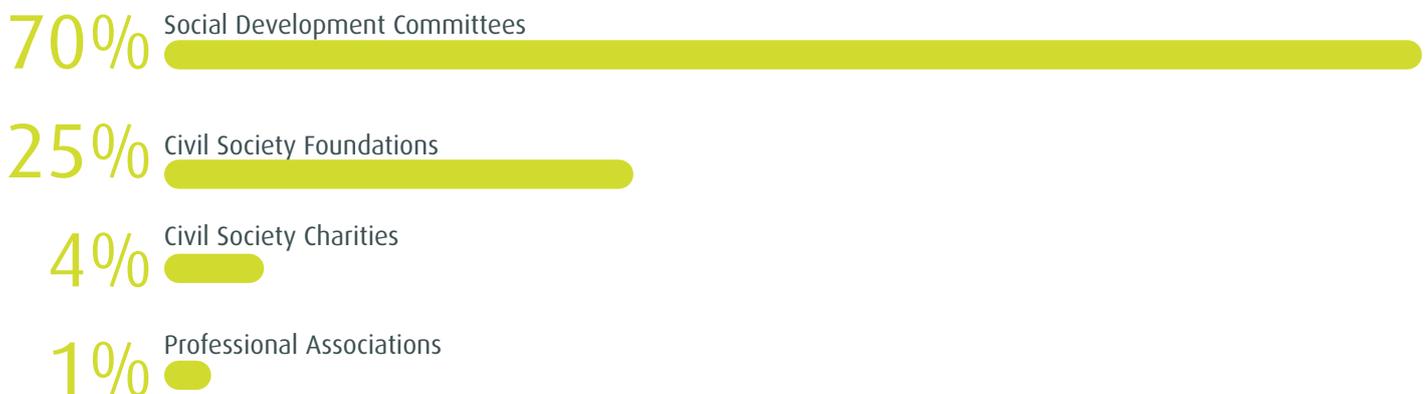
Sixth Strategic Objective: Promoting Social Responsibility

The Ambitious Nation theme addresses a combination of two sub-themes; the first is related to government efficiency which is targeted by the fifth Strategic Objective. It is worth noting that there are no non-profit organizations concerned with enhancing government efficiency, although such activities exist in other countries. It is important to encourage the Kingdom's non-profit sector to get involved in monitoring government performance, especially that performance indicators for government entities are available to the public. In other countries, the non-profit sector plays a leading role in promoting the culture of integrity and transparency, as well as monitoring the implementation of national plans. The second sub-theme, on the other hand, is concerned with society and its interaction with private and non-profit organizations under the concept of social responsibility. This objective is concerned with enhancing the non-profit sector and maximizing its impact, in addition to encouraging the private sector to give back to society through social responsibility and sustainability programs.

Many existing non-profit organizations are actively involved in this objective at a percentage of

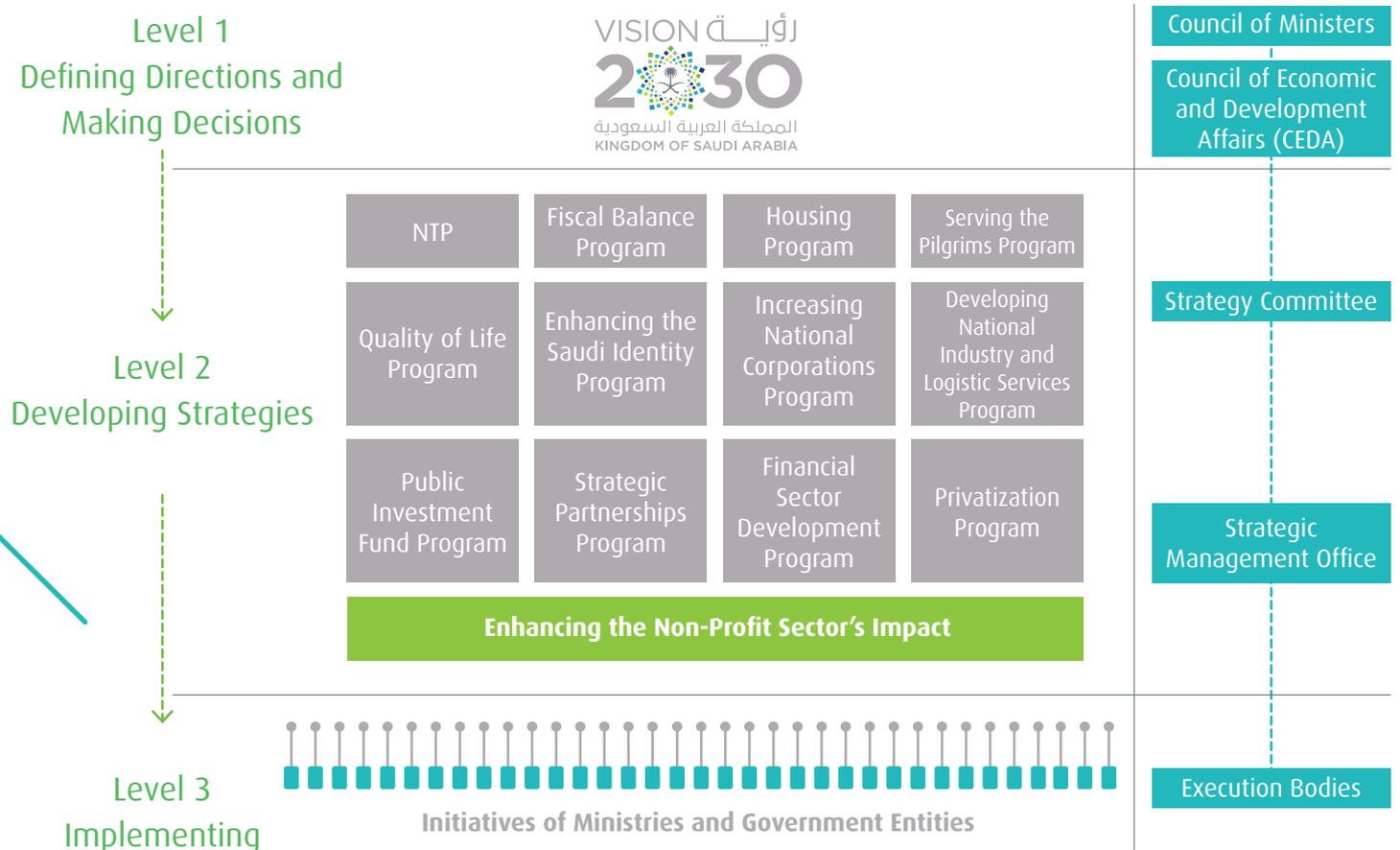
29%

Funding foundations support other non-profit organizations. Further, charities promote social responsibility among individuals by encouraging volunteer work. Social development committees also contribute by encouraging local communities to participate in serving society and volunteering.



The previous overview of the non-profit sector's direct contribution to Saudi Vision 2030's Strategic Objectives supports the need for a vision realization program to coordinate the sector's efforts. The proposed program will be under the umbrella of Saudi Vision 2030 and it will be subject to its governance scheme. It aims at increasing the non-profit sector's economic and social contribution, in addition to enabling it to grow faster, larger, and deeper.

Location of the **proposed** program within the governance structure of Saudi Vision 2030



The “Non-Profit Trends Report” addressed the most significant trends of the Kingdom’s non-profit sector, in addition to highlighting relevant baseline indicators. KKF will continue working with its partners in the public sector to finalize non-profit sector statistics. The Report reveals that non-profit sector regulations need to be developed. Further, the sector needs more performance indicators, in addition to enhancing its role in the developmental process at this critical stage of the Kingdom’s history. In this section, KKF proposes a roadmap for the development of the Kingdom’s non-profit sector.





1

Adopting a working definition for non-profit organizations and voluntarism in the Kingdom

(A) Defining non-profit organizations according to the following criteria:

✎ Organizational Structure:

The organization must be registered with an official body or licensed as an independent legal personality.

✎ Independence:

a. Government entities shall have no direct influence over the organization's overall orientation and programs by enforcing direct administrative relations, appointing most of the organization's top management, or any other form of interference that goes against the organization's independence.

b. Membership to the organization shall be made available to the public or to any professional for which a professional association is established. Members shall be active decision makers and shall also be given the opportunity to become board members and attend general assembly meetings.

✎ Autonomous Management:

The organization shall bear full responsibility for the outcomes of its activities and operations including any economic risks, profits, or losses.

✎ Voluntarism:

Participation in the organization shall be voluntary (with the exception of professional associations and trade unions).

✎ Not for Profit:

The organization shall not make profit or conclude obligations to distribute profits, most of the profits shall be redistributed to the foundation's programs.

(B) Defining voluntarism:

Volunteer work is unpaid work or the donation of time to serve others outside the scope of the family. Individuals involved in volunteer work are not obliged to do so, and such work can be performed through non-profit organizations or directly.

KKF came up with this definition after holding a workshop on non-profit sector statistics in collaboration with the General Authority for Statistics, which was of great assistance in formulating the definition in accordance with criteria proposed by the UN and other well-established entities. Non-profit sector workers in the Kingdom, in addition to experts and decision-makers, also participated in formulating the definition. The definition was used as a basis for non-profit sector surveys in the Kingdom, which were conducted by the General Authority for Statistics, and which should be published during 2019.

2

Developing the Kingdom's non-profit sector by launching a vision realization program for Saudi Vision 2030, which aims at enhancing the sector's impact and establishing a commission for its development:

(A) Launching a vision realization program for Saudi Vision 2030 to enhance the non-profit sector's impact:

Saudi Vision 2030 aims at encouraging the country's sectors to achieve the objectives of 2030, in addition to the Vision's strategic and detailed objectives. In this Report, KKF has indicated a growth in the non-profit sector's contribution concerning most of the Vision's strategic objectives. The non-profit sector has a vital role in achieving Saudi Vision 2030 and this requires launching a vision realization program to enhance the sector's impact. This is due to the social and economic contributions of non-profit sector organizations and their intersection with most of the Vision's strategic objectives, in addition to their relevance to society's needs especially when it comes to fragile groups. Further, the need for a vision realization program is also necessary because of the sector's economic growth, in addition to its role in providing suitable job opportunities for Saudis and its contribution to shaping the Saudi identity.

The non-profit sector currently exists within the governance framework of Saudi Vision 2030 at the defining directions and making decisions level, and also at the level of implementation and initiatives. The proposed realization program addresses the absence of the non-profit sector at the developing strategies level. The aim of the program is for it to act as a link between the two levels to translate directions into detailed initiatives within the framework of a comprehensive program to achieve Saudi Vision 2030.

Classification of non-profit organizations based on their contribution to the achievement of Saudi Vision 2030's strategic objectives:



Details of the Proposed Program

Program Description

A program aiming at increasing the non-profit sector's economic and social contribution and enabling it to achieve faster growth and a broader and deeper impact by motivating the sector to adopt sound governance principles, empowering it towards institutionalization, and providing a supportive technical environment, in addition to promoting collaboration among non-profit organizations and government entities, facilitating the recruitment of funds, knowledge, and qualified individuals, and investing in their training and capacity building, as well as empowering the sector to contribute to services, arts, and culture.

Level Three Objectives - Directly Related

- 1.3.6 Supporting the non-profit sector's growth
- 2.3.6 Empowering non-profit organizations to achieve a larger impact (obtaining funding, acquiring talents, gaining knowledge, etc.)
- 2.2.6 Promoting the concept of national economy sustainability among corporations
- 1.2.6 Encouraging companies to fulfill their social responsibilities

Level Three Objectives - Indirectly Related

- 4.6.2 Empowering citizens through a social services scheme
- 5.6.2 Improving the efficiency and capacity of the social services scheme
- 2.5.2 Increasing Saudi participation in arts and culture
- 2.3.5 Enhancing communication channels between citizens and the business community
- 5.2.5 Improving the quality of services provided to citizens
- 3.3.4 Increasing the economic contribution of productive families
- 3.2.4 Enabling the integration of the disabled in the job market
- 3.1.3 Privatizing specific public services
- 1.1.6 Promoting and empowering financial planning (retirement, saving, etc.)
- 2.1.6 Promoting volunteer work

Enhancing the Non-Profit Sector's Impact - Initial Sample of Indicators

A- Sample of Overall Economy Indicators		A- Sample of Overall Economy Indicators	
Indicators Representing Goals	 Employment in the Non-Profit Sector	 GDP	Economic Contribution
	 The Rate of Charitable Donations from Citizens	 Percentage of Participation in the Provision of Services	Generating Jobs
	 Social Returns of Investments	 Consumption Rate	Growth of Social Spending
	 Status of Limited Income Families	 Average Spending Rates of Saudi Families	Number of Specialized Charities
			The growth rate of the non-profit sector's contribution to GDP
			The ratio of non-profit sector workers to the national labor force
			The average growth of program expenses according to the financial statements of non-profit organizations
			The ratio of charities classified by specialization to non-specialized charities

(B) Establishing a commission to develop the non-profit sector and create its regulatory framework to enhance the impact of non-profit organizations, as well as improving the sector's governance, organization, and surveillance. The commission will also be responsible for coordinating between the public and private sectors to support the Kingdom's non-profit sector, as well as following up the non-profit sector's vision realization program as follows:

- ✎ Establishing governance principles for non-profit organizations, in addition to financial controls for the task and process of collecting donations
- ✎ Coordinating with the Saudi Arabian Monetary Authority to review regulations related to opening bank accounts and other financial requirements and conditions enforced on the non-profit sector since non-profit organizations are still restricted when it comes to opening bank accounts, conducting financial transactions, and issuing credit cards, which influences the sector's sustainability as well as its economic contribution.
- ✎ Accounting for the number of jobs and workers in non-profit organizations through a national committee consisting of representatives from other supervisory bodies
- ✎ Reviewing laws, regulations, and rules that may be affected by the commission's establishment, especially the Law of Civil Society Associations and Organizations

3

Expanding the scope of non-profit work in the Kingdom by developing the following regulatory and legislative means:

- ✎ The National Center for Privatization should consider allotting some of the government assets allocated to privatization to a non-profitization operational model, which is based on redirecting profits to an organization's operations. The Center should also consider privatization through a philanthropic model, such as establishing sustainable endowments or charities.
- ✎ Encouraging social entrepreneurship and speeding up the issuance of the non-profit companies' law
- ✎ Encouraging national corporations and banks to establish non-profit organizations to fulfill their social responsibility

4

Enhancing the developmental effect of Albir Societies

by circulating poverty and inequality indices among non-profit organizations that provide financial and social aid to less fortunate families, in addition to involving them in the development of social security in the Kingdom to empower families. These societies still need to develop their programs to successfully target those in need of support to create developmental plans for these families and save them from poverty.

5

Greater financial and administrative independence for professional associations and scientific societies

which supports their role as representatives of professionals and experts. The independence of professional associations and scientific societies should be similar to that given to civil society charities and foundations, and it also involves their registration with the non-profit sector development commission.

6

Establishing academic programs in Saudi universities in the field of non-profit organization management

which include the skills needed to measure social impact and develop financial resources, as well as other skills required by the non-profit sector. Such programs are expected to enhance the qualifications of workers in the sector.

7

Developing the process for calculating the non-profit sector's contribution to the GDP

by adopting the UN's international criteria and establishing a sub-account, which is considered crucial to accurately documenting the non-profit sector's economic role. It also increases actual contribution to record-high levels compared to similar international experiences, in addition to empowering the sector to accomplish its ambitious goals in Saudi Vision 2030.

8

Excluding international developmental organizations in which the Kingdom is a member or funding entity from any restrictions stipulated in the Law of Civil Society Associations and Organizations and its Implementing Regulations

since the Kingdom's participation in such organizations (e.g., World Bank and the United Nations' Development Program) is evidence of the suitability of collaborating with them. This means that reapplying for the Ministry's approval is no longer necessary. Further, Saudi non-profit organizations will also be able to benefit from the Kingdom's funding of these organizations and the technical support they provide from which non-profit organizations in other member states benefit.

9

Allowing those registered at the General Authority of Zakat and Tax to allocate some of their zakat to charities

and exempting them from paying zakat to the General Authority of Zakat and Tax in accordance with criteria that control conflicts of interest. In addition, charities receiving zakat should be licensed in the Kingdom and entitled to receive zakat monies. Further, the receipt of zakat shall be by bank draft during the year zakat is due. Exempted amounts shall not exceed 20% of the zakat due, and they shall not exceed 50% of a charity's financial resources.

10

Encouraging non-profit organizations to revamp their goals, programs, and activities to achieve compatibility and alignment with the national priorities, detailed objectives, and executive programs of Saudi Vision 2030, in addition to achieving compatibility with the UN's SDGs 2030, which helps accomplish a broader impact that is more synchronized with national and international priorities.

- (1) KKF has been kept on working closely with the General Authority for Statistics to establish a statistical definition for the non-profit sector. This classification was one of the outcomes of the "Non-Profit Sector Statistics" workshop held at KKF headquarters in September of 2017. A group of decision-makers, researchers, and non-profit sector workers collaborated to come up with the definition. Furthermore, the definition is consistent with the criteria and specifications proposed by the UN in the "Handbook on Non-Profit Institutions in the System of National Accounts, 2005", which is a reference guide for working definitions of non-profit sector organizations.
- (2) International classification of non-profit foundations, "Handbook on Non-Profit Institutions in the System of National Accounts, 2005", https://unstats.un.org/unsd/publication/seriesf/seriesf_91e.pdf
- (3) Previous source.
- (4) Ministry of Labor and Social Development Data, Annual Report, 2016, Ministry of Labor and Social Development, Appendix B, p. 98.
- (5) Civil Society Foundations' Survey, 2018, conducted by KKF in January and February of the same year. The survey was completed by 33 civil society foundations out of 187 foundations in the Kingdom.
- (6) Statistical Report, 2016, Ministry of Health, p. 43.
- (7) Information about King Abdullah Petroleum Studies and Research Center was obtained from the Center's website: <https://www.kapsarc.org/ar>
- (8) Information about Abdul Latif Jameel Hospital was obtained from the Hospital's website: <http://aljhospital.com>
- (9) Based on data presented by the Ministry of Labor and Social Development at the "Non-Profit Sector Statistics" workshop held at KKF in 2017, in addition to the number of workers in cooperative offices for call and guidance based on data obtained from the Ministry of Islamic Affairs, Endowments, Da'wah, and Guidance and the number of charities for the memorization of the Holy Qur'an obtained from the Ministry of Islamic Affairs' Statistical Book (1436/1437H).
- (10) Data concerning those subscribed with the General Organization for Social Insurance which involves those working at entities classified as "charity" including charities, foundations, charitable endowments, social committees, cooperative offices, centers, charitable institutes, and schools for the memorization of the Holy Qur'an, Fourth Quarter 2017.
- (11) Growth rates were calculated using subscription data issued by the General Organization for Social Insurance regarding establishments classified under "charity" at the Organization for the Fourth Quarter of 2017 (This includes charities, foundations, charitable endowments, social committees, cooperative offices, centers, charitable institutes, and schools for the memorization of the Holy Qur'an) compared to subscriptions from other entities, with the exception of regional and international organizations and associations.
- (12) The value was estimated by using the average monthly wages of workers in the sector (5,323) based on labor force survey data for the Third Quarter of 2017, issued by the General Authority for Statistics, multiplied by the number of workers in the non-profit sector (47,038).
- (13) Average monthly wages for workers on a wage-basis (15 years or more) by gender, nationality, and sector (in SR), General Authority for Statistics, Job Market Bulletin Tables, Third Quarter 2017.
- (14) Average working hours per week for all workers (15 years or more), General Authority for Statistics, Job Market Bulletin, Third Quarter 2017.
- (15) Injuries' Report, General Organization for Social Insurance, Third Quarter 2017.
- (16) The average growth rate of the non-profit sector in terms of its contribution to GDP was calculated

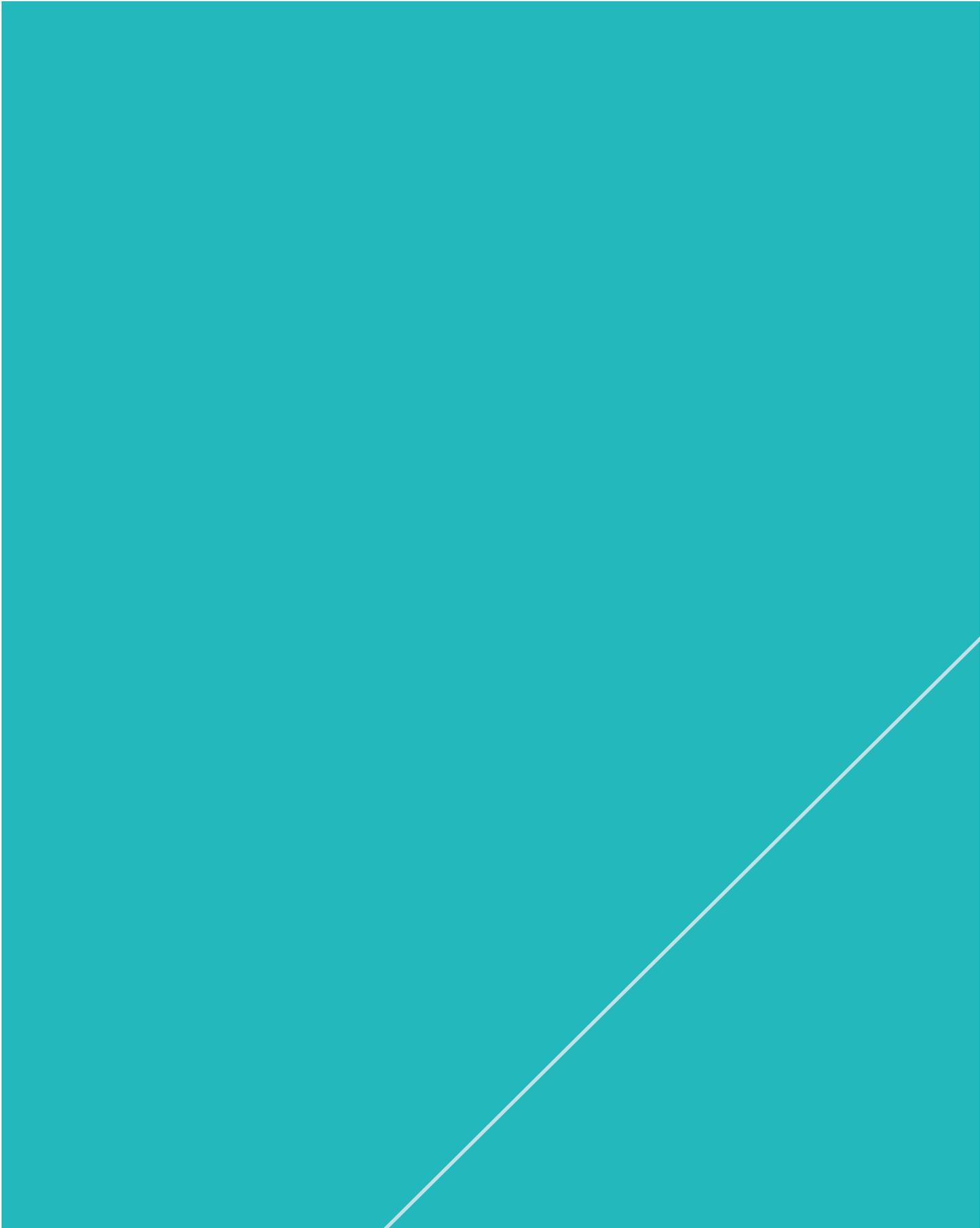
based on data published by the General Authority for Statistics regarding the non-profit sector's contribution, which serves households (2013-2016), and this rate was compared with prevailing international rates based on a report published by the Center for Civil Society Studies at John Hopkins University titled "The State of Global Civil Society and Volunteering: Latest Findings from the Implementation of the UN Nonprofit Handbook-2013", p. 11.

- (17) The average growth rate of the non-profit sector in terms of its contribution to GDP was calculated based on data published by the General Authority for Statistics regarding the non-profit sector's contribution, which serves households (2016), and this rate was compared with the average growth rates of regulatory sectors at current costs based on the national accounts bulletin for 2016 issued by the General Authority for Statistics.
- (18) The average growth rate of the non-profit sector in terms of its contribution to GDP was calculated based on data published by the General Authority for Statistics regarding the non-profit sector's contribution, which serves households (2016).
- (19) Previous source.
- (20) The comparison was based on the national accounts bulletin for 2016, General Authority for Statistics, Table (1) - GDP based on economic activities at current costs.
- (21) This percentage represents average growth rates recorded between 2013 and 2016 based on data published by the General Authority for Statistics regarding the non-profit sector's contribution, which serves households (2013-2016).
- (22) Based on international experiences published in an international report issued by the Center for Civil Society Studies at John Hopkins University titled "The State of Global Civil Society and Volunteering: Latest Findings from the Implementation of the UN Nonprofit Handbook-2013", the anticipated impact of

adopting the criteria proposed by the UN to calculate the non-profit sector's contribution to GDP assuming double the growth rate by using the lowest reading of the index (3,056 billion SR) published by the General Authority for Statistics, and assuming five times the growth rate using the Ministry of Labor and Social Development's estimates of the non-profit sector's contribution to GDP (4,375 billion SR).

- (23) According to the National Council of Non-Profits' analyses, which were based on World Bank statistics, <https://www.councilofnonprofits.org/economic-impact>
- (24) The State of Global Civil Society and Volunteering: Latest Findings from the Implementation of the UN Nonprofit Handbook, 2013, Center for Civil Society Studies, John Hopkins University, p. 4.
- (25) Annual Report, 2016, Ministry of Labor and Social Development, Appendix B: The Non-Profit Sector.
- (26) According to the National Council of Non-Profits' analyses of the non-profit sector, 2015, <https://www.councilofnonprofits.org/myths-about-nonprofits>
- (27) UK Civil Society Almanac, 2017, National Council for Voluntary Organizations, <https://data.ncvo.org.uk/>
- (28) The State of Global Civil Society and Volunteering: Latest Findings from the Implementation of the UN Nonprofit Handbook-2013, Center for Civil Society Studies, John Hopkins University, p. 9.
- (29) Annual Report, 2016, Ministry of Labor and Social Development, National Strategic Achievements of Social Growth.
- (30) Annual Report, 2016, Ministry of Labor and Social Development, Appendix B: The Non-Profit Sector.
- (31) Report on the Economics of Endowments, 2017, Chamber of Commerce, Eastern Province.
- (32) Open Access Data, Ministry of Labor and Social Development (website).
- (33) Previous source.

- (34) Comparing Civil Society Foundation Surveys of 2015 & 2018, KKF.
- (35) Civil Society Foundations' Survey, 2018, conducted by KKF in January and February of the same year. The survey was completed by 33 civil society foundations out of 187 foundations in the Kingdom.
- (36) Baseline indicator survey about "Voluntarism, Giving, and the Society's View of the Non-Profit Sector", 2018, conducted by KKF in collaboration with the Public Opinion Center at King Abdulaziz Center for National Dialogue. The survey was conducted via telephone on a sample consisting of 1,232 individuals.
- (37) CAF World Giving Index, 2017, Charities Aid Foundation, UK. The Index includes data from 139 countries including the Kingdom (surveyed via telephone).
- (38) Baseline indicator survey about the perspectives of non-profit sector workers about the sector, 2018, KKF. The survey sample consisted of 327 male and female employees.
- (39) A focus group organized by KKF which involved charities, professional associations, and scientific societies, First Quarter 2018.
- (40) The Role of Cooperatives in Achieving the Sustainable Development Goals, 2014, International Labor Organization, p. 1, <http://www.un.org/esa/socdev/documents/2014/coopsegm/Schwettmann.pdf>





KKFoundation



Policy Design and Advocacy Program

King Khalid Foundation