

MIDDLE EAST INITIATIVE

Great Expectations

The Growth of Institutional Philanthropy in the United Arab Emirates

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HARVARD Kennedy School

BELFER CENTER

for Science and International Affairs

FACULTY RESEARCH REPORT

APRIL 2018

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Cover photo: A communal charity iftar organised on a street by a local mosque in Dubai, UAE, July 22, 2016. (Kertu / Shutterstock.com)

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Study Leadership

This study was undertaken jointly by researchers at the Ash Center for Democratic Governance and Innovation at the Harvard Kennedy School and Globesight, in Dubai, United Arab Emirates (UAE).

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The Roy and Lila Ash Center advances excellence and innovation in governance and public policy through research, education, and public discussion. The Middle East Initiative at the Belfer Center for Science and International Affairs is dedicated to advancing public policy in the Middle East by convening the world's foremost academic and policy experts, developing the next generation of leaders, and promoting community engagement on campus and in the region. The Harvard Kennedy School maintains an abiding commitment to advancing the public interest by training skilled, enlightened leaders and solving public problems through world-class scholarship and active engagement with practitioners and decision makers.

About Globesight

Globesight is a think-tank consultancy that empowers social impact and philanthropy in growth countries, primarily the Middle East and North Africa. Globesight focuses on strategy development and research studies involving complex environments, intersecting sectors, and multiple stakeholders. Its objective is to contribute to wider social, economic, and political development in the regions in which it works.

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The study team conducted over twenty-five interviews with founders and leaders of philanthropic foundations and sector experts to better understand the United Arab Emirates' (UAE) philanthropic ecosystem and individual organizations operating within it. We would like to thank and acknowledge these individuals, whose participation and insights made this study possible. These individuals and their institutions demonstrate a deep commitment to improving society and fostering social change through their philanthropic efforts, and their generosity and forward-thinking leadership will likely have increasing impact on a range of issues in the UAE and across the globe. We are profoundly grateful for their willingness to share their practices of philanthropy, as well as their perceptions on the role of giving and social investment in the UAE. Out of respect for some individuals wishing to remain anonymous, we have not included a list of the specific philanthropic institutions and individuals who participated in this study.

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A communal charity iftar organised on a street by a local mosque in Dubai, UAE, July 22, 2016. (Kertu / Shutterstock.com)



I. Executive Summary

The United Arab Emirates (UAE) is a pioneer in the Gulf region in building a modern philanthropic sector. Historically, many of the ruling families and business leaders have demonstrated a commitment to philanthropy directed at a variety of causes, in many instances guided by religious beliefs and cultural practices. Over the past 15 years, there has been a marked growth in institutional, organized philanthropy. This growth continues to be led by the ruling families, which have actively positioned the UAE as a globally-recognized center for giving and humanitarian aid. In fact, UAE leadership designated 2017 as the “Year of Giving.”

Institutional philanthropy in the UAE is influenced by several key factors including (1) long-standing religious beliefs and traditions; (2) strong leadership from the ruling families acting in both private and public capacities to encourage private giving and establish the UAE as a global hub of humanitarian aid; and (3) the Emirates’ continued economic development and wealth creation.

The recent growth in the number and scale of formal philanthropic institutions has made the philanthropic sector more visible and strategic, both nationally and internationally. There are currently over 40 formal foundations in the UAE, with almost half of these institutions established since 2006. These foundations work across a range of program areas, with priority areas including education, health, arts and culture, and religion. Many operate their own initiatives and deliver direct services and programs, while others provide support to external organizations. Most of the philanthropic institutions have close ties to government and members of the ruling families. Indeed, it is not always possible to distinguish between private philanthropic efforts and government programs.

As the philanthropic sector continues to emerge and evolve, there are several key characteristics and trends that are likely to shape its contours and practices, and ultimately, its impact. Some of the most salient trends include increased global collaboration and engagement; a diversification of approaches to practicing philanthropy; involvement of the next generation;

participation of family businesses in social investments; and growing use of evaluation and assessment to shape programs.

The legal and policy environment for philanthropy in the UAE has not kept pace with the growth of the sector. Many observers believe the regulatory environment hinders the growth of the philanthropic sector, as the system of registration and regulation for charitable organizations and strict limitations on fundraising have proven burdensome for organizations to navigate and implement. There are signs that this situation is changing for the better, including growing government recognition that more robust legal frameworks and guidelines for philanthropic institutions in the UAE are needed.

Overall, philanthropic leaders and experts have great expectations for the continued growth of a vibrant, engaged, and globally active philanthropic sector. Given the leadership and commitment of the ruling families and the government, there is high potential for the philanthropic sector in the UAE to become a model in not only the Gulf region but also the wider Middle East, and to have demonstrable impact among local, regional, and global communities.

II. Introduction

The *Global Philanthropy Report*, to which this study contributes, notes: “Around the world, philanthropy is growing, gaining visibility, and having increasing impact on a broad range of social and economic issues. Over time and across geographies, there has been a seemingly universal impulse to help others. However, recent years have stood witness to a marked and promising change in charitable giving: very wealthy individuals and families, along with socially-minded corporations, are increasingly looking to give more strategically and to achieve greater impact with their social investments. Greater numbers of philanthropists are creating foundations and other formal giving structures to help them realize their strategic goals.”¹ The report identifies over 260,000 foundations in 39 countries, with over USD 1.5 trillion in total philanthropic assets. Among a smaller sample of 80,000 global foundations, nearly three-quarters were established in the last 25 years.²

In the Arab world, and specifically in the Gulf region, deeply rooted religious and cultural traditions provide a strong foundation for giving. In addition, beginning in the early- to mid-20th century, countries including the UAE began to witness strong economic growth based on oil exports and related sectors. This economic prosperity in turn led to significant personal wealth accumulation, foreshadowing a new era of philanthropy, which is now emerging in many countries, including the UAE.

Despite this dynamic growth, there is limited data and analysis of the scale, scope, and practices of philanthropic institutions in the UAE. *Great Expectations: The Growth of Philanthropy* in the United Arab Emirates aims to help fill this knowledge gap. To be sure, there have been a number of important efforts in recent years to shed light on UAE philanthropy. Building on these efforts and recognizing the increasing size and scope of the sector, this study seeks to provide new insights on the UAE’s giving sector, specifically focusing on philanthropic institutions. While the lion’s share of giving in the UAE is provided directly by individuals, the growing number and importance of foundations deserves exploration. This report examines the sector’s principal driving forces; the legal environment for institutional philanthropy; the scale, priorities, and practices of

foundations; emerging trends; and challenges and opportunities in the sector's further development.

This study focused on the UAE also contributes to a pioneering global study spearheaded by researchers at the Harvard Kennedy School. Aggregated data from the UAE, along with data from 19 other countries, will be included in the inaugural *Global Philanthropy Report*, a biennial publication to provide comparative data and analysis on institutional philanthropy around the world.

III. Country Background

Figure 1: UAE at a Glance

Economic Indicators	
Indicator	Statistic
Population (2016)	9.27 million ³
Income level	High income
GDP (Current USD, 2016)	USD 348.7 billion ⁴
GDP per capita (Current USD, 2016)	USD 37,622 ⁵
GDP growth (Annual %, 2016)	2.438% ⁶
Unemployment rate, total (% of total labor force, 2016)	3.691% ⁷

Social Indicators	
Indicator	Statistic
Human Development Index (UNDP, 2015)	0.84, Rank 42 of 188 ⁸
Social Progress Index (Social Progress Index, 2016)	74, Rank 39 of 133 ⁹

The UAE, a federation of seven emirates founded in 1971, has rapidly transformed itself from a remote and quiet territory to one of the region’s most important economic centers and an increasingly global destination. Over the course of its near half-century history, the UAE has realized tremendous economic growth and consequent gains in key social indicators.

The UAE’s economy is the region’s second largest, after Saudi Arabia, and one of the wealthiest countries in the region on a per capita basis. Its Gross National Income (GNI) per capita is USD 43,090, ranking it in the top 30 globally.¹⁰ Historically, the UAE’s economy has relied on its oil and natural gas reserves. In recent years, the UAE has sought to diversify its economy, led by its two largest emirates, Dubai and Abu Dhabi. In addition to the economic activities related to the extraction of crude oil and natural gas, other areas contributing significantly to the economy include wholesale and retail trade activities, real estate, business services, tourism, construction, and manufacturing activities.¹¹

Sheikh Zayed bin Sultan Al Nahyan – recognized as the founding father of the UAE, then Ruler of Abu Dhabi, and the first president of the UAE – and Sheikh Rashid bin Saeed Al Maktoum, the founding Ruler of modern Dubai, oversaw the development of the modern economy and invested

substantial oil revenues in education, healthcare, and infrastructure. Life expectancy in the Emirates is now 78 years¹² and over 90 percent of UAE adults are literate, with near equal rates for men and women.¹³ In 2015, the United Nations Development Program (UNDP) classified the UAE as “very high” in human development, with a rank of 42 out of 188 countries in the Human Development Index (a score of 0.84). In 2016, the Social Progress Index categorized the UAE’s social progress as “upper middle,” with a rank of 39 out of 133 countries (a score of 73.69).

The current economic model in the UAE is based on a significant expatriate population that represents around 90 percent of all residents. While the growing economy has led to a significant accumulation of private wealth among the local Emirati population, the UAE has also seen increased immigration of wealthy individuals and families from other countries, particularly from the Arab world and the Subcontinent.¹⁴ It is estimated that the UAE is home to over 80,000 millionaires and an undetermined number of billionaires, and that more than 5,000 millionaires migrated to the UAE in 2016 alone.¹⁵

IV. Key Influences on the Growth of the Philanthropic Sector

Institutional philanthropy in the UAE has been influenced by several key factors, including long-standing religious beliefs and traditions; strong leadership from the ruling families, acting in both private and public capacities to encourage private giving and establish the UAE as a global hub of humanitarian aid; and the UAE's continued economic development and wealth creation.

Historically, philanthropy in the UAE has been rooted in centuries-old Islamic religious beliefs and practices, such as giving alms to alleviate suffering and giving anonymously and privately. These long-standing practices continue to underpin much of the charitable giving in the UAE. At the same time, in an effort to exert greater impact on local, regional, and global challenges, philanthropy is becoming increasingly institutionalized and visible. Over the last 20 years, UAE ruling families have become advocates for philanthropy domestically and have created several important philanthropic institutions addressing a wide range of issues. In a more official capacity, they have established structures and initiatives, such as the Year of Giving in 2017, to encourage philanthropy among the population broadly. Through both personal philanthropic initiatives and government institutions, the ruling families have sought to establish the UAE as a global humanitarian and development leader. In practice, these efforts have also resulted in blurred lines between the country's generous official development assistance (ODA) and the private philanthropic efforts of the ruling families. Ultimately, the leadership of the ruling families, the tremendous economic growth of the UAE, and the associated increase in personal wealth of some Emiratis and UAE residents have spawned a new era of philanthropy.

Giving in the Islamic tradition

Centuries-old religious traditions and norms regarding charitable giving provide an important context for understanding the forms and practices

of philanthropic giving in the UAE today. In the Islamic tradition, charitable giving is a fundamental expression of religious obligation, reflecting a moral responsibility to the *ummah*, or global community of Muslims. There are three main types of charitable giving in Islam: *zakat*, *sadaqa*, and *waqf* (see Islamic Traditions of Giving box).

Annual obligatory *zakat* and voluntary *sadaqa* contributions are usually directed to religious institutions and the causes they support, for example, individuals and families in need. Similarly, permanent *waqf* endowments disburse funds for *shariah* (Islamic law)-compliant projects, generally aiding mosques and/or individuals in great need. These religious traditions continue to strongly define appropriate causes and avenues for charity.

In Islam, there is a strong tradition of undertaking charitable giving privately and anonymously. Charitable giving is viewed as an obligation between the individual and God, and many believe that where and how one gives should remain confidential within that relationship.

Further, many Muslims believe that one should not draw attention to or seek praise for charitable acts. However, giving visibly or publicly is increasingly accepted in some situations. Specifically, if the intention behind visible giving is not to be boastful, but rather to encourage others to become similarly charitable, this is seen by some as appropriate and even necessary. While most giving in the UAE remains private and anonymous, the acceptance of publicly-recognized giving is contributing to the development of an increasingly visible philanthropic sector.

Islamic Traditions of Giving

Zakat: One of the core pillars of Islam, *zakat* refers to charitable/alms giving. According to *shariah* (Islamic law), *zakat* is obligatory, or *fard*, for Muslims. Muslims are required to give 2.5 percent of their net wealth, defined as that which remains in their individual accounts for more than 12 months, to benefit those in need. *Zakat* is inherently about building honor, alleviating suffering, and establishing self-sufficiency within the *ummah*.

Waqf: (pl. *awqaf*) Permanent religious endowments set up for charitable purposes. In Islamic terms, a *waqf* is a voluntary and irrevocable dedication of an individual's wealth (in cash or assets), which disburses funds for *shariah*-compliant projects, usually in one of five categories: building a mosque, healthcare for the sick, education, social services, and piety and righteousness.

Sadaqa: Additional voluntary charitable contributions to those in need. In Islamic tradition, *sadaqa* is offered discreetly and not made public by the donor.

The government of the UAE, mostly at the emirate level in Dubai and Abu Dhabi, has established several structures to support and promote charitable giving in accordance with Islamic traditions. These structures have provided a more institutionalized framework to some individual and religious-based philanthropies. For example, the Dubai-based Awqaf and Minors Affairs Foundation provides guidance on the establishment and governance of *awqaf*, the precursor – and still at times the conduit for – philanthropic foundations in the UAE today. Additionally, the UAE Zakat Fund was founded in Abu Dhabi in 2003 to manage *shariah*-compliant *zakat* contributions by raising awareness of appropriate giving channels and collecting and dispersing Zakat Funds in accordance with *shariah* principles.¹⁶

While religious traditions and practices are primarily concerned with individual giving, they underpin the understanding and practice of much institutional philanthropy in the UAE today. Philanthropic institutions often use these religious norms as a lens through which they define their missions, roles, and beneficiaries.

Ruling families are important leaders in philanthropic giving

In the 20th century, the ruling families of the UAE began to institutionalize the long-term traditions of Islamic giving and set the stage for the growth of the UAE's modern-day philanthropic sector. They became leaders of more formalized philanthropic giving and social investments, and many of the most important philanthropic organizations today were established and are still led and funded by members of the ruling families. As noted elsewhere in this paper, this practice created ambiguity between giving by the government and by members of the ruling families in a personal capacity, which continues to this day.

Sheikh Zayed bin Sultan Al Nahyan, the first President of the UAE, set an early precedent for the ruling families' commitment to humanitarian aid and philanthropic giving. In 1971, the same year that the UAE was created, Sheikh Zayed established the Abu Dhabi Fund for Development,

an autonomous foreign aid agency. During his presidency, from 1971 to 2004, the fund provided over USD 4.1 billion for humanitarian aid and development.¹⁷ In 1992, Sheikh Zayed established the Zayed Foundation for Charity and Humanitarian Works; to date, the foundation has provided over USD 460 million to humanitarian projects in 96 countries.¹⁸ Sheikh Zayed's legacy of philanthropy and humanitarian support has continued to influence philanthropy in the UAE, as evidenced by organizations such as the Zayed Giving Initiative, established to provide local and global humanitarian aid in line with the late Sheikh's guiding principles for charitable giving.

Building on Sheikh Zayed's legacy, members of the ruling families have established a number of important philanthropic institutions over the last 20 years. These institutions are among the most visible in the country and range widely in scope. Examples of the ruling families' philanthropic leadership include:

- The Al Maktoum Foundation was established in 1997 under the royal patronage of Sheikh Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai, to support cultural centers and schools outside of the UAE. The foundation's goal is to "work across the world [to relieve the suffering of the poor] and make sure humanitarian aid reaches all those who are desperately in need wherever they are."
- In 2007, Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE, established the Khalifa bin Zayed Al Nahyan Foundation to implement "pioneering initiatives for welfare." The foundation focuses on health and education at national, regional, and global levels.
- Also in 2007, Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister of the UAE and Ruler of Dubai, created the Mohammed bin Rashid Al Maktoum Foundation, which catalyzed

"I feel extremely happy and comfortable when I help fill the heart of a deprived individual with joy and happiness by building a school for those who couldn't get education or constructing a Masjid to the faithful who couldn't raise enough funds to build their own house of worship."

-Sheikh Hamdan bin Rashid Al Maktoum Foundation website

discussion around strategic philanthropy to address regional development challenges.

- In 2008, Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, with a deep passion for the environment, established the Mohamed bin Zayed Species Conservation Fund to provide grants to species conservation initiatives and recognize leaders in the species conservation field.
- In 2009, Sheikh Saud bin Saqr Al Qasimi, Ruler of Ras Al Khaimah, founded the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research. Based in the northern Emirate of Ras Al Khaimah, the foundation supports research, education sector capacity development, and community engagement.
- In 2015, Sheikh Mohammed bin Rashid created the Mohammed bin Rashid Global Initiatives (MBRGI) – an umbrella organization bringing together over 30 institutions working on a broad range of social projects – to combat poverty and disease, empower communities, and encourage entrepreneurship and innovation.

Generosity and humanitarian aid are national priorities

In addition to the individual philanthropic efforts of the ruling families, those leaders have made generosity and humanitarian aid official national priorities. This commitment is reflected in the UAE's ODA and through the formation of several government institutions, mechanisms, and strategic initiatives to establish the UAE as a humanitarian and philanthropic center and to encourage and support philanthropy among Emiratis. In fact, in some cases giving by philanthropic foundations of members of the ruling families is counted as official ODA by national and international bodies.

Foreign aid is an important element of the UAE's public diplomacy outreach, a part of its "soft power" approach to shape public perception and social, economic, and political outcomes in countries of strategic interest. In 2016, the Organization for Economic Cooperation and Development (OECD) ranked the UAE first in terms of ODA relative to GDP.²¹

According to the OECD, in 2016 the UAE distributed USD 4.1 billion in ODA, equivalent to 1.12 percent of its national income and significantly surpassing the United Nations recommended target of 0.7 percent of GDP. According to the UAE Ministry of Foreign Affairs and International Cooperation (MOFAIC), from the UAE's establishment in 1971 through 2014, most of the aid disbursed by the country (approximately USD 27.8 billion) was given to developing countries in the form of general development assistance, largely in support of governance and civil society.²¹ As observed by the UAE Ambassador to the United States, Ambassador Yousef Al Otaiba, "We are an open, tolerant, and progressive country in a difficult neighborhood. The UAE's philanthropy (in the U.S.) helps reinforce this story. It shows America and the world who we really are."²³

In one initiative to develop the UAE's presence as a global center for humanitarian aid, Sheikh Mohammed bin Rashid, Ruler of Dubai, established the International Humanitarian City (IHC) in Dubai in 2003. Today, the IHC is host to nine United Nations agencies and more than 40 nonprofit and commercial entities engaged in delivering both crisis-response aid and long-term development support.

In 2016, in another significant initiative to achieve the vision of Dubai as the "global humanitarian capital," Sheikh Mohammed bin Rashid launched the Mohammed bin Rashid Global Centre for Endowment Consultancy (MBRGCEC) with an endowment of USD 1.36 billion.²⁴ The Centre oversees a global effort to revitalize the *waqf* endowment system and strengthen philanthropy to tackle social issues in the Arab world.²⁵ The gradual formalization of the traditional *waqf* in the modern philanthropic sector provides a significant opportunity for informal philanthropy to become more institutionalized and strategic.

"Giving is a value we cherish and saw personified in the UAE's founding father Sheikh Zayed. We continue to see this philanthropic legacy embodied by his sons and ingrained in the DNA of our society. Through my humble experience, I believe giving is...defined by the differences we make: the differences in someone's life, in a society, or in a nation."

-Sheikh Mohammed bin Rashid Al Maktoum,
Prime Minister of the UAE and Ruler of Dubai

In a further and very recent, visible effort to promote the UAE's commitment to philanthropy, the President, Sheikh Khalifa bin Zayed, declared 2017 the Year of Giving. In supporting the initiative, Sheikh

Mohammed bin Rashid emphasized that “Giving is a value we cherish and saw personified in the UAE’s founding father Sheikh Zayed. We continue to see this philanthropic legacy embodied by his sons and ingrained in the DNA of our society. Through my humble experience, I believe giving is... defined by the differences we make: the differences in someone’s life, in a society, or in a nation.”

The Year of Giving

The Year of Giving was a comprehensive effort to institutionalize humanitarianism in the public and private sectors. It stemmed from a vision to consolidate humanitarian work and establish the UAE as a global philanthropic leader. The UAE leadership’s declaration of 2017 as the Year of Giving sought to develop UAE philanthropy in all its forms: individual, corporate, and community. It encouraged philanthropists and philanthropic institutions to increase giving; spurred the private sector to develop, refine, and implement corporate social responsibility strategies; and inspired the public to contribute to social development. Initiatives for the Year of Giving were organized around six strategic pillars:

- Corporate social responsibility (CSR)
- Volunteering
- Enhancing the role of humanitarian and development organizations
- Service to the nation
- The development of a legislative system around giving
- The role of the media

Hundreds of initiatives were launched across all seven emirates, including key actions by the federal government to institutionalize the philanthropic sector and develop a legal framework to guide it. Initiatives set up during the Year of Giving are set to continue in 2018, which has been declared the Year of Zayed and will celebrate the philanthropic spirit and legacy of the UAE’s founding father, among others.

See www.giving.ae for more information.

National economic growth underpins personal generosity

The discovery of oil in the UAE almost sixty years ago established an engine for the creation of enormous wealth for the country and its leaders. This economic windfall and the economy's further diversification have led to significant gains in personal wealth for many Emiratis and UAE residents. In recent years, UAE residents have responded to their rising incomes and the encouragement of Emirati leaders with a significant increase in charitable giving.

According to the research firm Knight Frank, in 2016 there were 80,000 millionaires in the UAE, a number that is expected to rise to 129,000 by 2020.²⁶ Another research company, Wealth-X, reported 1,120 individuals with USD 30 million or more in net worth in 2016, with a combined wealth of USD 272 billion.²⁷ In addition, there are an undetermined number of billionaires in the UAE. The 2016 Coutts Million Dollar Donors Report, which tracked gifts of one million dollars or more, reported a significant uptick of giving in the Gulf Cooperation Council (GCC) in 2015, reaching USD 2 billion,²⁸ compared to only USD 48.5 million in 2013 and USD 26.3 million in 2014.²⁹ Overall, there were a total of 20 million-plus donations made in 2015, with the UAE the source of 14 of the 20 gifts.³⁰

One donation of USD 1.1 billion from the family of Abdulla Al Ghurair to establish the Abdulla Al Ghurair Foundation for Education accounted for a significant proportion of the growth in giving. The establishment of this foundation was seen as a potential watershed moment for the broader transition of individual giving to institutional philanthropy.

In April 2016, building on this momentum, several prominent business leaders formed a philanthropy collective, *Sandoq al Watan*. It was instituted to prepare the nation for the post-oil era by nurturing UAE national talent, promoting social enterprises, and building a sustainable, knowledge-based economy. As of December 2017, the fund had raised an initial endowment of close to USD 200 million. This includes securing two percent of annual profits each year for the next three years from Emaar, a prominent local real estate corporation.³¹ This initiative is noteworthy

because it brings together philanthropists from the two major emirates, Dubai and Abu Dhabi, who are not related by family.

Due in part to challenges in the philanthropic sector created by the regulations described in the following section, many prominent citizens and residents continue to engage in individual rather than institutional giving. Among the leaders in the philanthropic sector who engage primarily in individual philanthropy is Badr Jafar, CEO of Crescent Enterprises, who contributes to regional and global causes, and actively encourages philanthropic giving among his peers. He has contributed to a number of international humanitarian organizations working to address the global refugee crisis. As well, through his support of the Pearl Initiative, Jafar helped develop programs to help individuals and family offices in the GCC give in a more sustainable and structured way. Another well-known philanthropist is Jordanian Fadi Ghandour, founder of the logistics company Aramex and the venture capital fund Wamda Capital, who makes significant philanthropic investments in entrepreneurship initiatives in the region, including conflict areas such as Gaza. Similarly, UAE-based Indian business leader BR Shetty, founder and non-executive chairman of Abu Dhabi-based NMC Healthcare; Chairman of UAE Exchange; founder, CEO, and Managing Director of Neopharma; and Chairman of BRS Ventures, has directed significant philanthropy over the years to strengthening education and healthcare in his home country and the Indian community in the UAE.³²

V. The Legal and Policy Environment for Philanthropy

The legal and policy environment for philanthropic institutions in the UAE is evolving and, optimistically, will increasingly provide effective and transparent regulatory guidance. Today, however – notwithstanding the strong religious and cultural traditions of giving; the ruling families’ leadership and the government’s promotion of generosity and giving; and a seeming desire for philanthropic engagement among wealth holders – the regulatory environment is frequently described as challenging and it is difficult for philanthropic organizations to establish a formal presence in the UAE.

Leaders and experts interviewed for this study highlighted two key challenges: (1) the process of registration and regulation, and (2) strict limitations on raising or receiving financial support or in-kind donations.

An important resource on the regulatory environment is the International Center for Not-for-Profit Law’s (ICNL) *United Arab Emirates Philanthropy Law Report*, which describes in detail the government framework, relevant laws, and key legal issues of the UAE’s philanthropic sector. This report, along with other resources on the regulatory environment, informed the observations in this section.

Registration and regulation

In the UAE today, there is no single, overarching government entity that regulates the philanthropic sector at the federal level, and government authorities that register and regulate institutions do not coordinate their work or adhere to the same processes. Many of the experts interviewed for this study described the registration and licensing process as unclear and difficult to navigate, particularly because requirements are not clearly codified. In addition, some interviewees noted that government authorities reserve the right to request documentation that is beyond what is typically requested or different from what has been historically required. A number

of existing philanthropic institutions were established by Emiri decree, or a legal declaration by the ruler of a given emirate. As one can imagine, this is not an accessible path for most institutions.

The UAE has federal-level regulatory bodies and policies governing philanthropic institutions, and Dubai and Sharjah each have additional emirate-level bodies and policies. In addition, there are several special zones, such as the IHC and the Dubai International Financial Centre (DIFC), that have independent regulations governing the registration and activities of charitable organizations. Furthermore, organizations that register within a Dubai special zone must also register with the Department of Islamic and Charitable Affairs (IACAD). At each level, the specific terms are not clearly defined, allowing the possibility for broad interpretation by the governing authorities.

At the federal level, the principal regulatory body is the Ministry of Social Affairs (MoSA). Registering with the MoSA allows a charitable organization to work across the seven emirates, if there is no emirate-level regulator. Where an emirate-level regulator exists, organizations must also be registered with that body in order to operate in that emirate. Philanthropic organizations registering with MoSA must register as Public Welfare Associations (PWAs), defined as organizations formed for social, charitable, humanitarian, and benevolent purposes as per Federal Law No. 2 (2008). It can be difficult for an organization to meet the specific requirements to register as a PWA, in particular the requisites that there be a minimum of twenty founding members and a minimum of three board members, all of whom must be UAE nationals.

A PWA's funds must be wholly owned by the organization, and finances are subject to control of the ministry. Once registered and operational, philanthropic organizations at the federal level are strictly limited to engagement in activities directly related to the objectives specified in their articles of association. They are expressly prohibited from engaging in any activities that interfere in politics or are related to the UAE's security or system of governance, or from engaging in causes of sectarian, racial, or religious disputes. As with other laws governing charitable organizations, these restrictions can be broadly interpreted by the government.

Philanthropic organizations that only operate within a particular emirate need only register with the appropriate emirate-level bodies. However, the emirate-level requirements can also be challenging. Dubai, in particular, has extensive legal and regulatory requirements that govern organizations operating in Dubai and its special zones. Philanthropic institutions wishing to operate in Dubai must register with the IACAD. To register with IACAD, all founders must be UAE nationals, have the legal and financial capability to lead the organization's activities, and have never been convicted of a felony or misdemeanor. An organization is required to have a location in Dubai from which it operates, a qualified manager, and an in-house accountant with professional qualifications and practical experience. Emirate-level restrictions are similar to those at the federal level. For example, organizations registered with IACAD are strictly limited to engagement in activities for which they have been licensed.

The ICNL report notes that Federal Law No. 2 of 2015 (against discrimination and hatred) and Federal Law No. 5 of 2012 (on combating cyber-crimes) grant authorities broad powers to curb association and expression, and provide for severe penalties, including imprisonment, for violations. Thus, while philanthropic organizations have a constitutional basis, organizations and their employees must exercise strong caution to avoid any activities or communications that could be considered outside of accepted behaviors.

In November 2017, Dubai launched new laws regulating endowments and *awqaf* that aim to help establish a modern legal framework for the philanthropic sector. Of particular note, Law No. 14 of 2017 will institutionalize the management, operations, and protection of endowments, and outlines the structure for an environment for charitable activities and community contributions in the fields of education, healthcare, culture, arts, environment, sports, and social unity. It is unclear whether this will cover all types of endowments or will be restricted based on a set of criteria yet to be defined. It is a bold – and important – step, and many individuals and institutions hope that it lays the groundwork for a broadening and formalization of the sector.

Fundraising regulations

Fundraising regulations have become stricter in recent years, making it difficult for nonprofit organizations to seek support from philanthropic institutions, and for philanthropic institutions to seek additional funding to carry out their missions. In part, this is due to international regulations and concerns regarding the financing of terrorism. There is more scrutiny on the flow of funds, especially in relation to programs for youth. Additionally, private banks are pressured to scrutinize donations and are increasingly wary of providing services to new charitable organizations.

In Dubai, home to the majority of the UAE's charitable institutions, Dubai Decree No. 9 (2015) regulates any type of fundraising activity, monetary or in-kind, undertaken by an institution or individual. It imposes restrictions on the ability of philanthropic organizations in Dubai, including special development zones and free trade zones, to raise and receive funds without prior approval from IACAD. An organization must submit the specific names of organizations and individuals from which they hope to raise funds. Penalties for fundraising without prior approval include fines and imprisonment. Any violation of the decree is subject to a punishment of two months to one year of imprisonment and a fine of AED 5,000 to 100,000 (USD 1,400 to 27,000). Employees of IACAD have the right to act as judicial officers and may investigate any violations of this decree in coordination with any authorized entity, including the police.

Of note, organizations must receive approval from each emirate in which they wish to raise funds. The ICNL reports that the government's stated reason is to increase the transparency of fundraising activities and ensure that donations are used as intended and not misappropriated. There is particular attention paid to restricting online fundraising, which inhibits institutional philanthropy that relies on broad support.

VI. Philanthropic Institutions in the UAE

Prior to 2003, there were few private foundations in the UAE.³³ Charitable giving was – and still is – largely carried out individually, often anonymously, and frequently through local charities with religious ties.³⁴ Over the last 15 years, there has been a significant growth of formal philanthropic institutions, making the UAE’s philanthropy more visible, strategic, and important at both the national and global levels. This section explores these foundations, including their goals and priorities; operating models and strategies; governance and human resources; and evaluation and reporting.

In comparative research, there is no standard definition for the organizations that comprise institutional philanthropy; researchers look for similar underlying characteristics. To allow for global comparability, we sought to include institutions that (1) are independent not-for-profit entities; (2) have no members or shareholders; (3) have an established and reliable source of income, sometimes, but not always, from an endowment, of which 50 percent or more comes from one private source; (4) have an independent governing board; (5) provide financial resources for educational, cultural, religious, social, or other public benefit purposes either by operating their own programs and/or providing financial support to other public benefit entities (such as charities, associations, and educational institutions) and/or individuals.

In the course of this research, we discovered that some institutions meeting the spirit of these criteria were not legally registered as separate entities in the UAE. Thus, for the purposes of this study, we included these exceptional cases that function independently, whether they are officially registered as independent organizations. Forty-two organizations meeting the above criteria were identified.³⁵

Of the 42 organizations, approximately one-third (15) were interviewed and responded to a structured questionnaire. Information on the other institutions was gathered from publicly available sources. Aggregated data

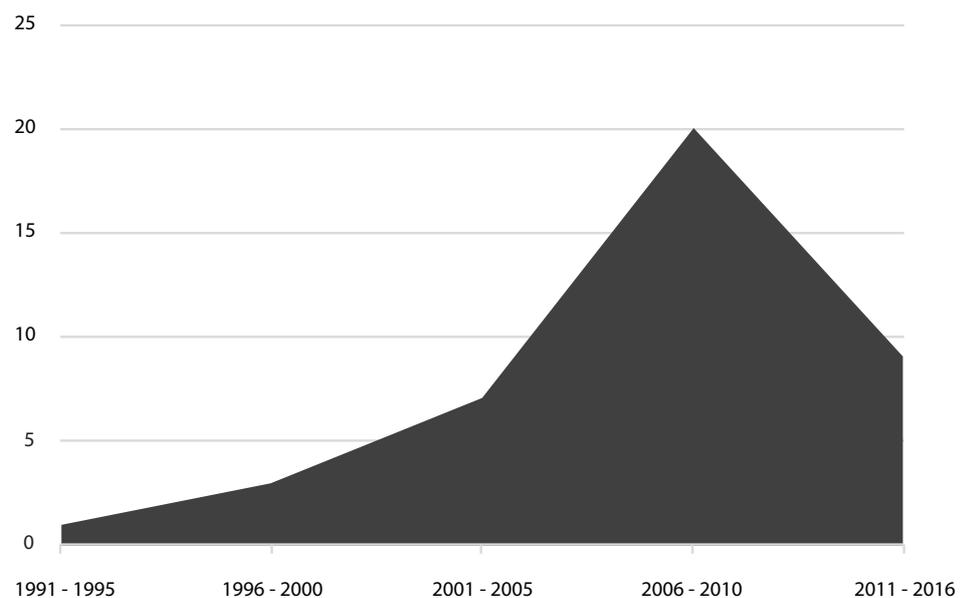
and information are presented and analyzed below. The sample sizes differ based on the survey responses and ability to access some information.

Age and location of foundations

Age

Institutional philanthropy in the UAE is relatively young. All the philanthropic institutions identified were established since 1991, and almost half (20) were created since 2006. While the growth of new institutions has slowed since 2010, many of the experts interviewed believe that growth will continue, given government efforts to promote philanthropy in the UAE (see Section IV), provided that key challenges (see Section V) can be addressed.

Figure 2: New Foundations Formed (N=40)

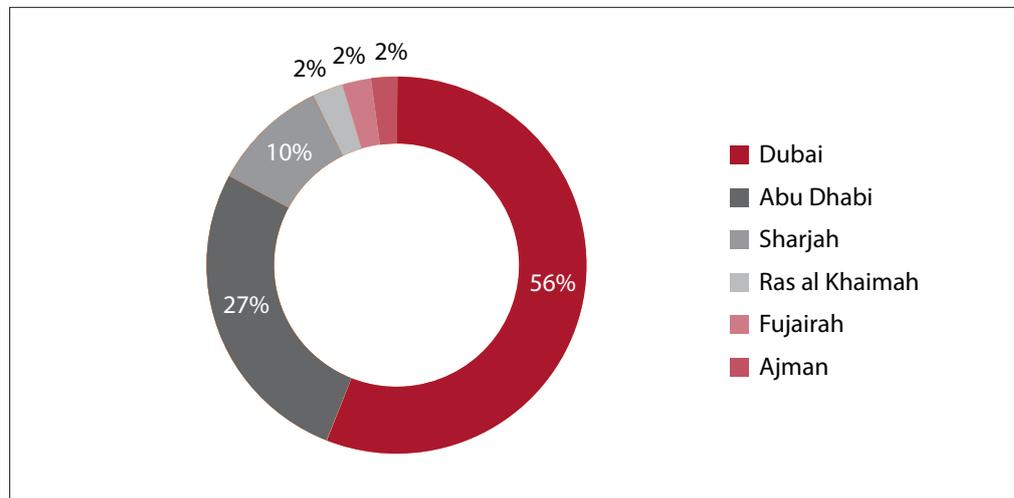


Location

Foundations in the UAE are heavily concentrated in Dubai and Abu Dhabi. Over half of the organizations (23) are based in Dubai and eleven are domiciled in Abu Dhabi. Together, these two emirates are home to 83 percent (34) of the foundations. Four foundations are domiciled in Sharjah.

Ajman, Fujairah, and Ras Al Khaimah are each home to one philanthropic institution. No foundations in Umm Al Quwain were identified.³⁶

Figure 3: Location of Foundations in the UAE (N = 41)



Types of foundations

The global report to which this study contributes includes a taxonomy of six broad categories of foundations: independent, family, corporate, government-linked, community³⁷ and ruling family (see Appendix 1 for descriptions of each category).³⁸ The classification system was reexamined in the specific context of the UAE and generally found to be a useful typology for the country.

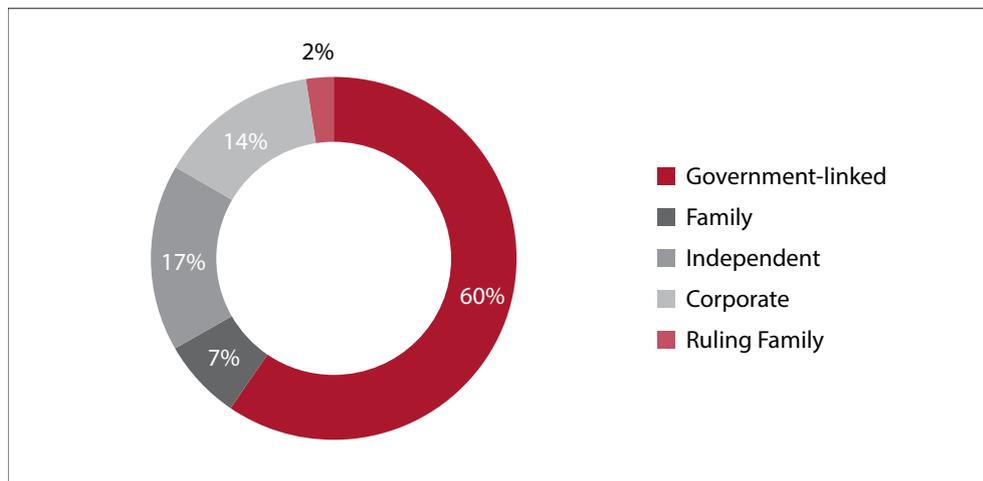
It is important to note two key challenges to the classification of foundations in the UAE. First, it can be difficult to distinguish between private philanthropic giving from an independent foundation led by a member of a ruling family and official government spending. Funding is not easily identified or traceable as “private” or “government” and it is similarly difficult to determine whether members of the ruling families are acting in a private or government capacity in their roles as leaders of some foundations.

Second, the distinction between government-linked and ruling family foundations is somewhat arbitrary. For the purposes of this study, a

government-linked foundation is independent, but may have been created by a governmental body that provided the initial capital and/or often still follows emirate operational and human resource policies. Some of these foundations are physically housed within a government agency, or began in this way, and several have close ties to the ruler of a particular emirate. As one philanthropic leader observed: “Oftentimes, governments want to ‘test’ new principles without rolling out new policy,” which describes some ideas behind the formation of government-linked institutions. In contrast, ruling family foundations are at greater arms-length from government. They are led by members of a ruling family in their personal capacity and are recognized as receiving 50 percent or more of their funds from a ruling family’s private capital. Often, the member of the ruling family who is leading the foundation is not the ruler, his wife, or a direct issue, which allows it to become more independent of the government – to an extent.

Of the 42 philanthropic organizations identified in the UAE, nearly two-thirds (25) are categorized as government-linked foundations. Of the remaining 17 foundations, seven are independent, six are corporate, three are family, and one is a ruling family foundation (see Figure 4).

Figure 4: Typology of Foundations (N = 42)



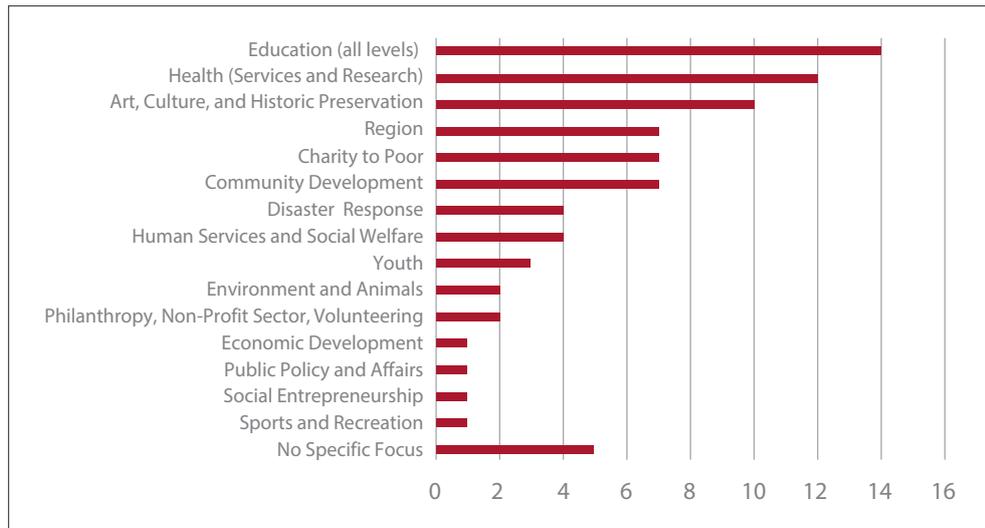
Philanthropic focus and priorities

The 42 identified foundations work across 16 primary issue areas (see Figure 5), with some foundations having more than one core focus. Among these foundations, the principal priorities include education (14 foundations); health (12); art, culture, and historic preservation (10); religion (7); and charity to the poor (7). Commenting on the importance of education, one philanthropist noted, “The formation of our identity begins with education; education is where it all starts...other charitable causes don’t have the same vast potential.”

While many foundations focus on a narrow set of important issues, other foundations demonstrate the breadth of philanthropic activity in the UAE. For example, the Emirates Foundation supports youth social entrepreneurs; Suqia (the UAE Water Aid Foundation) addresses water scarcity; and the Mohamed bin Zayed Species Conservation Fund funds species conservation projects. Notably, twelve percent (5) of the foundations have no specific sectoral focus but support various projects on a case-by-case basis, generally following a broad organizational mandate or the priorities of a key patron.

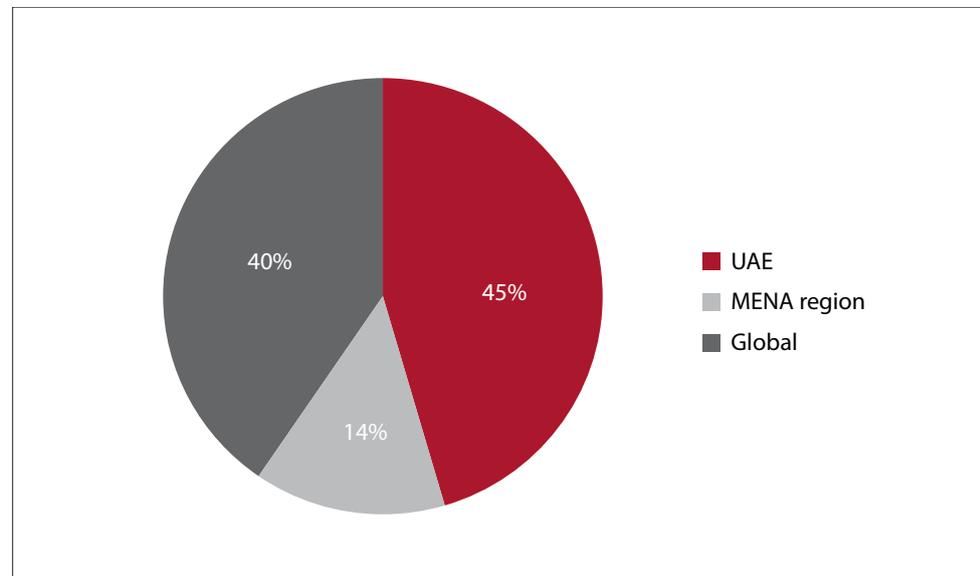
There appears to be a distinction between organizations that are more traditional and focus on immediate humanitarian and poverty relief, and those foundations that are more innovative in their approach. Leaders of several organizations working in program areas that are not consistent with what is perceived as traditional giving in the country highlighted the challenge of demonstrating the social value of their work to the broader public. Other leaders noted that they are increasingly focused on topics that reflect their individual passions and interests.

Figure 5 Sector Focus of Foundations (N=42)



In terms of geographical focus, the philanthropic institutions vary. Of the 42 foundations, 45 percent (19) focus on causes and communities across the UAE or within a specific emirate; 14 percent (6) work across the Middle East and North Africa (MENA) region; and 40 percent (17) operate globally (see Figure 6).

Figure 6: Geographic Focus of Foundations (N = 42)



Among the 15 foundations formally surveyed, the main beneficiaries identified were adolescents (6 foundations), children from 4 to 12 years of age (5), and women and/or girls (5). Other beneficiaries include infants and young children, families, and men and/or boys.

Foundations were asked if they intentionally align their programs with government priorities and/or with the Sustainable Development Goals (SDGs) spearheaded by the United Nations and adopted by 194 countries, including the UAE. Given the high number of government-linked foundations in the cohort, it is not surprising that of the 15 foundations, 60 percent (9), seek to align with federal government priorities and 46 percent (7) with regional (emirate-level) or local (community-level) government priorities. Alignment with SDGs is not a priority for most of the institutions; among the 15 foundations, only 13 percent (2) stated an intention to relate their programs to SDG goals or indicators.

Spotlight: UAE Philanthropy Support of Arts and Culture

The UAE philanthropic sector has been instrumental in establishing a strong and vibrant arts and culture sector in the Emirates, and the development of the sector is the focus of some of the longest running and most visible philanthropic institutions in the country.

Two of the most prominent foundations supporting arts and culture are the Sharjah Art Foundation (SAF) and the Abu Dhabi Music and Arts Foundation (ADMAF). SAF has been operating in some capacity for over 30 years, originally as the Emirates Art Society, then through the Sharjah Biennial, and became an independent foundation in 2009. Both foundations have a broad mission of supporting the UAE's cultural landscape and carrying out cultural exchanges with leading global institutions, and they both work closely with the governments of their respective emirates. While most of their programming directly supports the arts – including visual, music, film, and performing – both SAF and ADMAF also fund and implement education and community development programs, in line with their vision of using culture to connect with and support the community at large. Both SAF and ADMAF also have a growing global footprint, with SAF designing four off-site projects in Istanbul, Dakar, and Beirut as part of their 2017 Biennial and ADMAF participating in events such as the Edinburgh International Festival and Culture Summit.

Arts and culture is also integrated into the philanthropic initiatives of several other organizations. In 2010, the Barjeel Art Foundation was established as a new, independent cultural institution focused on the preservation and exhibition of modern and contemporary Arab art. Barjeel collaborates closely with other UAE-based cultural institutions, as well as prominent international institutions including the Venice Biennale, Whitechapel Gallery in London, and the Aga Khan Museum in Toronto. For the Salama bint Hamdan Al Nahyan Foundation “Arts, Culture, and Heritage” is one of three core program areas. The foundation supports emerging UAE artists, encourages interest in art domestically, and fosters international interest in UAE arts. In 2008, the Abraaj Group, a UAE-based private equity firm, established the Abraaj Group Art Prize to recognize contemporary artists and curators in the Middle East, North Africa, and South Asia.

Operational approaches and strategies

Of the 13 foundations that provided information on the financial framework used to deploy their philanthropy, 23 percent (3 foundations) operate their own programs exclusively; 15 percent (2) only provide support to third parties; and 62 percent (8) have a mix of internally operated programs and support to third parties. Of the 10 that provide support to other organizations, all provide grants, 50 percent (5) provide scholarships, and 20 percent (2) provide in-kind support. None of the organizations provide loans or make equity or impact investments. More generally, while many organizations have clear operational strategies and policies, others operate on a more ad-hoc and project-by-project basis, in accordance with the direction of their patron.

“Governments are increasingly encouraging citizens [to] give more and institutionalize giving...coupled with a trend towards enterprise.”

- Anonymous foundation leader

Regarding the type of beneficiaries that receive support, of 14 organizations, 78 percent (11) provide some form of direct support to individuals. This support is often given in the form of scholarships or grants to researchers and artists. Over half (8) of the organizations make grants to registered nonprofit organizations, and 35 percent (5) make grants to non-registered community-based organizations. Other recipients of financial support from UAE philanthropies include governments, primary and secondary schools, universities and colleges, and healthcare facilities.

The philanthropic institutions in the study were also asked about collaboration with peer organizations and/or with government. Fifty-seven percent (8) reported collaboration with peer institutions through learning, co-development of projects, or co-funding projects, while 43 percent (6) reported that they do not collaborate with peer institutions in their work. Foundations collaborating with peer institutions described

“We believe that social impact can only be delivered in a sustainable, systemic way through collaboration.”

- Anonymous sector leader

this practice as a means for building their own capacity and increasing the social impact of their programs. One foundation leader emphasized, “We believe that social impact can only be delivered in a sustainable, systemic way through collaboration.” Among the organizations collaborating with the government, this collaboration was both on the delivery of programs, such as teacher training courses, and on aligning their organizational mission and vision with emirate-level or federal priorities. For government-linked foundations, this alignment is shaped by their close ties to UAE leadership.

More broadly, experts commented that with the government’s promotion of the philanthropic sector and interest in helping to address both regional and global development challenges, they expect to see increased public-private partnerships in the future, as well as partnerships between UAE philanthropic entities and those based in other parts of the world.

Most of the institutions surveyed noted the need for more knowledge on the interests and operations of other foundations to help facilitate better collaboration. It was suggested that organizations such as the Arab Foundations Forum could facilitate peer learning.

Financial resources

Most of the organizations interviewed were reluctant to share data on their financial resources (including assets, operational budgets, and giving levels) and very little information is publicly available. Even without detailed financial information, however, it is possible to draw several general conclusions from the interviews and other public reports. First, most of the institutions interviewed do not have a secure financing mechanism in place – only three of the 15 organizations reported having an endowment and one organization plans to establish an endowment in the next two years. Instead, UAE foundations receive most of their funding through annual contributions of a key patron, with some accepting additional individual donations to support programs.

Second, surveyed institutions largely expected their resources and programming to stay stable over the next year, with seven organizations stating that they expected no significant change in their fiscal budget. Only one organization expected a significant decrease and three were unsure of how their budget would fluctuate. However, given that there are few organizations with sustainable financing mechanism in place, many found it challenging to anticipate future funding levels.

Governance

In the data collected from 15 philanthropic institutions, 73 percent (11) reported that they currently had a formal governing board, while 27 percent (4) were in the process of establishing one. However, for many of the organizations with a formally constituted governing board, membership was described as a largely symbolic role and did not significantly guide the programs or operations of the organizations. In some cases, patrons of the institutions provide strategic guidance, but the level of involvement of the patrons varied from organization to organization. Of a smaller set of ten organizations, 40 percent (4) of organizations said that governing members have fixed terms, while 60 percent (6) do not have specific term lengths. None of the organizations reported providing any compensation to their board members.

Human resources

The organizations surveyed varied greatly in terms of size, and numbers of paid and volunteer staff. Among 14 respondents, 29 percent (4) of organizations had ten or fewer full-time paid staff, while 36 percent (5) had over 50. Twenty-one percent (3) had between 21 and 30 staff. Of the remaining two, one organization had between 11 and 20 staff and one between 41 and 50. Among 12 respondents, 25 percent (3) of organizations used volunteers on an ad-hoc basis, while 75 percent (9) had no formal full-time volunteer or unpaid staff.

Evaluation and reporting

There is a growing recognition among philanthropic institutions of the importance of evaluation and reporting. Of 14 foundations, 64 percent (9) reported having some formal evaluation policies. While most of the institutions reported having some assessment systems, monitoring and evaluation was widely recognized as an area for growth. In interviews, a few organizations stood out, stating their belief that a strong monitoring and evaluation capability needs to be fully integrated into their organizations.

A lack of transparency in organizations' operations can be a challenge and may lead to a lack of trust in the sector. Among the 14 organizations that provided information on organizational information made available to the public, 64 percent (9) provided an annual report, 21 percent (3) provided information on distribution of grants, 14 percent (2) provided a summary of expenditures, 7 percent (1) provided audited financial statements, and 21 percent (3) provided no information to the public.

VII. Trends in the Modern Philanthropic Sector

Over the past 15 years, there has been a steady growth in philanthropy and strategic giving in the UAE. Philanthropic leaders and sector experts optimistically believe that this growth will continue, particularly considering the strong religious-based motivations for giving, and the role models and advocacy of the ruling families. As the sector continues to emerge and evolve, there are several key characteristics and trends that are likely to shape its contours and practices, and ultimately, its impact. Some of the most salient are described in this section.

Increased global collaboration and engagement

With the growth and evolution of institutional philanthropy in the UAE, there is expanding collaboration and engagement with philanthropic actors in other countries and with multilateral initiatives. As a result, the UAE philanthropic sector is becoming increasingly active in other regions of the world, particularly around efforts to advance economic development and social well-being. These collaborations will contribute to the development of more strategic giving in the UAE and to greater philanthropic impact worldwide.

In particular, since 2009, in a direct effort to strengthen the philanthropic sector in the country, there has been an increasing collaboration between philanthropic institutions and government entities in the UAE and the Bill & Melinda Gates Foundation to address a range of global health and development issues. Other organizations, such as the Arab Foundations Forum, which has partnered with the Emirates Foundation for Youth Development, have sought to support greater transparency and collaboration among philanthropic institutions in the region.

The institutions of the Mohammed bin Rashid Global Initiatives (MBRGI) further demonstrate global partnerships. For example, Dubai Cares

has worked closely with the UNICEF-hosted Education Cannot Wait (ECW) Fund. The new global fund seeks to transform the delivery of education in emergencies and the Dubai Cares partnership reflects its commitment to ensuring quality education for all children. Similarly, IHC – another MBRGI institution – has helped establish Dubai as a center of humanitarian aid, creating a global humanitarian community in the country. Collectively, members of this community are focused on partnership building, resource mobilization, and advocacy, and their presence in the Emirates will likely lead to an increasing number of global partnerships with UAE philanthropic institutions.

Diversification of approaches

The growth of institutionalized philanthropy is leading to the emergence of a greater variety of strategies and approaches to deploying capital to support social good. Two approaches, venture philanthropy and impact investing, appear to be of particular interest to some UAE foundations and philanthropists.

While there is no universally agreed upon definition, venture philanthropy generally refers to social investments that include a multi-year commitment to an organization, financial support, and a close relationship between the foundation and the grantee, including significant capacity building to support their growth and core operations. In the UAE, the Emirates Foundation for Youth Development applies this approach to their social investments in youth development. Clare Woodcraft-Scott, the foundation's Executive Director from 2011 to 2017, explained that the foundation views their work contributing towards "social value creation" in the same way that commercial entities deploy financial capital to create economic value. Woodcraft-Scott noted that she has seen several organizations in the UAE show interest in this type of approach to social value creation and expects that it will become more widespread as local philanthropic organizations move towards strategic approaches to scaling their social impact.

Impact investing, which broadly refers to investments with the intention

of generating positive social and environmental impact as well as a financial return, has gained momentum in many regions of the globe and is beginning to capture some initial interest of UAE investors and philanthropists. Compared to other regions, impact investing has been slow to grow in the Middle East. That said, family businesses are demonstrating increased interest in the investment strategy. In a recent study, family businesses in the Middle East indicated that they invest 3.5 percent of their wealth for social impact as compared to a 3.1 percent global average.³⁹ Angel investment groups based in the UAE have also seen their members express interest in investments with a double- (social) or triple- (environmental) bottom-line. In his opening remarks during the Dubai Economy Talks in March 2017, Sami Al Qamzi, Director General of Dubai Economy, stated that, “In the UAE and in Dubai in particular, impact investment is entrenched in our values and heritage. It is part and parcel of how we do business in line with our Islamic economy and finance principles that take a re-distributive approach to not only the poor but to the society at large.”⁴⁰

Next generation of HNWI show strong interest in philanthropy

A younger population of Emiratis and expatriates, often children of prominent philanthropists, is increasingly active in philanthropy through several channels, including family businesses, corporations, and individual giving. As a group, they show a strong interest in philanthropy that is innovative, impact-driven, and often seeks to address global challenges.

The rise of the next generation in family businesses appears to be having a growing impact on philanthropy and giving. Seeking to be more strategic and to maximize their impact on society, the younger generation in these family businesses in the UAE is often leading internal strategic processes to guide the future of their respective family philanthropies. The next generation seems increasingly inclined to embrace ideas including global well-being, measurable impact, and sustainable development through corporate responsibility. They are integrating sustainability into their business operations, developing products that are environmentally

friendly, and building corporate social responsibility initiatives within their companies. This group seems particularly interested in institutionalizing and professionalizing their charitable giving, and in engaging in some of the non-traditional approaches described earlier, including social entrepreneurship and impact investing. They are often well-informed about the global philanthropic ecosystem and want to be involved in building effective models in the UAE.

By way of example, Muna Al Gurg, a UAE national from Dubai, has taken a prominent role in her family's business, Easa Al Gurg Group, as Director of Retail of Al Gurg Group, and in her family's foundation, the Easa Al Gurg Foundation, where she is responsible for the foundation's strategy and initiatives in the UAE and internationally. Additionally, Al Gurg is on the board of several philanthropic organizations in the UAE, including the Emirates Foundation for Youth Development and Endeavor UAE.⁴¹

Family businesses increasingly engaged in strategic giving

Over the last decade, family businesses have grown in the GCC and specifically in the UAE. According to a local ecosystem expert, 90 percent of the private sector in the GCC is driven by family businesses and approximately USD 7-10 billion a year in philanthropy comes from family businesses in the GCC.⁴² These businesses can become both a catalyst and vehicle for institutionalized giving. Many families are seeking to build sustainable businesses that reflect and integrate their own personal values, which often include philanthropic giving. At the same time, many families attribute the success of their business to their faith and values, such as concern for others. Together, this business commitment to sustainable business, combined with personal religious and family beliefs about helping others, can lead to giving becoming integrated into family-owned businesses. Findings in the study *Family Legacies: Wealth and Philanthropy in the Arab World* show that family business owners have a strong sense of social responsibility, as demonstrated through business practices that include charitable projects and initiatives. Within the report, Khalaf Al Habtoor, founder of Al Habtoor Group in Dubai and founder

of Khalaf Al Habtoor Foundation, described how giving back to the community was a strategic decision, and that his group has appropriated a certain portion of earnings of his businesses to philanthropy.⁴³

Measurement and evaluation

Leaders of philanthropic institutions in the UAE are increasingly recognizing the importance of measuring impact and developing strategies and tools to assess program outcomes. For example, Dubai Cares has not only developed internal evaluation policies and practices, but also engaged with external third-party evaluators to help assess the organization's field operations and country program staff. The Abdulla Al Ghurair Foundation for Education has also recognized the importance of rigorous evaluation of its programs and impact. Since its establishment, the foundation has employed a measurement and evaluation specialist to develop and monitor progress against clear metrics and assess both the short- and long-term impact of awarded scholarships.

VIII. Great Expectations: Challenges and Opportunities

Philanthropy in the UAE holds great promise. Traditional values and religious tenets provide a strong foundation for giving. The ruling families of the UAE have built on these traditions and made humanitarian and development aid, channeled through both official and private mechanisms, a national priority. In their official capacities, they have embarked on ambitious initiatives to establish the UAE as a leader in global assistance. They have also encouraged the broader population through a number of public initiatives to become more philanthropically engaged. In their more private roles, several members of ruling families have created and lead important philanthropic foundations that are notable examples of institutional giving in the country. This leadership, coupled with the tremendous – often newfound – wealth in the UAE, has led prominent citizens and residents to become more philanthropically active, as well as more strategic and visible in their giving. The first part of the 21st century has witnessed significant growth in the number of philanthropic institutions, the scope of their programs, and the scale of their activities.

Positive indicators notwithstanding, there are important challenges that must be overcome if philanthropy in the UAE is to realize its full potential. First, a lack of clarity around registration, concerns around security, and increased scrutiny on social sector organizations has resulted in a challenging legal and policy environment for private philanthropic institutions. While there are some indications that the legal environment for charitable institutions is improving, new policies, easier processes, and greater clarity and transparency are needed if the sector is to truly flourish.

Second, there is limited knowledge and data available on individual institutions, and on the sector as a whole. At the institutional level, limited evaluation and assessment means that organizations are unable internally to assess their impact and achievement of their goals. Externally, the lack of publicly available information stands in the way of fully understanding the sector's contributions and limits effective collaboration. More knowledge regarding the scope, roles, and impact of philanthropic institutions could

help individual foundations increase their impact, demonstrate the importance of the sector and its individual institutions, and facilitate more collaboration and coordination among foundations, and between private foundations and the government.

Third, while there are some promising examples of collaboration among UAE philanthropists, philanthropic partnerships in the UAE remain limited. Structured partnerships among foundations and between different types of institutions could create efficiencies, while at the same time allowing UAE philanthropists to work together, with government, and with philanthropists elsewhere in the world to address global challenges.

Finally, truly strategic philanthropy in the country remains limited. Much philanthropy understandably reflects the admirable traditional practices of charitable giving to alleviate immediate suffering. However, this creates challenges for those organizations wishing to work with populations or on issues that do not align with traditional practices. Further, a traditional approach may affect how organizations work, for example limiting their transparency or even standing in the way of evaluation processes. If the UAE is truly to develop its role as a leader in global humanitarian philanthropy, traditional charitable giving will need to be accompanied by strategic social investments seeking long-term and sustainable solutions to global humanitarian and development challenges.

Philanthropic leaders and experts in the UAE remain optimistic, with great expectations for the continued growth of a vibrant, engaged, and globally active philanthropic sector. Ultimately, if the full potential of this sector is unlocked, it will affirm and demonstrate the UAE's commitment to local, regional, and global communities, and indeed to humankind writ large.

Appendix 1:

TYOLOGY OF FOUNDATIONS

Independent foundations are independent, separately-constituted nonprofit entities; have no members or shareholders; and have their own governing board. They have their own established source of income, sometimes, but not exclusively, from an endowment, of which 50 percent or more comes from one private source (e.g., an individual, family, or corporation). They distribute their financial resources for educational, cultural, religious, social, or other public benefit purposes, either by providing financial support to other public benefit entities (such as charities, associations, educational institutions) and/or individuals; and/or operating their own programs.

Family foundations are independent foundations whose funds are derived from members of a single family. Family members often serve as officers or board members and have a significant role in governance and program decisions. (Family Foundations are self-identified: in most countries there is no legal definition.)

Corporate foundations are independent foundations whose funds are derived primarily from the contributions of a profit-making business. The corporate foundation often maintains close ties with the donor company, but it is a separate legal organization, sometimes with its own endowment.

Government-linked foundations are independent, separately-constituted non-profit bodies; have their own independent governing board; and have no members or shareholders. They are created by a governmental body that provides initial capital. They may receive ongoing contributions from government and other sources, of which 50 percent or more is received from a government body.

Ruling Family foundations are run by members of a ruling family. They are managed by a board of trustees that is composed of members of the ruling family and they receive 50 percent or more of their funds from the private wealth of the ruling family.

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