

Philanthropy in Evolution:

The Foundation Sector in the State of Kuwait

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HARVARD Kennedy School
BELFER CENTER
for Science and International Affairs

FACULTY RESEARCH REPORT
JUNE 2019

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Cover photo: Souk Sharq pier in Kuwait during a sandstorm. (Adobe Stock)

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The Middle East Initiative at Harvard Kennedy School's 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.

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Additionally, we would like to extend our gratitude to the government officials and not-for-profit leaders and experts who shared invaluable insights on the practice of philanthropy in Kuwait. Many of these individuals and their organizations are engaged in international development efforts and humanitarian aid, helping to build Kuwait into a philanthropic leader both regionally and globally.

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Souk Sharq pier in Kuwait during a sandstorm.

(Adobe Stock)



Executive Summary

Kuwait has a long history of generosity and has been globally recognized for its humanitarian aid and philanthropic giving. The ruling family, the House of Al-Sabah, and merchant families have been prominent philanthropic leaders in Kuwait. More recently, the growth in personal wealth has allowed more individuals to engage in the charitable sector. Philanthropy in the country is becoming more organized, institutionalized, and visible. In turn, the government is increasingly engaged in regulating the sector.

Philanthropic giving in Kuwait is influenced by several factors. Most notable are the religious and cultural traditions of generosity found across the Arab region, particularly in the Gulf. Islamic religious beliefs and practices—such as *zakat* and *waqf*—continue to anchor much of the charitable giving in Kuwait today. In addition, the ruling family has engaged in and become a role model for philanthropy in the country and has actively encouraged Kuwaitis to become philanthropically engaged. Individuals, merchant families, and others are also motivated to give by fundamental family values and interest in establishing a family legacy.

The government has taken concerted efforts to regulate the philanthropic sector, including to ensure that all philanthropy addresses legitimate and approved philanthropic goals. Presently, the legal and policy environment for philanthropy appears to present challenges to the development of a more robust charitable sector. Like in other Gulf Cooperation Council (GCC) countries, registration of philanthropic institutions can be burdensome, regulations can be ambiguous, and there are strict limitations on fundraising. While many recognize the need for regulations, recent legislation may hinder the growth of institutional philanthropy in Kuwait.

In particular, giving to organizations outside of Kuwait has become more difficult. In recent decades, it appears that much philanthropy in Kuwait has been directed toward international causes. Thus, recent

restrictions on international giving may be significantly reshaping the philanthropic landscape.

Organized or institutional philanthropy in Kuwait has grown significantly over the past 20 years. This study identified a total of 93 private foundations in Kuwait, of which 59 are considered active. Among the active foundations, over 90 percent have been incorporated since 1999. The majority of foundations appear to be family-led. The organizations predominantly work in four key areas: religion; education; humanitarian relief and (immediate) poverty alleviation; and health. The foundations employ a mix of operational strategies, including grantmaking and operating their own internal programs.

Optimistically, Kuwait's philanthropic future is bright. It builds on a long history of giving that is deeply embedded in Arab and Islamic culture. The Emir Sabah Al-Ahmad Al-Jaber Al-Sabah is committed to establishing Kuwait as a global philanthropic leader. The government is actively shaping the sector, and short-term policy obstacles may be resolved through future legislation. The growth of private foundations over the last two decades is a hopeful sign, and recent initiatives to promote and professionalize the sector are encouraging. Perhaps most promising are the observations that the next generation is committed to engaging in more, and more impactful, philanthropic giving.

Introduction

Throughout the world, philanthropy is growing and gaining visibility. Charitable giving seems nearly universal across time, geographies, and cultures. It is often grounded in religious beliefs, cultural traditions, and a moral responsibility to help those less fortunate. Notably, in recent decades, an increasing amount of philanthropy is becoming more organized, with individuals, families, and corporations establishing formal institutions to structure and amplify their giving. The recently published *Global Philanthropy Report* found that in a sample of 80,000 global foundations in 19 countries and Hong Kong, close to three-quarters were established in the last 25 years.¹ Reasons for the growth in organized philanthropy vary from country to country, but prominent among them is an interest in greater philanthropic focus, professional operations, and the ability to measure impact.

Charitable giving is strong and appears to be evolving rapidly within the Arab region. It is a fundamental creed of Islam, the predominant religion in the area, and entrenched in family values. Accompanying these strongly held beliefs, in the Gulf region in particular, the discovery of oil, the ensuing economic growth, and the resulting gains in personal wealth have significantly increased the potential for philanthropic giving.

Despite the deeply rooted and centuries-old traditions of giving and the much more recent increase in prosperity, little is known about organized philanthropy in Gulf countries, and particularly in Kuwait. While the bulk of giving in Kuwait is thought to be carried out by individuals, the importance of organized philanthropy appears to be increasing and deserves exploration.

This study seeks to provide new knowledge and data on Kuwait's organized charitable sector. It is based on 33 interviews with philanthropists; leaders of philanthropic institutions and non-profit organizations; and representatives of government, companies, and academic institutions. It also makes use of data provided by the Ministry of Social Affairs and Labor (MoSAL), the regulatory body in charge of philanthropic institutions in Kuwait, and a review of the limited published literature on philanthropy in the country.

¹ Johnson, Paula. (2018). The Global Philanthropy Report. The Hauser Institute for Civil Society at the Center for Public Leadership, Harvard Kennedy School, Harvard University.

Following this introduction, Section II provides a summary of the political, economic, and social environment in which charitable giving operates in Kuwait. Section III examines the key influences and driving forces behind philanthropic giving, and Section IV describes the legal and policy environment affecting organized giving. Section V provides new data on the scale, priorities, and practices of philanthropic institutions in the country. In closing, Section VI reflects on emerging trends in the sector.

This study should be viewed as a very preliminary contribution to understanding the unique and intriguing Kuwaiti philanthropic landscape. Importantly, the authors hope to encourage further research on Kuwait's historical and present culture of generosity and giving.

This study on philanthropy in the State of Kuwait complements other studies on philanthropy in the Gulf, including *Great Expectations: The Growth of Institutional Philanthropy in the United Arab Emirates*, also published by the Middle East Initiative at the Harvard Kennedy School. It will also contribute to the next edition of the *Global Philanthropy Report*, bringing wider awareness of Kuwait's generosity to a global readership.

I. Country Background

Figure 1: Kuwait at a Glance

Economic Indicators

Indicator	Statistic
Population (2017)	4.14 million
Income level	High income
GDP (Current USD, 2017)	USD 120.13 billion
GDP per capita (Current USD, 2017)	USD 29,040
GDP growth (Annual %, 2017)	-2.9%
Unemployment rate, total (% of total labor force, 2017)	2.08%

Social Indicators

Indicator	Statistic
Human Development Index (UNDP, 2015)	0.80, Rank 51 of 188
Social Progress Index (Social Progress Index, 2017)	74.12, Rank 42 of 133

*All data from World Bank unless otherwise noted

With the discovery of oil in the 1930s, Kuwait began a transformation from a quiet pearl diving and fishing port into a regional commercial center and one of the largest oil producing countries in the world. It is now the fourth largest economy in the GCC and one of the wealthiest countries in the region on a per capita basis. Its 2017 GDP per capita was USD 29,040, ranking it 31st globally.² Kuwait's strong economy relies predominantly on oil reserves. Petroleum accounts for over half of GDP³, more than 90 percent of exports, and approximately 90 percent of government income.⁴ In 2017, Kuwait released a plan to lessen its economic reliance on the oil industry and transform the country into a regional financial and cultural hub by 2035.

2 World Bank. (2017). Retrieved October 2, 2018 from https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?view=map&year_high_desc=true.

3 World Bank. (2017). Kuwait's Economic Outlook—October 2017. Retrieved October 2, 2018 from www.worldbank.org/en/country/gcc/publication/kuwait-economic-outlook-october-2017.

4 World Bank. Gulf Economic Monitor. (February 2018). Deepening reforms in focus: pension systems in the Gulf. Issue 2. Retrieved October 2, 2018 from www.worldbank.org/en/country/gcc/publication/gulf-economic-monitor-deepening-reforms-in-focus-pension-systems-in-the-gulf.

Revenues from oil provide the basis for a generous welfare state for Kuwaiti citizens, and the country boasts several strong social indicators. Life expectancy in Kuwait is 75 years⁵ and 95 percent of Kuwaiti adults are literate, with near equal literacy rates for men and women⁶. In terms of overall development, in 2015 the United Nations Development Program (UNDP) classified Kuwait as “very high” in human development, with a rank of 51 out of 188 countries on the Human Development Index (a score of 0.80). In 2017, the Social Progress Index categorized Kuwait’s social progress as “upper middle,” with a rank of 42 out of 133 countries (a score of 74.12).

After gaining its independence in 1961, Kuwait became the first Gulf country to establish a constitution and a parliament, in 1963. Kuwait’s parliamentary monarchy is among the most liberal political systems in the Arab region. Elected in open elections, the parliament has the legislative powers to oversee and question the government, including the Prime Minister (a position that has always been held by a senior member of the ruling family).

Kuwait has an estimated population of four million, with an expatriate population representing approximately two-thirds of the country’s residents.⁷ The growing economy has led to a significant accumulation of private wealth among both Kuwaiti nationals and expatriates in the country. In 2015, Kuwait had the world’s fifth-highest density of millionaires, with approximately ten percent of households holding private wealth greater than USD 1 million.⁸

5 World Bank (2016). Life expectancy at birth, total years. Retrieved July 10, 2018 from https://data.worldbank.org/indicator/SP.DYN.LE00.IN?Id=b450fd57&Report_Name=CountryProfile&country=ARE&dd=y&inf=n&locations=KW&tbar=y&zrn=n.

6 World Bank. (2015). Retrieved October 2, 2018 from <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS?locations=KW>.

7 World Bank. (2018). Kuwait’s Economic Outlook—April 2018. Retrieved October 2, 2018 from www.worldbank.org/en/country/gcc/publication/economic-outlook-april-2018-kuwait.

8 Boston Consulting Group. (2015). Global Wealth 2015: Winning the Growth Game. Retrieved October 2, 2018 from www.bcg.com/publications/2015/financial-institutions-asset-wealth-management-global-wealth-2015-winning-the-growth-game.aspx.

II. Philanthropic Motivations and Influences

The individuals interviewed for this study emphasized the internal motivations that inspire their own giving and that influence the practice of philanthropy in the country. Almost universally, interviewees underscored the central role of religious beliefs, the importance of family values and legacies, and the sense of a moral duty or social responsibility to help those in need. These motivations are strongly intertwined. Notably, much philanthropy appears to be centered on the act of giving itself, rather than on the tangible outcomes of philanthropic endeavors.

In addition to these intrinsic values, many individuals noted the historic role of Kuwait's merchant families and the state's deep commitment to philanthropic giving and humanitarian aid as important factors in shaping today's philanthropic practices. Importantly, individuals interviewed for the study almost unanimously described their giving as motivated by a moral code that they described as near universal in Kuwait. They emphasized that in Kuwait everybody gives according to their means; there is a responsibility to help others. Several interviewees also spoke of the personal happiness that derives from the fulfillment of this responsibility.

Giving in the Islamic tradition

Giving is a fundamental part of the Islamic tradition. In Kuwait, the origins of philanthropy and the current charitable motivations and practices of philanthropists are closely linked to religious values and creed. In keeping with Islamic teaching, giving primarily seeks to provide immediate relief to individuals who are suffering or in need. It also aims to strengthen the bonds of the Muslim community, the *ummah*.

Three main types of individual charitable giving are commonly distinguished in Islam: *zakat*, *sadaqa*, and *waqf*.⁹ *Zakat* constitutes the third

⁹ Johnson, Paula and Rahim, T. (2018). *Great Expectations: The Growth of Institutional Philanthropy in the United Arab Emirates*. Ash Center for Democratic Governance and Innovation.

pillar of Islam: every year, Muslims are required to give 2.5 percent of their net wealth for charitable purposes. *Sadaqa* is a voluntary contribution that is encouraged to support those in need. A *waqf* (pl. *awqaf*) is a type of private endowment whose revenues are solely used for charitable purposes.

In Kuwait, *zakat*, *sadaqa*, and *waqf* have traditionally been directed to four areas: social and religious infrastructure (e.g., building and/or maintaining a mosque, a well, an orphanage, or a similar institution); support for underprivileged individuals or families (either through financial support or in-kind contributions, such as food or clothing); social services (e.g., healthcare and education institutions or programs); and religious activities (notably Islamic teaching and pilgrimage to Mecca). From this study's interviews, it seems that private foundations also support these same categories and activities. In addition, as Islamic traditions emphasize the virtue of anonymity in charitable acts, most giving—including corporate giving—in Kuwait is private and anonymous.

Contributions to Zakat House and the Kuwait Awqaf Public Foundation (KAPF), public institutions established respectively in 1982 and 1993, further demonstrate the strength of faith-inspired giving. Managing the endowments of individuals and families, KAPF hosts dozens of thematic trust funds dedicated to religious and social activities. In 2011, KAPF had assets of USD 845 million.¹⁰ Zakat House collects *zakat* resources from Kuwaiti individuals, companies, and public charities, and receives an annual donation from the government. In 2015, total contributions to Zakat House reached USD 165 million¹¹ and primarily served to support disadvantaged families in Kuwait.

¹⁰ UN ESCWA. (2012). *The Awqaf Developmental Role in Society needs: Kuwait Awqaf Public Foundation, Developmental Social Experience and Prospects*. United Nations Economic and Social Commission for Western Asia.

¹¹ Most recent information available at the time of writing.

A historic legacy: the role of merchant families

Beginning in the eighteenth century, trading centers structured around the industries of shipbuilding, pearl diving, and fishing emerged in Kuwait.¹² At the heart of these centers were merchant families, which comprised the economic backbone of the country.¹³ Many interviewees noted that this merchant elite has shaped philanthropy in Kuwait for centuries and continues to be among the most prominent philanthropists in Kuwait today.

Living from the sea was a highly risky occupation, and merchant families developed philanthropic practices, such as social safety nets and mutual aid mechanisms, particularly to help one another in times of crisis. More broadly, merchant families contributed to the building of social institutions, such as schools, hospitals, public drinking fountains, and mosques, often in support of the rulers' priorities. Such efforts can be traced back to at least 1876, when Abdulaziz Mohammad Al-Duaij built what is considered the first drinking fountain in Kuwait.¹⁴

Another example of merchant-family philanthropy is seen in the People's Committee for Donation Collection, established in 1954 at the Chamber of Commerce. Under the guidance of Sheikh Jaber Al-Ahmed Al-Jaber Al-Sabah, the Committee was designed to collect funds from Kuwaiti merchant families and redistribute them to charitable causes in the Arab region and more broadly in predominantly Muslim countries. The Committee remains an active donor and humanitarian actor that collaborates with other local organizations, including the Kuwait Red Crescent Society, on national aid campaigns.

12 Ibrahim, B and Sherif, D. (2008). *From Charity to Social Change. Trends in Arab Philanthropy*. The American University in Cairo.

13 Nosova, A. (2016). *The merchant elite and parliamentary politics in Kuwait: The dynamics of business political participation in a rentier state*. The London School of Economics and Political Science.

14 Kuwait News Agency (KUNA). (2017). "Bin Duaij fountain, oldest most iconic fountain in Kuwait". Retrieved October 2, 2018 from www.kuna.net.kw/ArticleDetails.aspx?id=2587587&language=en.

Family values, traditions, and legacies

In addition to the historic influences of merchant families, broader family values and traditions seem to greatly influence philanthropic engagement in Kuwait. Many interviewees described their philanthropy as a way to perpetuate family values or honor family legacy. One example is the Sultan Educational Foundation, founded by Abdulaziz Sultan. In the 1960s, his father provided scholarships to underprivileged students in Egypt. In 1977, to continue his father's legacy, Abdulaziz Sultan created the foundation to support disadvantaged and high-achieving Arab students.

Several of the philanthropic organizations interviewed were named after a founder's parent, who was often a philanthropic role model. Some of these foundations were funded by a bequest requiring that part of an estate be used for charitable purposes. By way of illustration, Abdul Razzaq Al-Sane, founder and chairman of the Al-Sane Group, stipulated in his will that a significant portion of his wealth be given to charity. His children established a foundation in his name dedicated to alleviating poverty in Kuwait.

Interviewees also described the role of family foundations in strengthening family bonds. In a country where families can count thousands of members, philanthropy brings multi-generational family members closer together and helps ensure that they remain a solid group with shared values.

A national commitment to philanthropic leadership

Generosity is integral to the identity and image of Kuwait, and the country has long prioritized its philanthropic and aid efforts. Importantly, Kuwait's international assistance can sometimes include both official government funds and private contributions from the head of state and other individuals, and thus a distinction between public assistance and private giving is not always apparent, philosophically or practically. Within the country, official development assistance (ODA) is often referred to as "philanthropy." Individuals interviewed for this study spoke of their pride in the

country's humanitarian leadership and their desire to contribute to the state's philanthropic prominence through personal efforts and partnerships with the government.

The State of Kuwait figures among the most generous donors in the world. In 2016, Kuwait's ODA reached USD 1 billion.¹⁵ This represents 0.87 percent of GNI, exceeding the 0.7 percent target set by the United Nations (UN).¹⁶

Kuwait was the first Arab nation to establish a foreign aid agency. In 1961, the year of Kuwait's independence, the Kuwait Fund for Arab Economic Development was established to provide economic assistance to developing countries. This national commitment to provide aid and relief was further reflected in several public and private institutions established in the following decades, such as the Kuwait Red Crescent Society (1965) created by a group of philanthropists, and the Kuwait Foundation for the Advancement of Sciences (1976) and the International Islamic Charity Organization (1986), both established by Emiri decree.

More recently, the State of Kuwait has emerged as a leader in aid focused on the Syrian humanitarian crisis, both in absolute and relative terms. Through the leadership of the Emir Sabah Al-Ahmad Al-Jaber Al-Sabah, Kuwait has hosted three international conferences in response to the Syria crisis. In total, the conferences secured USD 7.5 billion in commitments, with a total of USD 1.3 billion pledged by Kuwait.¹⁷ During the 2014 conference, the Emir pledged USD 500 million, which included USD 100 million from the government and USD 400 million from private sources, encouraged by the Emir.

15 OECD. (2018). *Development Co-operation Report 2018: Joining forces to leave no one behind*. Retrieved October 2, 2018 from www.oecd.org/dac/DCR2018-Leave-No-one-Behind.PDF.

16 *Ibid.*

17 In January 2013, the Emir pledged USD 300 million from Kuwait. Conference appeal was USD 1.5 billion and pledges of USD 1.54 billion came from 43 member states. During the second conference hosted in January 2014, USD 2.4 billion was raised from 40 donors. In March 2015, the Emir hosted a third conference and pledged USD 500 million, during which USD 3.8 billion was pledged from 40 donors. Kuwait also acted as co-host alongside the UK, Germany and Norway for the 2016 London pledging conference where over USD 10 billion were pledged. For more information see: Stafford, T. (2017). *An Emerging Philanthropic Superpower? Kuwaiti humanitarian efforts in Syria and beyond*. Retrieved October 2, 2018 from <https://cmec.org.uk/publications/emerging-philanthropic-superpower-kuwaiti-humanitarian-efforts-syria-and-beyond>.

In 2016, Oxfam UK published a “fair share analysis” of Syrian aid, which suggested the level of commitment that each wealthy country should make to assist those affected by the Syrian crisis and reported on actual national pledges. Kuwait was ranked first, with its aid contribution assessed at over 500 percent of its total fair share.¹⁸

Beyond the Syrian crisis, Kuwait’s leaders continue to position the country as a leading international donor. Kuwaiti aid supports several UN agencies. The country is also an early and generous donor in response to natural disasters. In addition, Kuwait is a consistent donor to programs to alleviate poverty in impoverished areas of Africa.¹⁹ In 2014, the United Nations paid tribute to Kuwait’s generosity and the Emir Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, describing Kuwait as a “global humanitarian center” and the Emir as a “humanitarian leader.”

“Kuwait may be a small country in size, but she has a big and broad and compassionate heart. We are here today to pay our deepest tribute to the humanitarian leadership of His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah. We thank His Highness the Emir of Kuwait and the people of Kuwait for their outstanding generosity toward Syrians and Iraqis in need... At a time when so many of our appeals are under-funded, it is good to know we can count on Kuwait’s generosity, and particularly His Highness, the Emir of Kuwait.”

—Ban Ki-Moon,
UN Secretary-General, 2007-2016

18 Oxfam UK. (2016). *Syrian Crisis Fair Share Analysis 2016*. Retrieved July 3, 2018 from <https://policy-practice.oxfam.org.uk/publications/syria-crisis-fair-share-analysis-2016-594875>.

19 Stafford, T. (2017). *An Emerging Philanthropic Superpower? Kuwait humanitarian efforts in Syria and beyond*. Retrieved October 2, 2018 from <https://cmecc.org.uk/publications/emerging-philanthropic-superpower-kuwaiti-humanitarian-efforts-syria-and-beyond>.

III. The Legal and Policy Environment for Philanthropy

The current legal and policy environment for philanthropic and charitable organizations in Kuwait is relatively restrictive by global standards. In part, this is a result of existing legislation governing such areas as registration, governance, operational practices, fundraising, and permissible activities of philanthropic institutions. The government has recently issued regulations to ensure that giving does not end up supporting suspect or illegitimate activities. It has adopted a “zero tolerance” policy and has responded vigorously to illegitimate uses of philanthropic funds. While the increase in bureaucracy and scrutiny is seen by many as cumbersome, many interviewees acknowledged that the new legal framework has helped build more trust with the public. Further, it may have led to the establishment of more philanthropic institutions and public charities within the country; several individuals noted that it was prudent to establish an organization that is registered with MoSAL to help ensure that charitable giving complies with government policies.

An important resource on Kuwait’s legal and regulatory environment is the International Center for Not-for-Profit Law’s (ICNL) *Kuwait Philanthropy Law Report*, which details the government framework, relevant laws, and key legal issues of Kuwait’s philanthropic and broader non-profit sector. That report, along with other resources on the regulatory environment and in-country interviews, informed this section.²⁰

Organizational forms of philanthropy

Philanthropic organizations fall into two legal categories: private foundations (*mubarras*) and private endowments (*awqaf*). The ICNL report provides descriptions of these organizational forms, which have been excerpted here.

²⁰ International Center for Not-for-Profit Law. (2017). *Kuwait Philanthropy Law Report*. Retrieved October 2, 2018 from <http://www.icnl.org/Kuwait%20Philanthropy%20Law%20Report.pdf>.

Private Foundations.²¹ Families and established institutions may incorporate private foundations. Private foundations are regulated by the Council of Ministers Resolution No. 74/1999. The formation process requires the approval of the Ministry of Social Affairs and Labor. In 1999, the Ministry issued model articles of incorporation that all private foundations must adopt. In 2015, the Ministry of Social Affairs and Labor issued an executive regulation on private foundations. Private foundations are subject to the same restrictions as public charities in terms of the right of foreigners to establish them [they cannot] and their ability to engage in political activities and activities that incite religious conflicts [prohibited].

Private Endowments. Private endowments, which are regulated by the Higher Emiri Order to Apply Awqaf, are the most liberal legal form of not-for-profit organizations. This form is not restricted to Kuwaitis; any foreigner may register a private endowment in Kuwait. However, private endowments are not permitted to raise public funds. Private endowments are considered the oldest organizational form under Kuwaiti law and have been regulated since 1959. However, the regulation is incomplete and fails to address many relevant aspects. For example, the regulation does not recognize the concept of incorporation, and therefore there are ongoing discussions as to whether private endowments are considered to be legal persons. In practice, this means that private endowments face challenges operating, even when carrying out such basic tasks as opening bank accounts.

Registration process

According to the ICNL report and this study's interviews, it can be bureaucratically burdensome and time consuming to register as a private foundation, with the process often taking about a year. The ICNL report also notes that while the process can be subject to political influence, it is reasonable to hope that the process is becoming more liberal and efficient.

²¹ The Arabic text of the laws refers to 'charitable mubarras' and 'mubarras'. Mubarras are private foundations reporting to MoSAL.

Government regulation

Private foundations in Kuwait are regulated primarily by MoSAL. The law provides for the ministry to inspect the financials and activities of a foundation, and replace the board of directors, among other rights and responsibilities. The ICNL report observes that, in practice, supervision is fairly relaxed, but those interviewed suggested that recent years have seen heightened supervision that may be a hindrance to the development of institutional philanthropy in the country.

Both the ICNL study and individuals interviewed described the policy environment as somewhat difficult to understand, with ambiguity around areas such as permissible activities. Because the legal terms are not clearly defined, the government has broad discretion to determine appropriate or inappropriate philanthropic conduct.

Economic and political engagement

Private foundations, along with most forms of not-for-profit organizations, are prohibited from engaging in commercial activities. They are also prohibited from engaging in political activities and lobbying. Because there are no legal definitions or guidelines of what constitutes political activity or lobbying in Kuwait, the government maintains liberal discretion to determine legally accepted or prohibited activities.

International giving

Individuals interviewed for this study suggested that, historically, a significant portion of charitable giving has supported issues and efforts outside of the country. However, the policy and political environment for international giving has become more restrictive over recent years. From interviews, it appears that the restrictive environment is based on a combination of both written legislation and political prudence.

The ICNL study reports that legally: “Domestic donors are not subject to restrictions on making donations abroad. Any citizen may simply donate to an international organization without the need to get any approvals. However, they must ensure that funds donated internationally are not used to sponsor a criminal or terrorist-related activity.” In interviews, several individuals emphasized the difficulty of making direct donations outside of the country through their philanthropic organizations, suggesting that banking regulations and other policies made it sufficiently burdensome to be almost impossible. As a result, an increasing amount of international giving takes the form of donations to internationally active and respected non-profit organizations based in Kuwait, such as the Red Crescent Society or Direct Aid, funded in 1981 by the late Dr. Abdul Rahman Al-Sumait to provide relief in Africa.

Operational guidelines

Private foundations in Kuwait cannot publicly fundraise. However, the ICNL reports that they can “solicit private donations at private functions (such as family gatherings).” As there is no legal definition of public fundraising, any fundraising initiative is a matter of interpretation.

Private foundations must have at least ten founders and a board composed of five to nine members. They are also required to have a lease for their headquarters of at least 250 square meters. Foundations are required to submit to MoSAL an annual activity report accompanied by a financial report compiled by an external auditor.

IV. Philanthropic Institutions in Kuwait

There is clear evidence of Kuwait's generosity to assist those in need, including contributions from both public and private sources. Yet, as stated at the outset, there is limited information on the scale, scope, and impact of private philanthropy and, in particular, the role of private foundations. This research was aimed at better understanding these institutions. It sought to first map the landscape of private foundations, and then, to the extent possible, explore a range of key characteristics, including: scale and age; typology; topical and geographic priorities; operating approaches and governance; financial resources; and reporting and evaluation practices.

To allow for regional and global comparability, this study employed the same institutional criteria and taxonomy used in the *Global Philanthropy Report*, while also allowing slight modifications for the unique context of Kuwait. Specifically, the cohort includes 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; and (5) provide financial resources for educational, cultural, religious, social, or other public benefit purposes either by operating their own programs and/or by providing financial support to other public benefit entities (e.g., charities, associations, educational institutions) and/or individuals. This cohort is further classified into four main types of foundations: independent, family, corporate (company-established), and ruling family. It is important to note that these are operational, not legal, categories. The characteristics of each type of foundation are described in Appendix A.

Scale of the philanthropic sector

Using the above criteria, 93 philanthropic institutions were identified in Kuwait, including:

- 86 private foundations registered with MoSAL and known locally as *mubarras* (see definition in Section IV).
- 2 private foundations not registered with MoSAL (they are likely registered with other government departments, but this could not be confirmed).
- 5 private endowments. The study does not generally include private endowments as they are not clearly independent institutions identified as “legal entities.” However, these five appear unique and relevant in that they appear to operate similarly to private foundations, and they are particularly active and visible in the Kuwaiti philanthropic landscape.

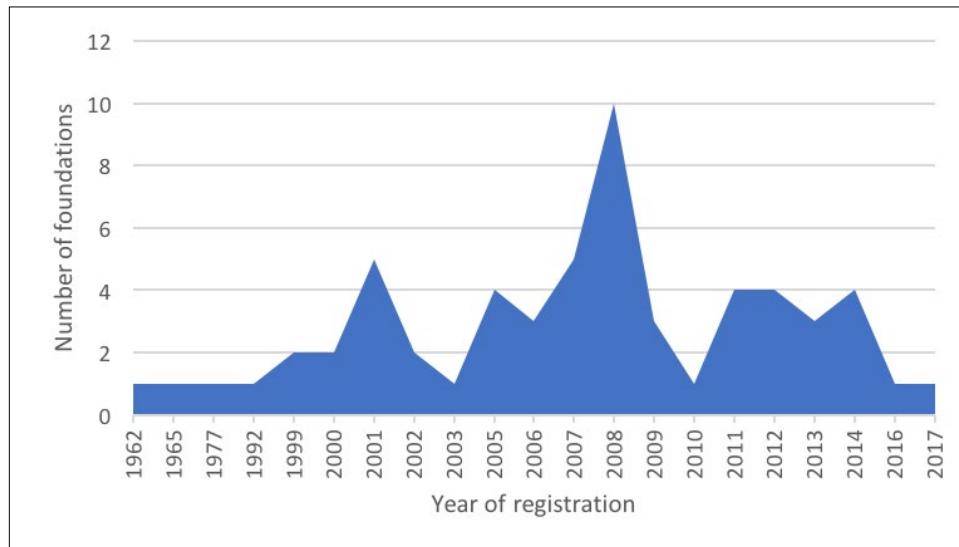
Of the 93 institutions identified, the research focused on 59 philanthropic organizations that appeared to be most active, having carried out some philanthropic activity in the last year. Of these 59 foundations, in-person or telephone interviews were conducted with representatives from 14 of the organizations, representing about a quarter of the active foundations. Information on the other active foundations was gathered through conversations with, and data made available by, MoSAL, and publicly available information. The sample sizes for each issue differ based on response rates and available information.

Age of philanthropic institutions

Based on the available data, institutional philanthropy in Kuwait is relatively young and appears to have grown significantly since the turn of the century. It is important to note that the legal framework for private foundations (*mubarras*) was created in 1999. It is likely that a few organizations (at least five) were operating earlier, either as informal and non-registered philanthropic organizations or under a different type of registration, such as “public charity.”

The oldest foundation in Kuwait, the Emir-funded Sabah Salem Foundation, was registered in 1962. Over 90 percent (55) of the foundations in the active-foundation cohort have been incorporated since 1999 (see Figure 2).

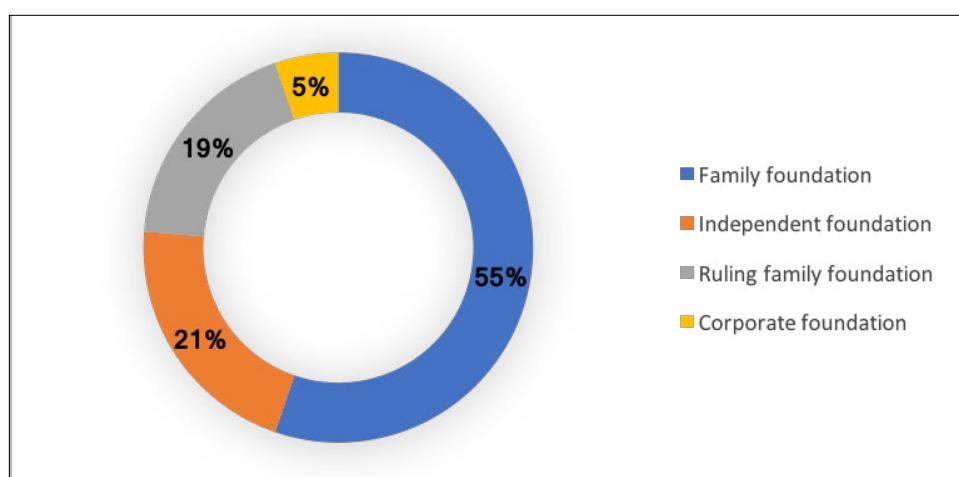
Figure 2: Year of registration of philanthropic institutions (N=59)



Type of foundations

Of the 59 active philanthropic organizations, about two thirds (38) were able to be preliminarily categorized. More than half (21) are family foundations²²; 21 percent (8) share the characteristics of independent foundations; 19 percent (7) fall into the category of ruling family foundations, and 5 percent (2) are corporate foundations (see Figure 3).

Figure 3: Typology of foundations (N=38)



²² Some of the family foundations can be described as family-oriented foundations: their primary goal is to support vulnerable members of their own family. They are a unique type of foundation that has deep historical roots in Kuwait. Families in Kuwait can encompass thousands of members all with varying degrees of wealth and very different needs. A family-oriented foundation allows wealthier family members to support and care for the members of their extended family most in need. These foundations also dedicate a portion of their giving to public causes that are not related to the extended family.

Kuwait Foundation for the Advancement of Sciences

The Kuwait Foundation for the Advancement of Science (KFAS) is among the most important philanthropic institutions in the country. While this study focuses on *mubarras* (private foundations) and similar organizations, KFAS' unique and prominent role deserves to be highlighted.

Established in 1976 by the Emir, KFAS is dedicated to promoting science, technology, and innovation (STI) in Kuwait. It is uniquely funded by local shareholding companies that contribute one percent of their annual net profits to the organization. In 2016, contributions to KFAS amounted to KD 21.9 million (approximately USD 73 million).²³

KFAS has had a wide-ranging impact on STI in Kuwait. Its efforts have focused on building a strong STI workforce and further advancing the science and technology sector through advocacy, research, knowledge dissemination, training, community-based events, and a number of competitions and significant prizes. It has engaged in topics of great importance for the country and region, including solar energy, water security, and non-communicable diseases.

KFAS has established and funded several specialized research centers in Kuwait, such as the Dasman Diabetes Institute. Additionally, it has fostered regional and international collaborations with academic and research institutions and corporations to further strengthen the STI platform in the country.

²³ KFAS. (2016). *Sustainability Report 2015-2016*.

Issue and geographic focus

Information related to issue priorities and geographic focus was collected from 33 of the 59 active foundations. As noted earlier, institutional philanthropy in Kuwait is strongly influenced by cultural and religious traditions. These influences are clearly reflected in the issues that foundations support, with the top priorities being: faith-based activities, education, health, and poverty relief (see Figure 4). Many of the organizations engage in multiple issue areas.²⁴ Much of the philanthropic giving, as described by interviewees, seeks to provide immediate relief to those in need; relatively little philanthropy is aimed at longer-term or system-level change.

Faith-oriented giving is a priority for about half (17) of the organizations surveyed and is often combined with other issue-focused areas, such as education or relief. Faith-oriented giving covers a variety of activities, including: building mosques; advocacy activities aimed at promoting religious principles; funding religious obligations—notably *Hajj* (pilgrimage to Mecca) or *Iftars* (evening meals to break the fast during Ramadan); and additional activities encouraged in traditional Islamic giving, such as caring for orphans and digging wells.

The other top priorities are education, poverty alleviation, and health. Education is addressed by 33 percent (11) of the organizations, with support commonly taking the form of university scholarships, building schools and/or funding specialized learning centers, both within Kuwait and internationally. Around 27 percent (9) of the foundations work in poverty alleviation and humanitarian relief, and 15 percent (5) of the organizations are engaged in health issues. The Ruqayah Abdulwahab Al Qatami foundation, for example, supports expatriate women in Kuwait who cannot afford breast cancer treatment. The Jawad Bukhamseen foundation supports specialized health centers in the country, as well as other institutions and issues.

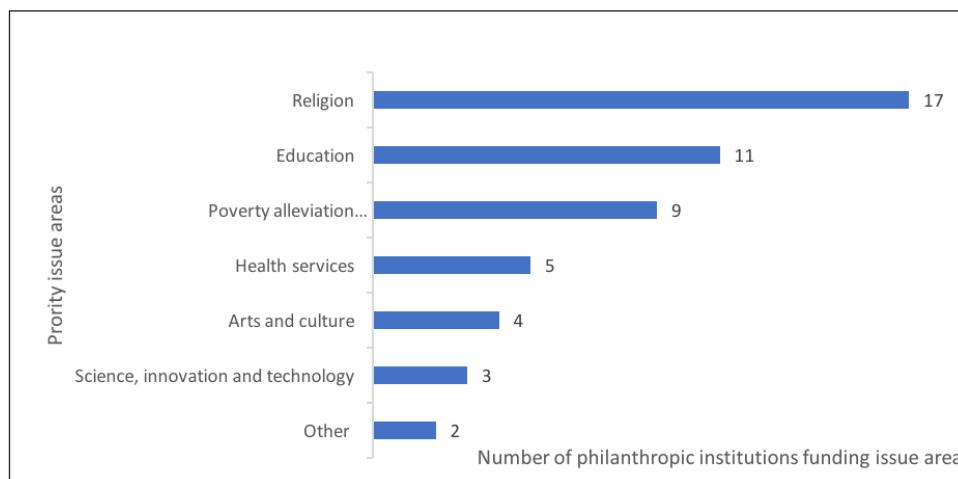
As mentioned earlier, many foundations work in several of the principal issue areas. For example, the Sheikh Jaber's Heirs' Fund, also known as *Dar Jaber*, named for the late Emir Sheikh Jaber Al-Ahmad Al-Sabah, is engaged in faith-oriented giving, education, and humanitarian relief: it

²⁴ This means the percentages do not always add up to 100 percent.

finances *Hajj* and *Iftars* for the underprivileged, provides scholarships for university students, and on an ad hoc basis supports humanitarian activities abroad.

While the majority of foundations prioritize the above areas, other foundations demonstrate the breadth of philanthropic activity in Kuwait. Arts and culture; and science, technology, and innovation, are each a focus of about 10 percent of the organizations. For example, the Kuwait Foundation for Civilization is particularly active in the field of Islamic art, while the Al Othman Charitable Trust Fund provides a platform for the promotion of local artists and cultural organizations. In the field of science, the Al-Saad Foundation supports young girls' empowerment through science contests.²⁵

Figure 4: Priorities of philanthropic institutions (N=33)



In terms of geographic focus, 33 percent (11) of the foundations support organizations and programs only within Kuwait. Almost 40 percent (13) of organizations also support projects outside of Kuwait. The remaining 27 percent (9) are all active within Kuwait but it is not clear whether they are engaged outside of the country as well. As noted previously, recent policy restrictions seem to have limited the appetite and/or ability for *mubarras* to fund international causes directly; some of those interviewed reported being more engaged in international work prior to 2012. Among the 13 organizations that fund projects abroad, 85 percent (11) are active in

²⁵ (2017). "Al-Saad Foundation signs agreement with UNESCO". *Kuwait Times*. July 1, 2017. Retrieved October 2, 2018 from <http://news.kuwaittimes.net/website/al-saad-foundation-signs-agreement-unesco/>.

predominantly-Muslim countries (with a particular emphasis on the Arab region) or support Muslim communities in other regions (e.g. in south-eastern Europe). Religious activities, and immediate humanitarian and poverty relief, are sector priorities for organizations that are working overseas.

Operational approaches and governance

The study team was able to gather information on operational approaches and governance for 12 foundations through in-person interviews.

The operational approaches among this limited sample of philanthropic organizations are mixed, with 33 percent (4) providing only grants; 25 percent (3) exclusively running their own programs; and 41 percent (5) using a mix of internally operated programs and financial support to grantees. Grantmaking in Kuwait can take a variety of forms, including gifts to an individual, family, institution (such as a university or healthcare facility), or another non-profit organization. Some contributions to domestic non-profit organizations are provided specifically for re-granting to organizations or projects outside of the country.

Private foundations in Kuwait typically operate with a very limited and primarily administrative staff. Many of the individuals interviewed reported that foundations rely heavily on volunteers for both administrative and programmatic work. Some individuals also viewed philanthropic work as a pro bono activity rather than a professional pursuit.

Collaboration among philanthropic organizations in Kuwait appears limited. Most philanthropic institutions reported that they do not often collaborate with other foundations. Several of the interviewees underlined the need for more knowledge on the priorities and operations of other foundations in order to facilitate better peer learning and collaboration. However, several foundations, notably those involved in education and health, indicated that they collaborate closely with government ministries. For instance, one foundation hoped to formalize a legal partnership with the Ministry of Education and scale up its activities in local public schools.

By law, Kuwaiti private foundations (*mubarras*) must have a board of directors. Most interviewees indicated that their boards are active, sometimes meeting monthly, and that board members often volunteer in the foundation's activities. None of the interviewees reported compensating their board members.

Financial resources

Most of the organizations interviewed did not share information on their financial resources (including assets, operational budgets, and spending levels) and very little information is publicly available. Therefore, it is possible to provide only some very preliminary observations on the assets and expenditures of private foundations.

The initial capital required by law to set up a *mubarra* is KD 50,000 (approximately USD 165,000). The private foundations (5) that shared information on their expenditures have spent a minimum of KD 100,000 (approximately USD 330,000) annually over recent years. Some of them report that their expenditures vary considerably from year to year and are largely determined on an ad hoc basis. As private foundations cannot fundraise from the public, *mubarras* rely mainly on income from their endowments and donations from family and/or friends.

Reporting and evaluation

By law, private foundations are required to provide MoSAL with an annual report of their activities, as well as audited financial statements. These documents are not made public. De facto, it seems that these documents might act as the only monitoring tool for most private foundations. Some interviewees referred to them as "evaluation documents." One interviewee noted that "the *mubarra* doesn't have the measurement tools of a real business."

There are several factors that likely contribute to the limited reporting and evaluation. As noted earlier, philanthropic engagement is considered

a personal rather than a professional endeavor; this has implications for organizational capacity in evaluation. Also, most of the founders of *mubarras* reported having few staff; their foundations were often run by volunteers—capacity to engage in measurement and evaluation is limited. And importantly, it appears that giving may often focus on the act of giving itself, rather than the outcome and impact.

V. Looking Forward

In many respects, Kuwait's philanthropic future is bright. It builds on a long history of giving that is deeply embedded in the ethical premises of Arab and Islamic culture. The country has been globally recognized for its humanitarian aid and philanthropy, and the Emir is committed to continuing this legacy of generosity. The government is engaged in developing a better policy environment for philanthropic activity, although some current policy regulations may present obstacles to the development of the sector. The growth of private foundations over the last 20 years is encouraging.

Looking ahead, there are several promising efforts and trends that have the potential to further strengthen the scope and impact of the country's philanthropic institutions. First, the recently created Union of Foundations and Charities (see box) could become an important platform to develop the sector through peer learning, professional development, collaboration, and advocacy.

Kuwaiti Union of Foundations and Charities

The Kuwait Union of Foundations and Charities (*Itihad al-mubarrat wa al-jam'iyyat al-khayriya al-kuwaitiya*) was established in August 2017 with the aim to increase the impact of charitable giving in the country. While earlier efforts to establish a union had not been successful, in the last two years, perhaps as a result of the sector's evolution, the creation of the union received support from both private foundations and the government.

The newly formed union currently has 44 members, including 27 *mubarras* and 17 public charities. Its mandate is structured around five strategic pillars:

- Increasing cooperation and complementarity among members;
- Raising the profile of Kuwaiti organizations domestically and internationally;
- Improving the capacities of members through peer learning and training;
- Facilitating legal affairs of *mubarras* and public charities; and
- Acting as a liaison and lobby vis-à-vis government authorities.

The union held its first annual conference in April 2018.

Second, as of the time of publication of this report, there is a new law on philanthropy being prepared by the government. Optimistically, the new law will mitigate some of the current policy obstacles to greater charitable giving and create a more enabling environment for philanthropic activity.²⁶

Third, building upon a history of merchant-family philanthropy and more current practices of corporate giving, there is a growing commitment to corporate social responsibility (CSR) among major companies in Kuwait. A range of industries are spearheading those efforts, notably banking, telecoms, transport, and oil. This growing engagement in giving back to the community might become a catalyst for the establishment of further corporate foundations—even more so if the current legal requirement to get approval of company shareholders is loosened.

Finally, and perhaps most promising, there is notable optimism among those interviewed that many in the next generation are committed to engaging actively in philanthropic giving. The latter are particularly keen to ensure that their efforts contribute to long-term and sustainable change, shifting from charitable giving toward more strategic philanthropic investment.

These trends, if fully realized, will surely further strengthen Kuwait's contribution to the betterment of humankind in Kuwait, across the region, and around the globe.

26 "No allowance cuts for citizens in private sector: Minister". *Kuwait Times*. September 10, 2018. Retrieved October 2, 2018 from <http://news.kuwaittimes.net/website/no-allowance-cuts-for-citizens-in-private-sector-minister>.

Appendix A: Typology of Philanthropic Institutions in Kuwait

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; and (5) provide financial resources for educational, cultural, religious, social, or other public benefit purposes either by operating their own programs and/or by providing financial support to other public benefit entities (e.g., charities, associations, educational institutions) and/or individuals.

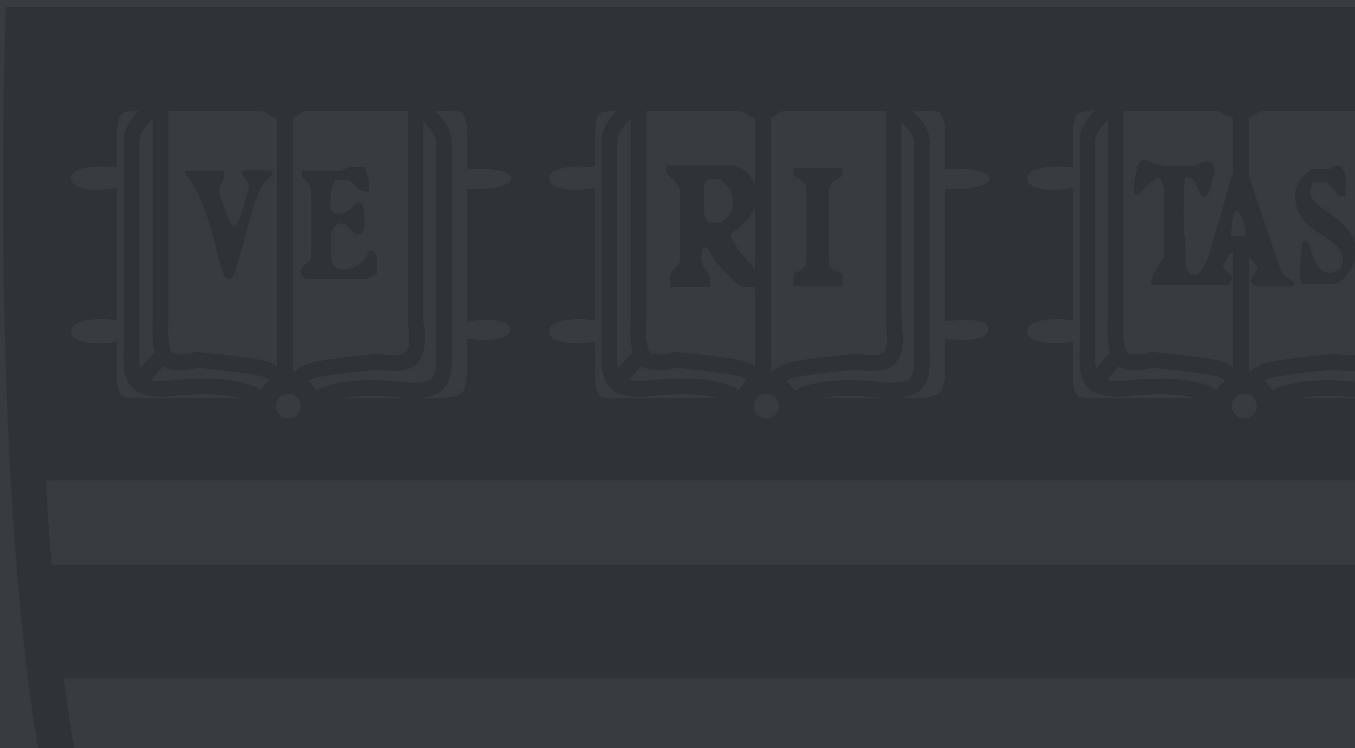
Typology of Foundations

Independent foundations are independent, separately-constituted non-profit 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.

Ruling-family foundations are led by members of a ruling family. They are managed by a Board of Trustees that includes members of the ruling family and may include others. They receive 50 percent or more of their funds from the private wealth of the ruling family.



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