



Saudi Non-profit Trends Report

2021



A Sector in

Steady Growth

Foreword

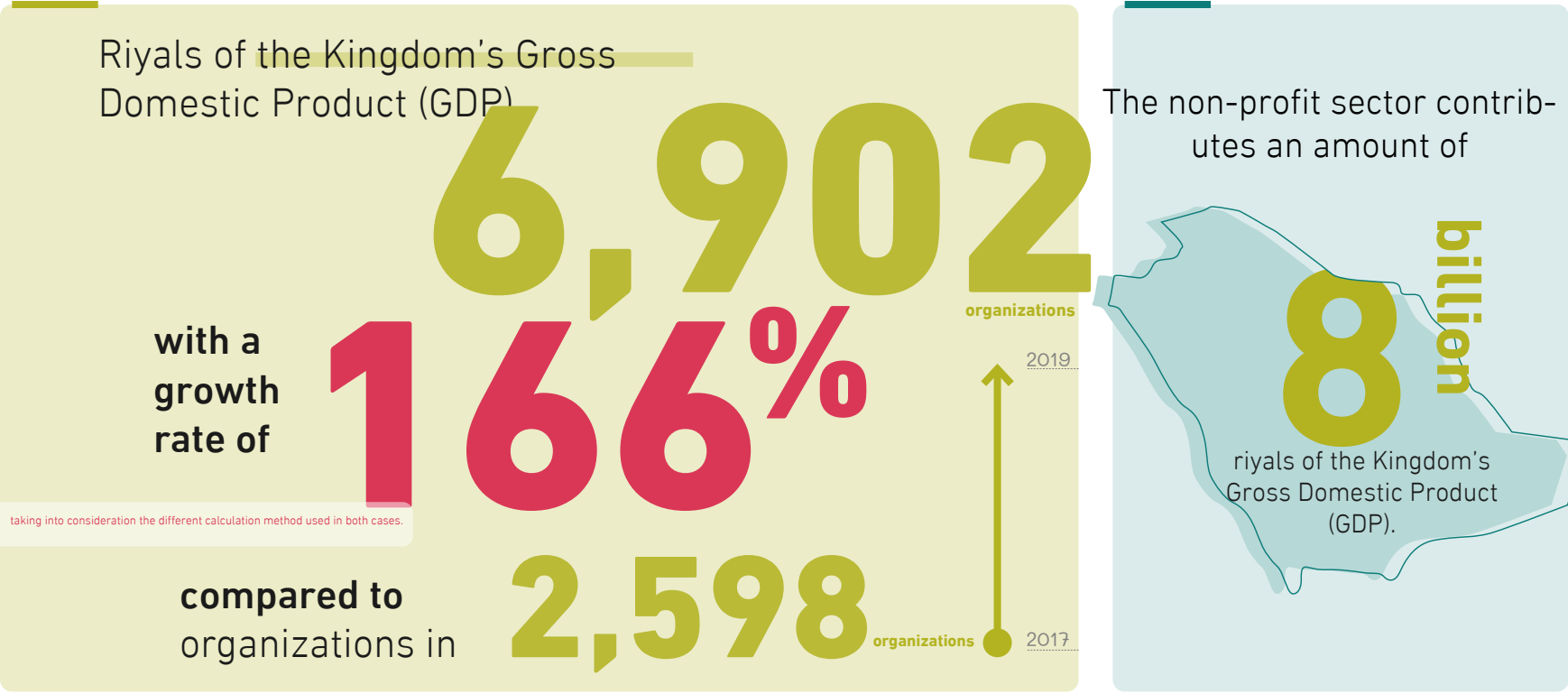
The Saudi Non-Profit Trends Report is the reference report on non-profit activities and data in the Kingdom. King Khalid Foundation (KKF) is keen to publish this report on a biennial basis because of its belief in the importance of empowering the non-profit sector in the Kingdom as a development partner to achieve the goals of Saudi Vision 2030, and as a means to follow up on the growth, stability and developmental contribution of this sector to the economy and job creation. The publication of the second edition of the Saudi Non-Profit Trends Report this year coincides with the global crisis caused by the COVID-19 pandemic, which has weighed on the global sector of non-profit organizations. As a result, demand for the services provided by the sector has doubled, whereas the financial resources of the sector have declined and the ability of its organizations to continue their performance of their activities has become in jeopardy.

This pandemic is not the first crisis to hit the Saudi non-profit sector. Rather, it can be said that the sector was born from the womb of crises. The first National Emergency Medical Association was established during the Saudi-Yemeni war in 1934 under the auspices of King Abdul Aziz, may his soul rest in peace. The members of said Association took the initiative by going straight to the frontlines to help address the crisis, alongside government efforts, by providing ambulatory services to the wounded and injured. As is the case globally, the non-profit sector workers and volunteers join forces with the employees of other sectors in the face of disasters. Today, volunteers and associations both play a major role to satisfy the needs of the disadvantaged segments of society during this crisis, and to support the national response efforts in the areas of health, education and relief. It is no secret that volunteers play a pivotal role in responding to natural disasters, such as floods and forest fires, by supporting civil defense efforts. These voluntary national efforts made by organizations and individuals deserve to be documented and noted and are worthy of support and empowerment due to their positive impact in building a thriving and interconnected society, and a more inclusive economy where all segments, especially the marginalized groups, reap the benefits.

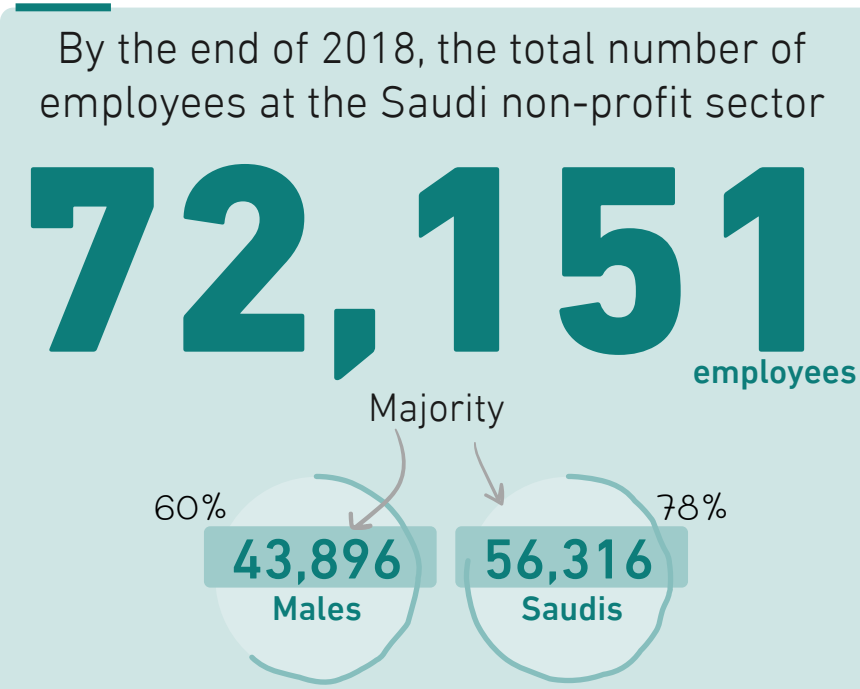
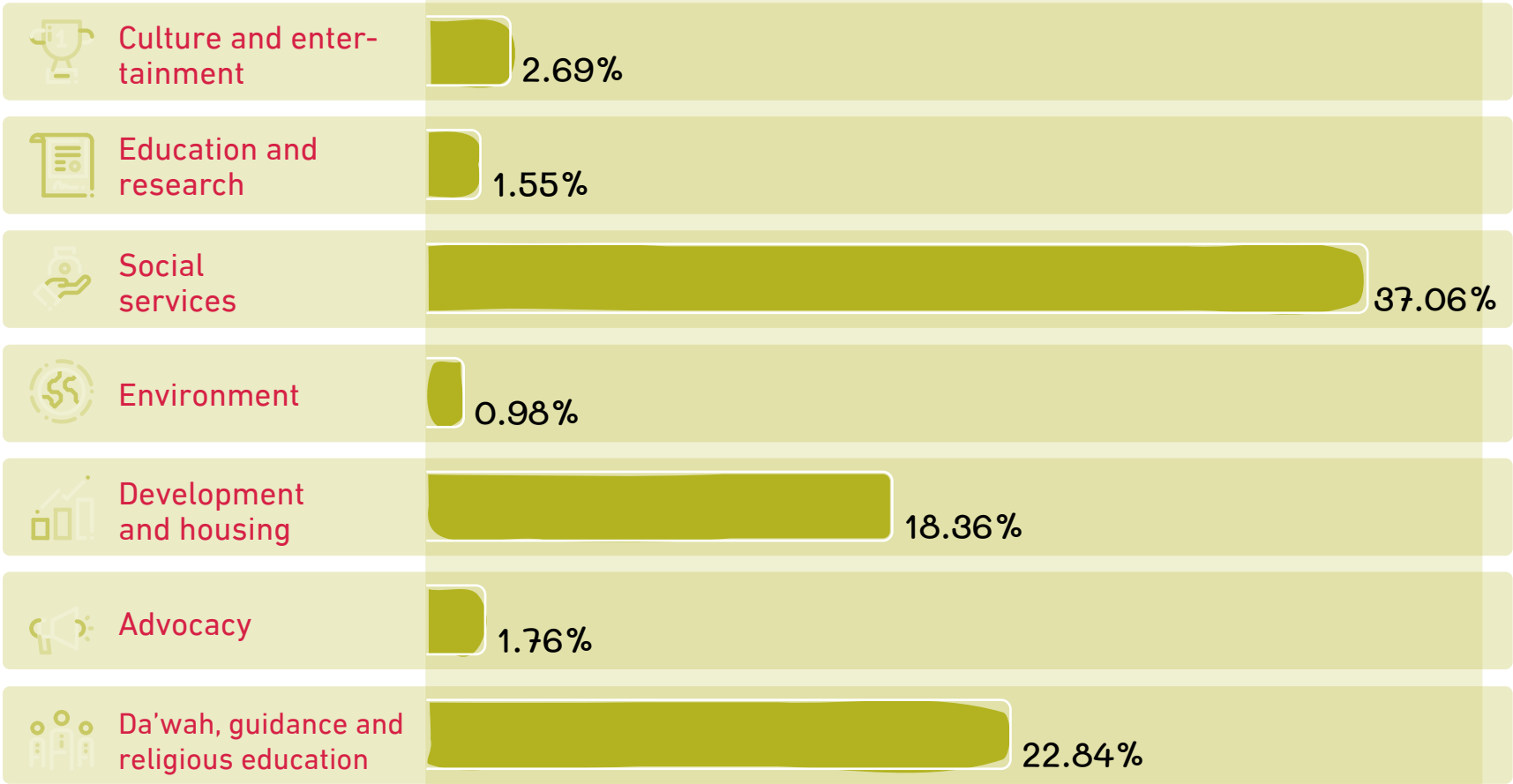
KKF is proud of the leap that the statistics sector has achieved over the past two years, as it helped to launch a number of surveys related to the non-profit sector, thus leading the Kingdom to be among the top countries in the field of non-profit sector statistics at the regional and global levels. KKF has collaborated with the General Authority for Statistics (GASTAT) in designing a household survey of non-profit activities, resulting in the Voluntary Work Survey, in addition to a survey of non-profit organizations (NPOs). These surveys are scheduled to be published on a periodical and ongoing basis every three years and are expected to play an influential role in monitoring the growth of the non-profit sector and tracking its major trends and prospects. Worthy of note is that this Trends Report has relied on these surveys in analyzing the sector's status. These surveys have provided the 2018 statistics, which constitute the actual baseline according to which any future developments can be measured and assessed. KKF has, in the previous Report, conducted baseline surveys in 2017, in an attempt to track the major features of the sector to be able to fill the data gap at that time. It should also be noted that the Coronavirus pandemic this year has greatly affected non-profit organizations (NPOs), and therefore KKF chose to conduct a separate questionnaire to detect the impacts of the pandemic on charitable organizations. These impacts are addressed in a separate chapter in this report. We at KKF look forward to completing the data of the non-profit sector in the Kingdom, especially by establishing a satellite account to measure the economic contribution of NPOs to the GDP. This would help to carry out a more accurate and equitable assessment of Saudi Vision 2030 target related to raising the GDP contribution from less than 1 % currently to 5%, in line with the nature of the sector's not-for-profit activities.

This Report records the significant progress made by the non-profit sector in achieving its targets designated in the National Transformation Program and Saudi Vision 2030. Major achievements include an increase of the number of NPOs to 6,902, with a growth rate of 166%, and a similar increase of the number of volunteers to 2.8 million, and the number of workers in the sector to 72,151. This latter increase in the number of sector employees exceeds the National Transformation Program target of 50,000 jobs. However, some concerns still remain; these gains may be lost due to the impact of the pandemic. A survey of civil society associations in the Kingdom conducted by KKF during the crisis indicates that 70% of these associations expect to shut down within a year if the crisis continues due to the losses they have incurred as a result of the pandemic. Therefore, we call upon society members to provide support and assistance to these organizations and associations, whether through volunteering or giving. In this report, we present tailored recommendations for government agencies in order to mitigate the effects of the pandemic on the non-profit sector.

Summary



Most NPOs in the Kingdom are concentrated in the activities of social services, Da'wah and guidance, In comparison poor operation of NPOs in the fields of environment, education, research, advocacy, culture and entertainment.



Thus, the non-profit sector has exceeded its target to a large extent and ahead of its schedule in the National Transformation Program for the year 2020, as it originally aimed to reach 50,000 jobs.

Summary

Volunteers Percentage

26%

of the total number of NPO workers, amounting to

18,871

male and female volunteers, most of whom are Saudis.

The total estimated revenues of NPOs amounted to more than

8 billion riyals

compared to expenditures of more than

7.5 billion riyals

The field of social services scored the highest amount with approximately 3 billion riyals, while the environment field scored the lowest, with an approximate amount of 35 million riyals.

The average working hours per week at the non-profit sector amounted to

38 hours for

full-time employees

and 21 hours for

part-time employees

and 6 hours for volunteers

Volunteering rates increase among young people, reaching a maximum in the age group

30-34

years old, at a percentage of

15.3%

yet begin to decline with age.

3,706,100

volunteers out of the total population within 2018

11.1% of the entire Saudi population

2,770,700

14.4% of the population male volunteers

6.6% of the population

935,400 female volunteers

Charitable giving increases among Saudis who are married, hold a university degree, or belong to the age group

30-39 years

The vast majority of Saudis (98%) prefer to donate within the Kingdom, as compared to a very small percentage (0.6%) that send their donations abroad.

The Saudi community contributed more than

2 billion riyals

In donations through official electronic fundraising platforms, especially during the pandemic period. These platforms include, among others, the “Furijat” platform to support debtor prisoners and detainees; the “Sakani” platform to enable access to adequate housing for lower-income segments; the National Donations Platform; the “Zakaty Portal” for individual zakat payers; and the Waqfy platform. Besides, the Health Endowment Fund and the Community Fund each received the largest share of these donations this year, especially with the private sector contributions.

72%

of Saudis believe that NPOs are fully trustworthy. However, 50% prefer that NPO work be limited to charitable and humanitarian activities and leave the development work to the State.

Most NPOs expect a decline in their ability to continue operating if the crisis persists, especially in light of the weak government subsidy allocated for them, the decline in their revenues, and the increase in demand for their services. Approximately 30% of NPOs were forced to cut budgets or reduce activities and services, whereas 14% had to lay off (on a temporary or permanent basis) a number of paid employees.

31% budget cut

30% Narrowing down the scope of activities and services (including reducing the number of volunteers)

14% (temporary or permanent) layoffs of a number of paid employees

1

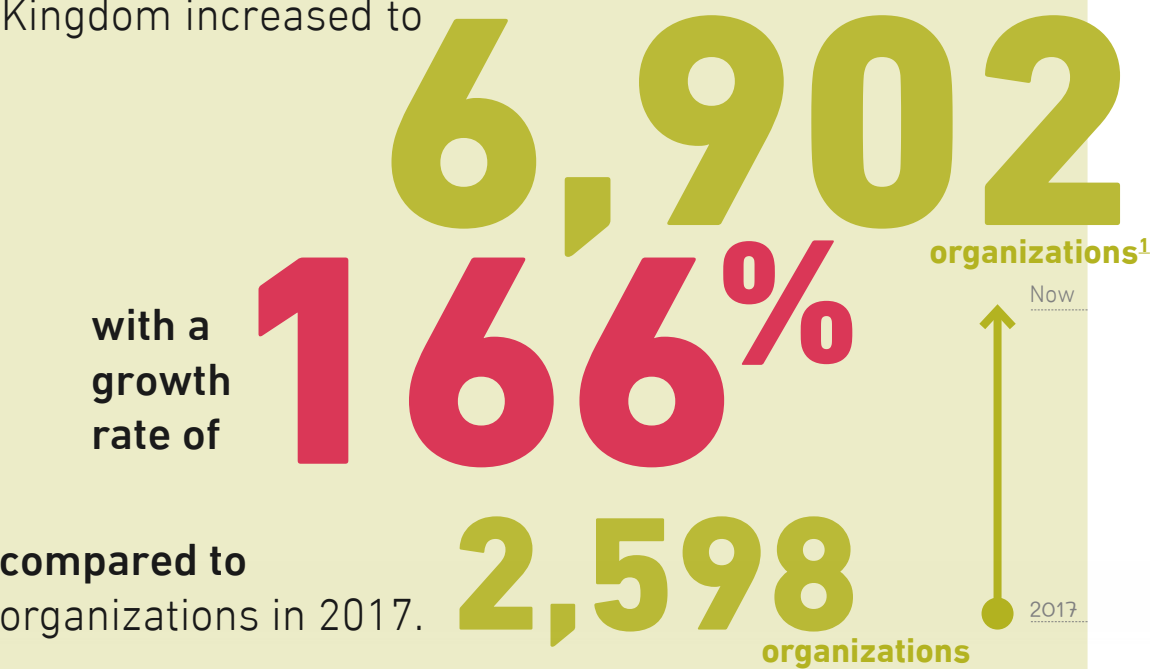
Sector's Size and Domains

Based on the results of the field survey of NPOs in the Kingdom, which was conducted by the General Authority for Statistics in 2019, in collaboration with the King Khalid Foundation and a number of partners, we managed to identify the characteristics of Saudi NPOs, their numbers, domains of work, number of their employees, volunteers, beneficiaries, and their financial data, as follows:

* What are non-profit organizations (and why are there different names for the sector: non-profit, third sector, civil society? What is the difference? When did this sector originate? What about its history? We discussed all these issues in the first edition of the Non-Profit Trends Report 2018.

DOWNLOAD THE REPORT

The number of registered NPOs in the Kingdom increased to



According to analysis by the research team, this increase can be attributed to the development of the calculation methodology based on the data provided by the General Authority for Statistics (GASTAT), the increase in the number of civil society associations and institutions registered with the Ministry of Human Resources and Social Development, and the launch of the endowment registration service by the General Authority for Awqaf, as well as the improvement of transparency and the quality of available data about the sector's organizations from various government data sources.

* Different types of Non-Profit Organizations in the Kingdom:

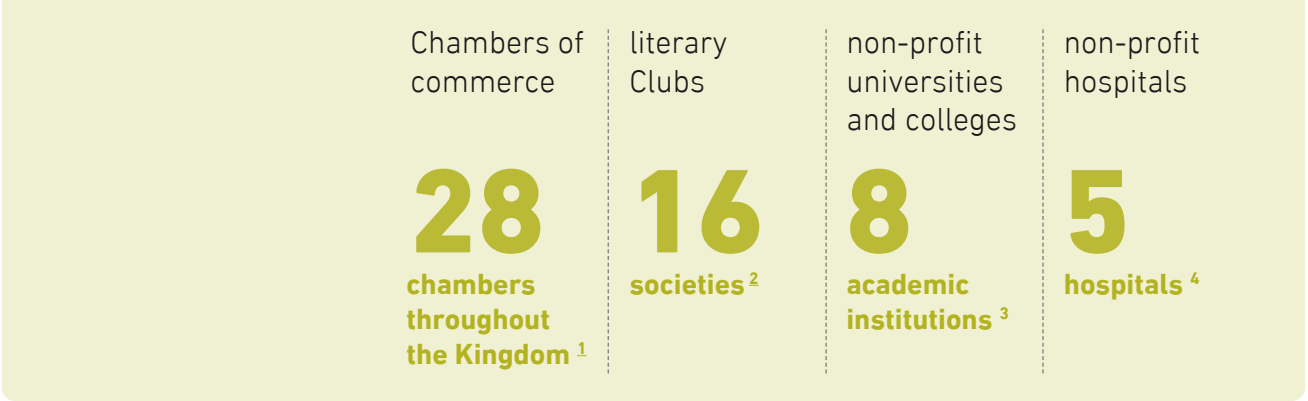
- Civil society associations
- Civil society institutions
- Endowment organizations
- Social development committees
- Not-for-profit universities and colleges
- Non-profit hospitals
- Professional associations
- Scientific societies and health specialties
- Chambers of commerce
- Cooperative associations
- Literary clubs.

A beneficiary of Al-Oula Organization; this NPO aims to break the circle of poverty for the children of South Jeddah. Photo by courtesy of Al-Oula Women's Charitable Society. oula.org.sa

The number of civil society associations and organizations has grown by more than **66%** and **30%** respectively. This growth was driven by the wide-scale implementation of the Law of Civil Society Associations and Organizations.

The number of cooperative associations has also increased by **8%** and development committees by **3%** over the same period.

On the other hand, other forms of non-profit entities have remained stable, not witnessing any increase in number, since 2017. These include:



Additionally, the quality of data and access to a greater number of government records has also improved, which helped to reveal **the following information:**



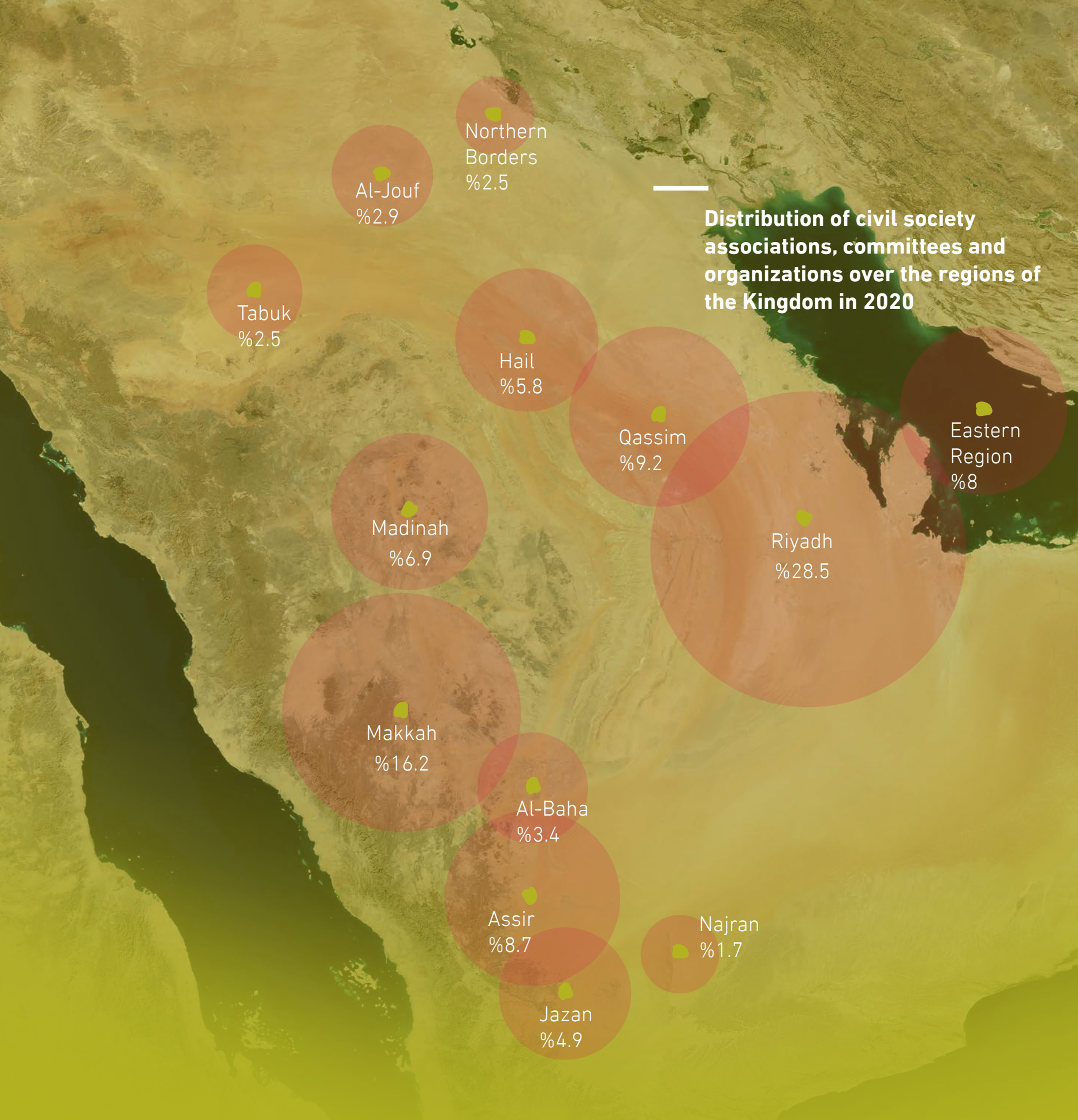
An increase in the number of civil and cooperatives and social development committees, compared to a decrease in the number of organizations for the memorization of the Holy Qur'an and the collaboration offices for Da'wah and guidance since 2017



3. They include: Prince Sultan University, Effat University, Dar Al-Hekma University, Al-Faisal University, Arab Open University, University of Prince Muqrin, Al-Bayan Colleges, and Sulaiman Al-Rajhi Community Colleges.

4. They include: Prince Sultan City for Humanitarian Services (PSCHS) (Prince Sultan Charitable Foundation), Abdul Latif Jameel Hospital (Jameel Community Initiatives), Al-Juffali Complex for Care and Rehabilitation (Onaiza Association for Human Services), Sulaiman Al Rajhi Hospital in Al-Bukayriyah (Sulaiman Al Rajhi Community College), and Bab Al Khair Charitable Hospital (Bait Al-Batterjee Charitable Foundation).

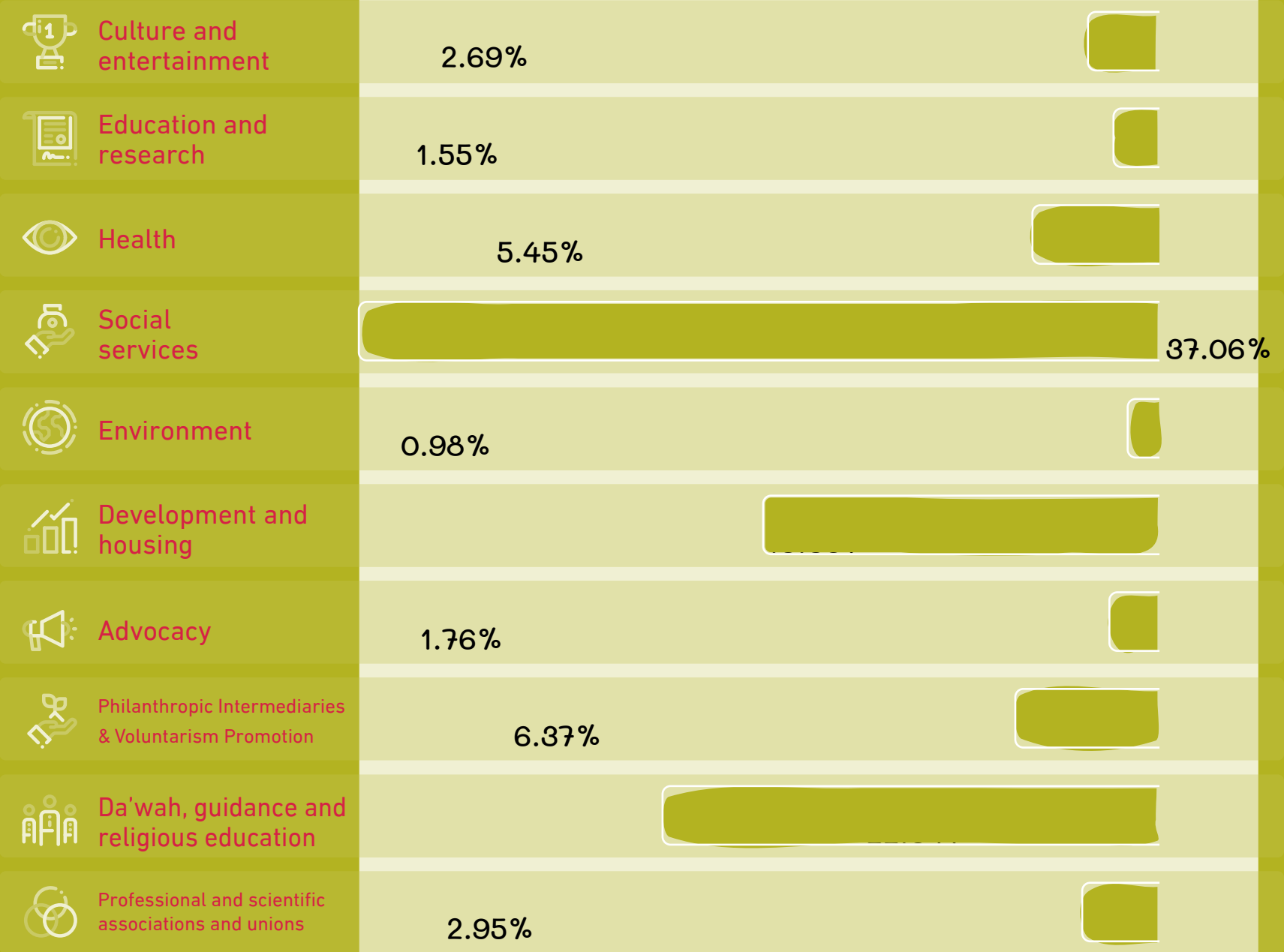
6. They include: King Abdulaziz Center for National Dialogue, King Abdulaziz and his Companions Foundation for Giftedness and Creativity (Mawhiba), King Saud Foundation, King Faisal Foundation, King Khalid Foundation, King Fahd Foundation, King Abdullah Humanitarian Foundation, King Abdullah bin Abdulaziz Foundation for Parents Housing Development, King Abdullah Petroleum Studies and Research Center (KAPSARC), Prince Sultan Charitable Foundation, Prince Sultan Fund for Women's Development, Abdul Aziz bin Saud bin Nayef Charitable Foundation, Muhammad bin Abdul Wahhab Cultural Foundation, National Society for Human Rights, Al-Anoud Charitable Foundation, Abdul Rahman Al Sudairy Foundation, Hevolution Charity Foundation, Future Investment Initiative Foundation, Centennial Fund, Health Endowment Fund, Saudi Arabian Scout Association, Saudi Association for Tourist Accommodation Facilities, Saudi Tour Guides Association, Saudi Travel and Tourism Association, National Committee of Labor Committees, Saudi Aquaculture Association, Saudi Society for Quality, Saudi Organic Agriculture Association, Saudi Consumer Protection Association, Saudi Arabian Youth Hostels Association, and Saudi Green Building Forum.



Distribution of civil society associations, committees and organizations over the regions of the Kingdom in 2020

Percentage Distribution of NPOs

NPOs in the Kingdom vary in terms of their domains of work; they cover ten activities that correspond to the United Nations International Classification of Non-Profit Organizations (ICNPO). In 2018, Saudi NPOs were distributed in terms of their domains as follows: most NPOs were concentrated in social services, Da’wah and guidance, and religious education. In contrast, NPOs had a limited role in the fields of environment, education, research, advocacy, culture and entertainment.



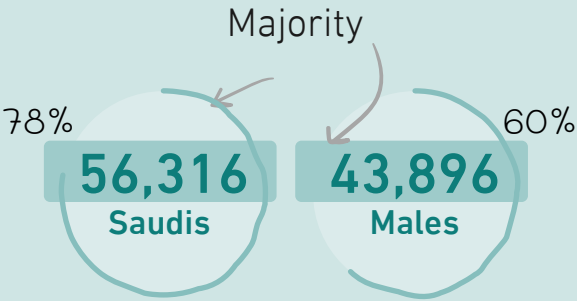
2

Sector's Workforce



By the end of 2018, the entire workforce of the Saudi non-profit sector establishments reached a total number of

⁸
72,151
employees



Colleagues Yasmine and Abdel Aziz of the Department of Corporate Communication at King Khalid Foundation

Total number of NPO employees by gender and nationality

In this way, the non-profit sector has exceeded its target to a large extent and ahead of its schedule in the 2020 National Transformation Program, which originally aimed to reach 50,000 jobs.

Classification of NPOs	Saudi		Non-Saudi		Total		Grand Total
	Male	Female	Male	Female	Male	Female	
Culture and entertainment	716	447	108	29	824	476	1300
Education and research	509	338	233	55	742	393	1135
Health	1397	1206	534	174	1931	1380	3311
Social services	13544	11840	3582	1020	17126	12861	29987
Environment	217	178	123	20	340	198	538
Development and housing	5337	2978	2835	697	8172	36775	11847
Advocacy	537	359	56	16	593	375	968
Supporting organizations	2218	1580	955	299	3173	1879	5052
Da'wah, guidance and religious education	6256	5336	3080	1060	10064	6396	16460
Professional and scientific associations and unions	748	575	183	47	931	622	1553
Grand Total	31479	24837	12417	3418	43896	28255	72151

The average salaries of employees amounted to

5,796
riyals per month

NPO employees in the field of **Da'wah, guidance and religious education** were the **highest paid**, at an average salary of

6,524
riyals per month

whereas NPO employees in the field of **environment** were the **lowest paid**, at an average salary of

4,302
riyals per month ⁹

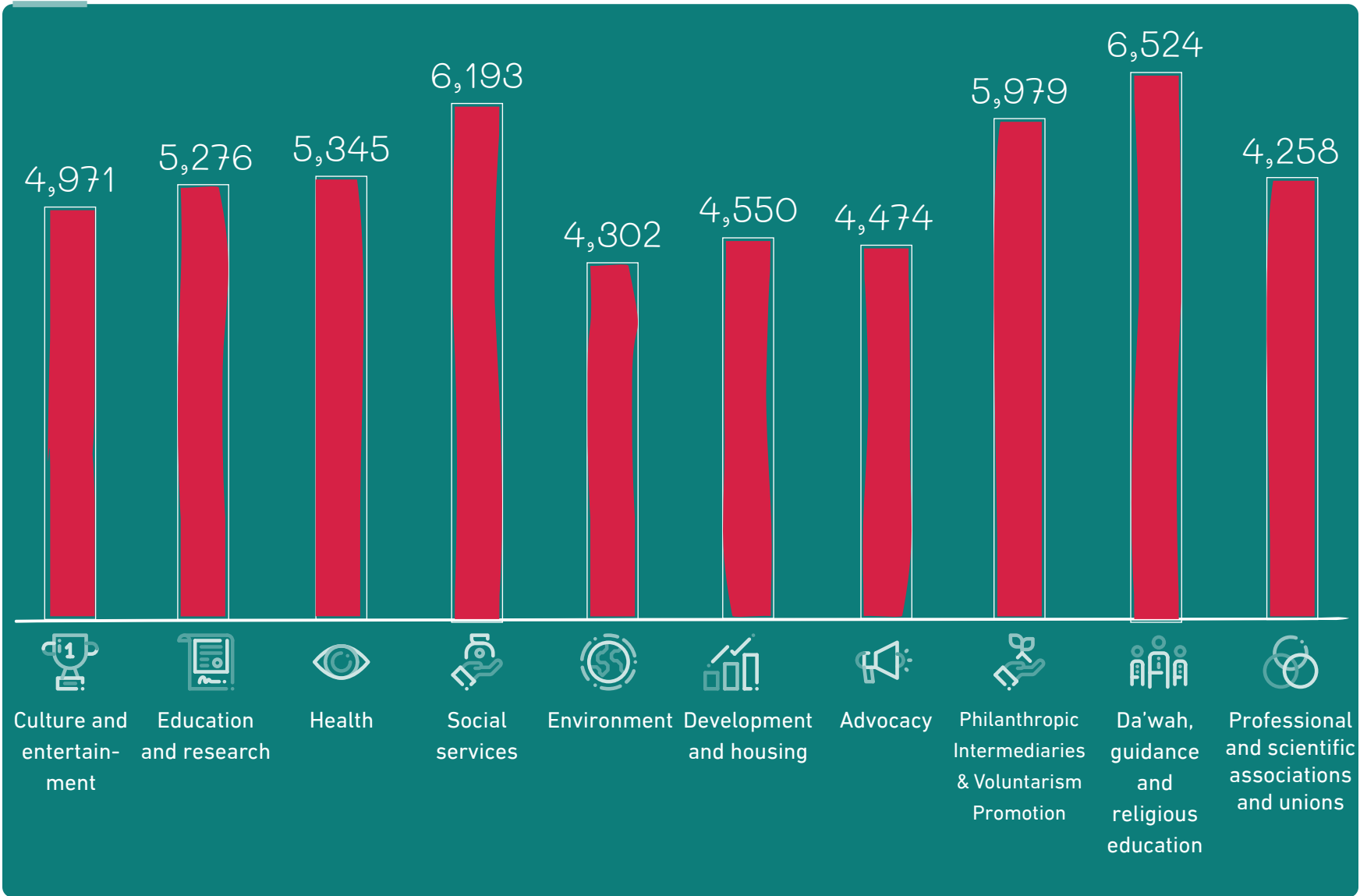
If compared to the average monthly compensation paid to workers of establishments **in the Kingdom, namely**

3,832
riyals per month ¹⁰

it becomes clear that NPOs are superior to other establishments in the Kingdom in terms of providing more decent job opportunities with better wages and fewer working hours. In addition, the non-profit sector does not rely on a wide base of low-paid jobs performed by non-Saudi workers, as is the case in the private sector. That is, the rate of Saudization of jobs in the entire non-profit sector has amounted to

78%

Average monthly compensation paid to NPO workers



Classification of NPOs	Total number of Volunteers	Percentage of volunteers from the entire workforce
Culture and entertainment	197	15.15%
Education and research	207	18.24%
Health	654	19.75%
Social services	8,914	29.73%
Environment	120	22.30%
Development and housing	1,840	15.53%
Advocacy	183	18.90%
Philanthropic Intermediaries & Voluntarism Promotion	1,281	25.36%
Da'wah, guidance and religious education	5,050	30.68%
Professional and scientific associations and unions	425	27.37%
Total	18,871	26.15%

In addition to paid workers, a large number of volunteers contribute to the workforce of NPOs; they constitute

26%

of the entire workforce, with a total number of 18,871 male and female volunteers, the majority of whom are of Saudi nationality.

The highest number of volunteers is concentrated in NPOs operating in the fields of Da’wa, guidance, and religious education, as well as social services.

The non-profit sector also provides decent and reasonable working hours, with an average of

38 working hours per week for full-time employees

and 21 working hours per week for part-time employees

and 6 working hours per week for volunteers, which is significantly less than the legally prescribed 48 working hours per week in the Saudi Labor Law.

3

Financials of the Non-Profit Sector

The total estimated revenues of NPOs amounted to more than

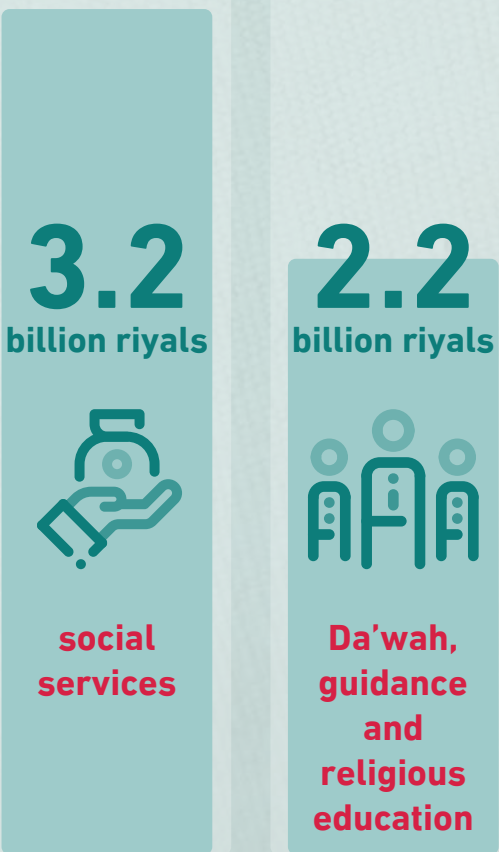
8 billion riyals

compared to expenditures of more than

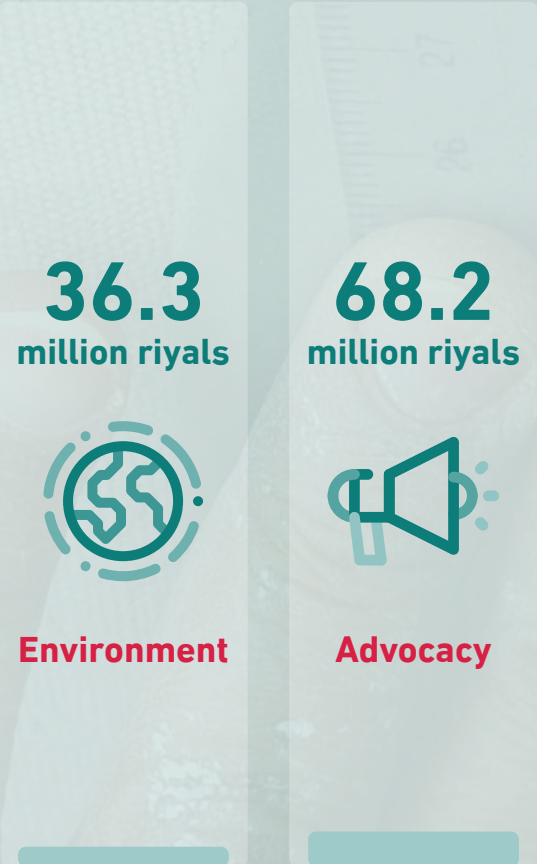
7.5 billion riyals

in 2018

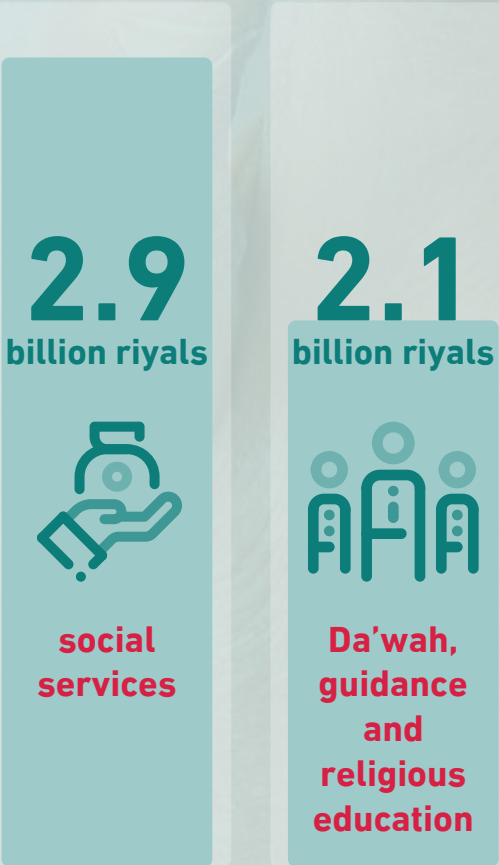
Most of the revenues were concentrated in NPOs operating in the following areas:



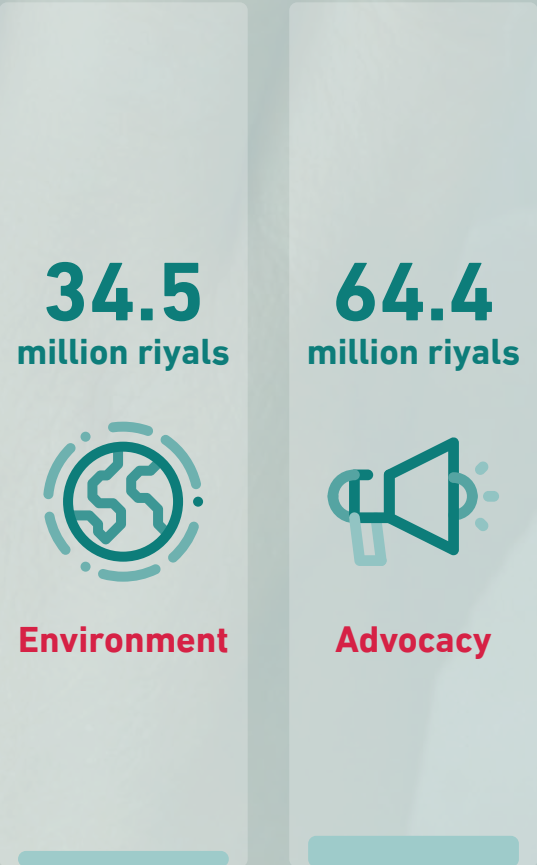
The lowest revenues were obtained by NPOs operating in the following areas:



Likewise, spending was mainly concentrated among NPOs operating in the following areas:

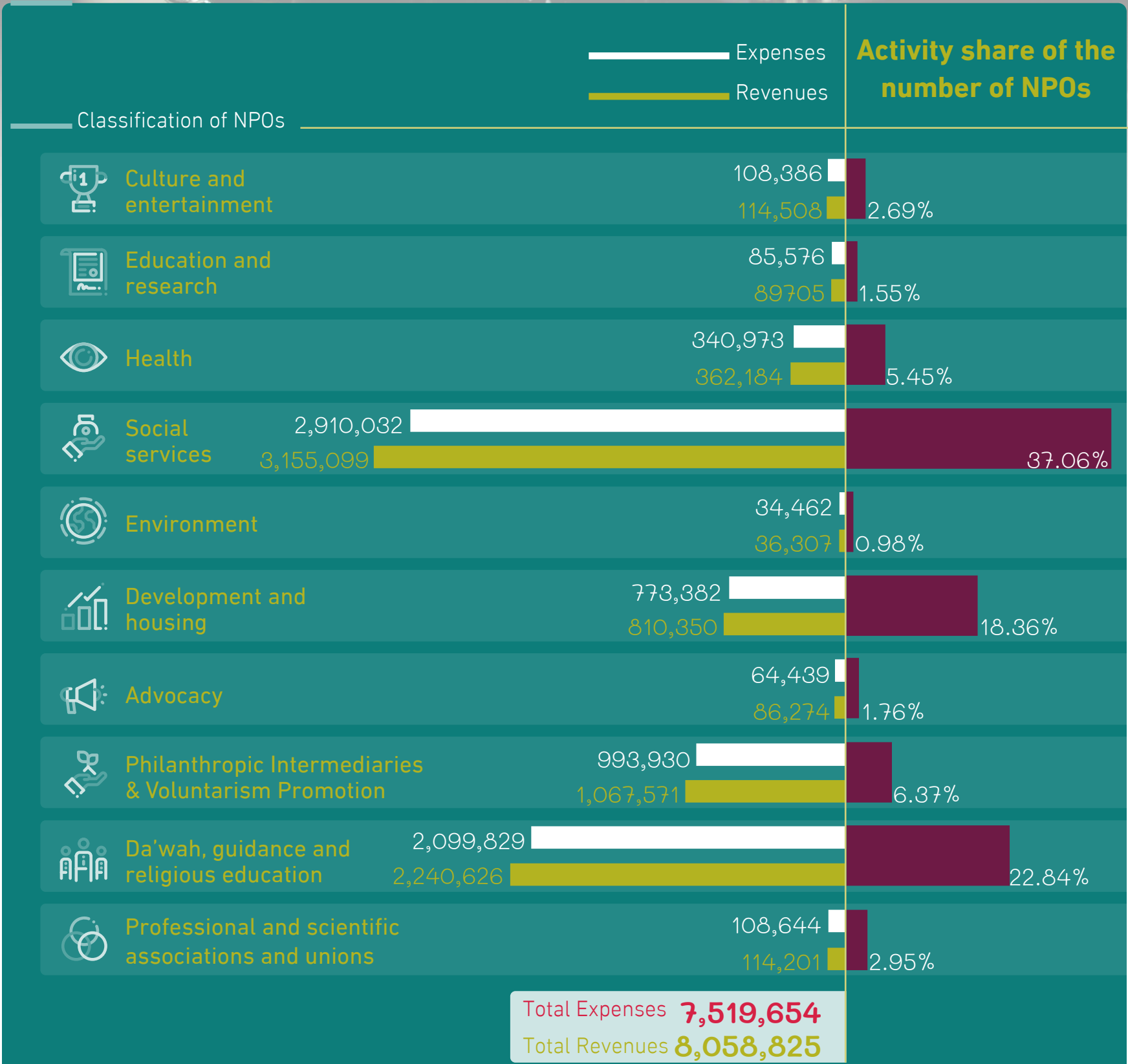


The least spending was by NPOs operating in the following areas:





Expenses and revenues arranged pursuant to the classification of NPOs



Looking at the revenues and expenses in proportion to the number of NPOs for each activity, we find that NPOs operating in the field of supporting charitable work (such as donor institutions) take over the largest amount of revenues and expenditures given their number. These organizations constitute 6.4% of the total number of NPOs and take over 13.2% of the total revenues of the sector.

4

Economic Contribution of the Non-Profit Sector

Based on the methodology for calculating the contribution of the non-profit sector to the GDP, which is used by the General Authority for Statistics, the GDP of the non-profit institutions serving households (NPISHs) amounted to

3.9 billion riyals

in 2018

with a growth rate of 14.4% from the previous year

thus constituting

0.13%

of the Kingdom's GDP

On the other hand, the data provided by the Ministry of Human Resources and Social Development, based on the methodology for calculating NPO revenues, demonstrate that the contribution of the non-profit sector to the GDP has amounted to

8 billion riyals

in 2018

Saudi Vision 2030 aims to raise the economic contribution of the non-profit sector to 16 billion riyals by the end of 2020.

How does the CEO of the first registered civil society association in the Kingdom see the present and future of the non-profit sector until 2030?

[WATCH](#)

NPO contribution to the GDP using the NPISHs methodology for the period from 2015-2018

2018

3.9 billion riyals

0.13%

2017

3.4 billion riyals

0.13%

2016

2.9 billion riyals

0.12%

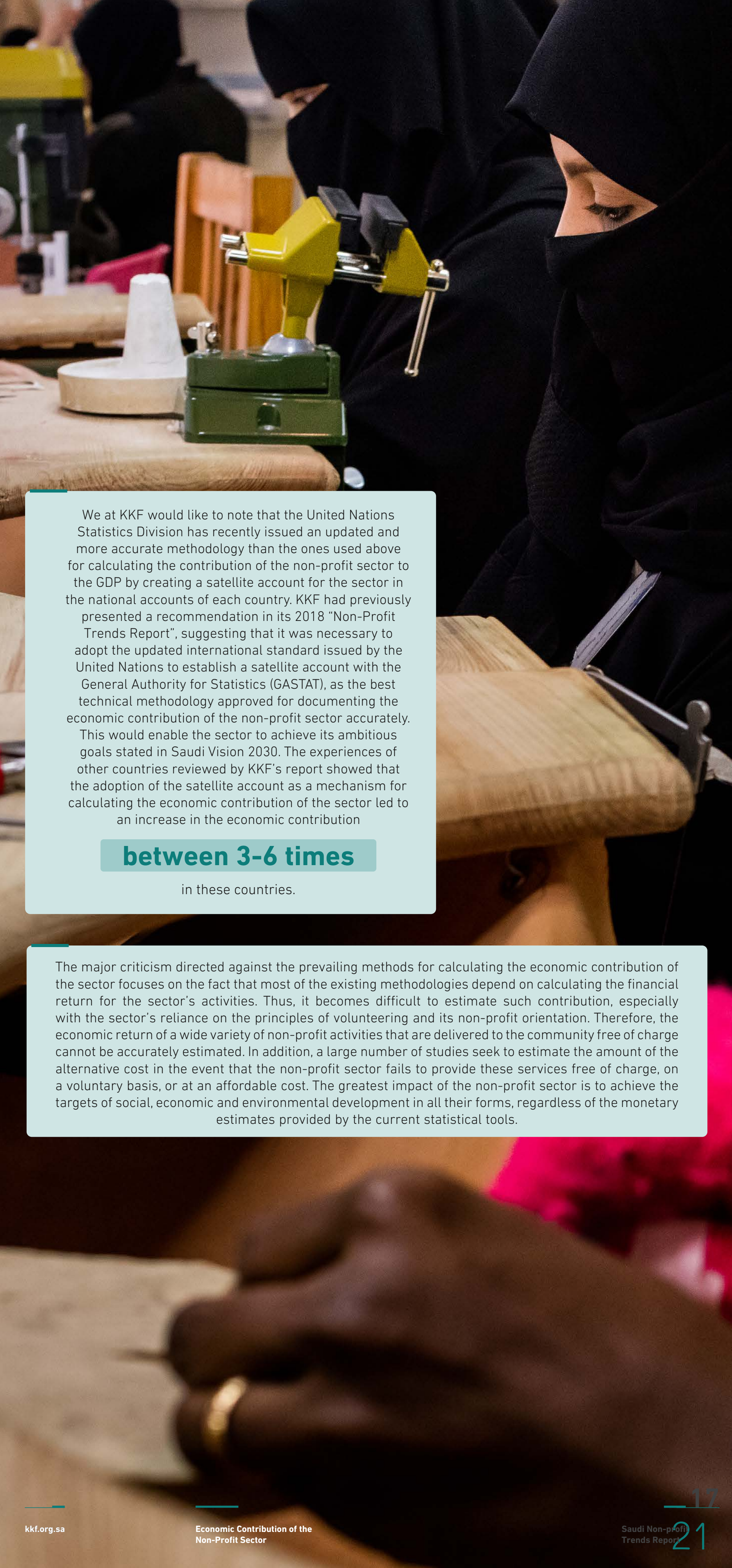
2015

2.8 billion riyals

0.12%

— GDP of non-profit institutions serving households (NPISHs)

% Contribution of non-profit institutions serving households (NPISHs) to the GDP.



We at KKF would like to note that the United Nations Statistics Division has recently issued an updated and more accurate methodology than the ones used above for calculating the contribution of the non-profit sector to the GDP by creating a satellite account for the sector in the national accounts of each country. KKF had previously presented a recommendation in its 2018 “Non-Profit Trends Report”, suggesting that it was necessary to adopt the updated international standard issued by the United Nations to establish a satellite account with the General Authority for Statistics (GASTAT), as the best technical methodology approved for documenting the economic contribution of the non-profit sector accurately. This would enable the sector to achieve its ambitious goals stated in Saudi Vision 2030. The experiences of other countries reviewed by KKF’s report showed that the adoption of the satellite account as a mechanism for calculating the economic contribution of the sector led to an increase in the economic contribution

between 3-6 times

in these countries.

The major criticism directed against the prevailing methods for calculating the economic contribution of the sector focuses on the fact that most of the existing methodologies depend on calculating the financial return for the sector’s activities. Thus, it becomes difficult to estimate such contribution, especially with the sector’s reliance on the principles of volunteering and its non-profit orientation. Therefore, the economic return of a wide variety of non-profit activities that are delivered to the community free of charge cannot be accurately estimated. In addition, a large number of studies seek to estimate the amount of the alternative cost in the event that the non-profit sector fails to provide these services free of charge, on a voluntary basis, or at an affordable cost. The greatest impact of the non-profit sector is to achieve the targets of social, economic and environmental development in all their forms, regardless of the monetary estimates provided by the current statistical tools.

5

Volunteering

*

KKF has introduced a definition of volunteering with the participation of the non-profit sector workers and statisticians as follows:

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



“Today, we have fewer than 1,000 non-profit foundations and associations. In order to increase the resilience and impact of this sector, we will continue to develop the laws and regulations necessary to empower non-profit organizations... Government support will be directed to the programs with highest social impact and we will support training workers to encourage volunteering and careers in the non-profit sector...”.



Saudi Vision 2030

Saudi Vision 2030 set a specific target for volunteering to reach one million volunteers by 2030. This target makes volunteering a national priority that is important to encourage and enumerate. Worthy of note is that this target of the Vision has specifically identified an increase in the number of volunteers in the non-profit sector; that is, the number of volunteers through NPOs is much lower than individuals volunteering independently of these NPOs.

Following is a quick overview of volunteering statistics in the Kingdom:

3,706,100

volunteers out of the total population during the year 2018

11.1% of the total population

14.4% of the male population

2,770,700

male volunteers

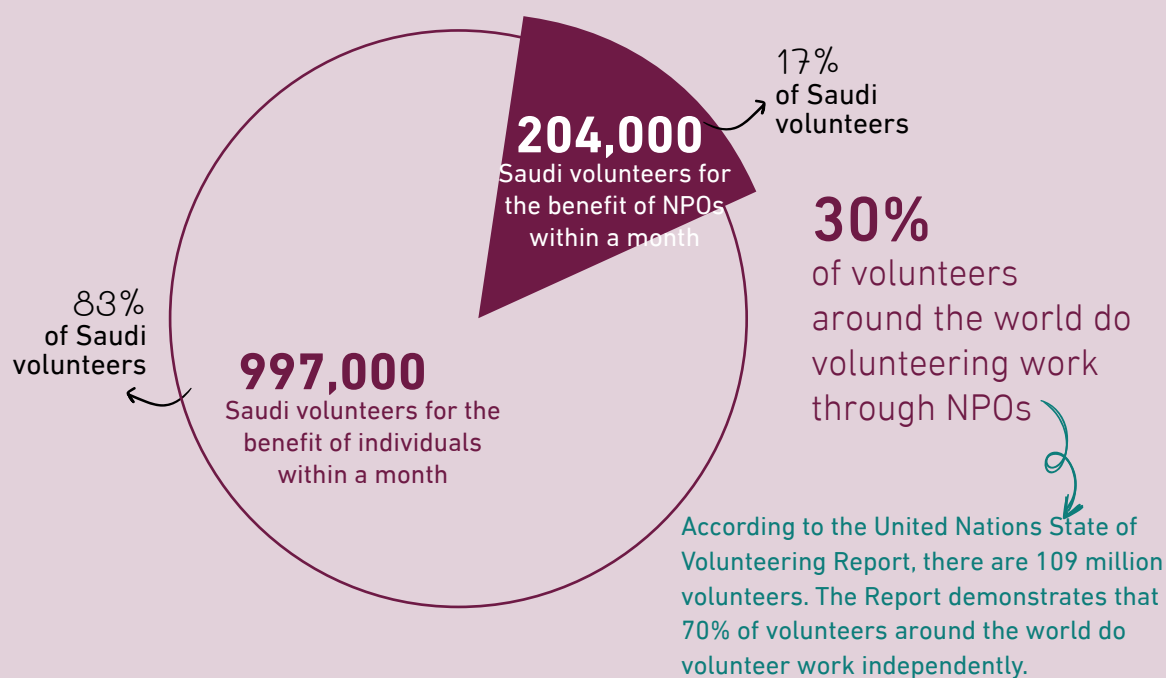
6.6% of the female population

935,400

female volunteers



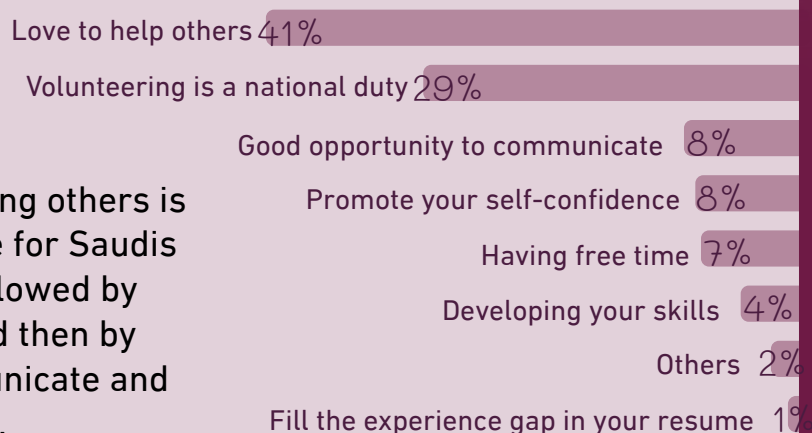
While the number of volunteers in Saudi Arabia has exceeded the target of the Saudi Vision to reach one million volunteers in general, the biggest share of volunteering is outside, and independently of, the non-profit sector. Saudi nationals prefer to do volunteer work individually and independently instead of volunteering through a non-profit organization.



This means that we still need to encourage volunteer work through NPOs threefold to realize the target of Saudi Vision 2030.

Photos of volunteers of the Environmental Development Association (Faseel) while participating in a national afforestation campaign. Photo by courtesy of Faseel Foundation.

Percentage distribution of Saudi volunteers (15 years and over) and the Reasons for Volunteering



It is noticeable that helping others is the most important drive for Saudis to do volunteer work, followed by serving their country and then by the motivation to communicate and promote self-confidence.

As for the most popular volunteering activities in the Kingdom, the following two areas top the list:



As for the reluctance to do volunteer work,

33% of Saudis who do not practice any volunteering activities

reported that they cannot find suitable volunteering opportunities for them.

* Wish to volunteer, but do not know where to start? Choose the opportunity that suits you through the National Volunteering Platform.

[PRESS HERE](#)



The average volunteer hours for Saudis during the year 2018 was about

did slightly higher volunteer hours than females.

53

hours. Male volunteers

55

volunteer hours



47

volunteer hours



The rates of volunteering increase among the age group

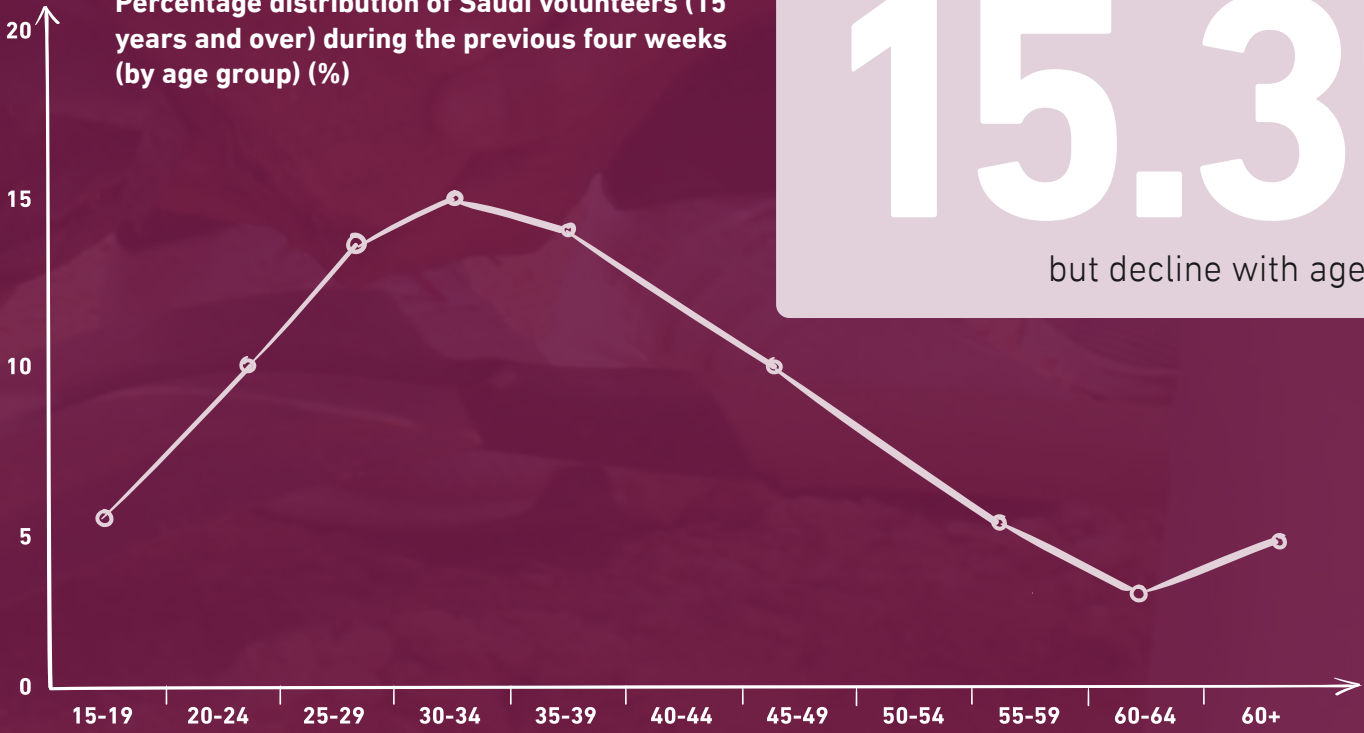
30-34

at a percentage of

15.3%

but decline with age.

Percentage distribution of Saudi volunteers (15 years and over) during the previous four weeks (by age group) (%)



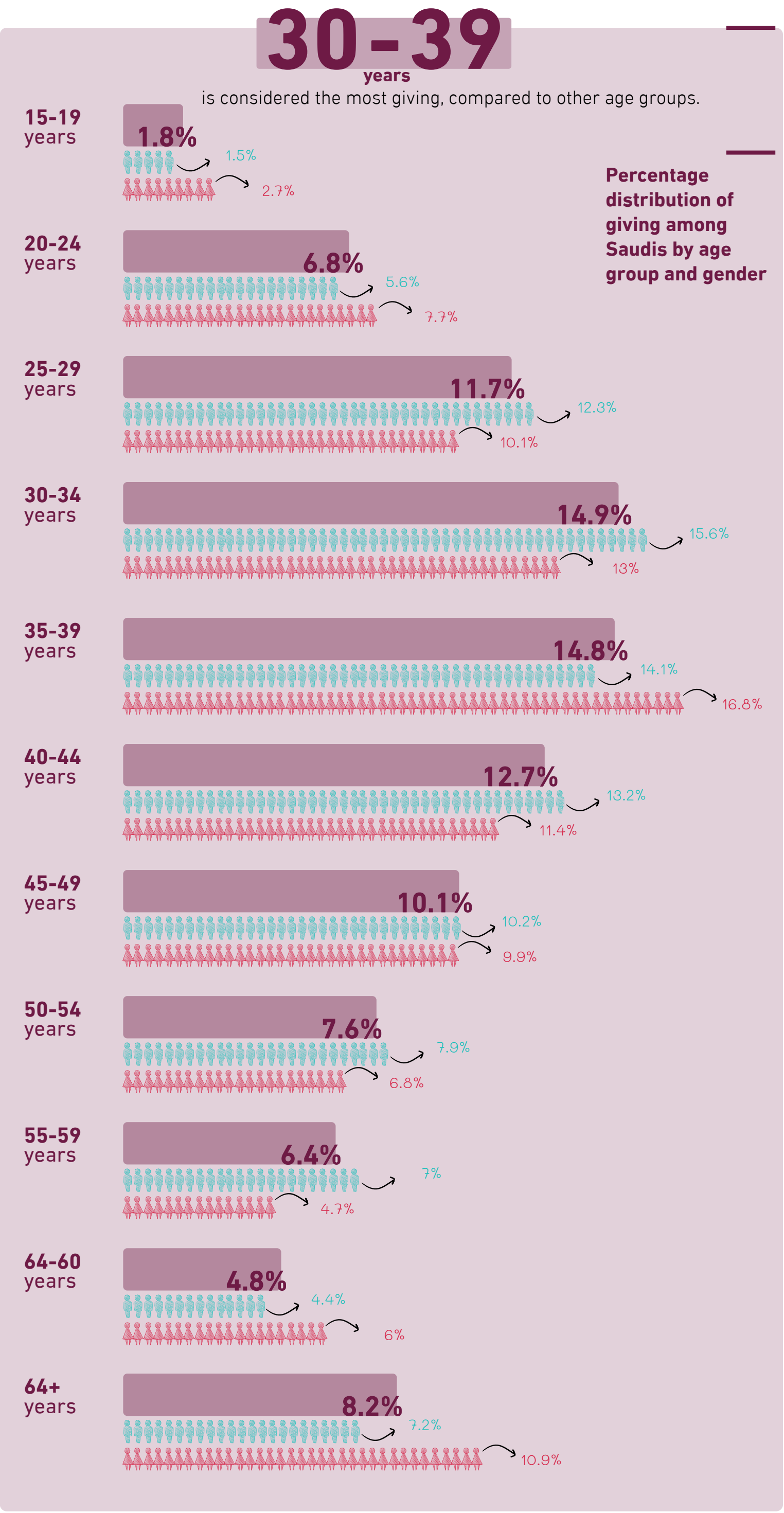
Photos of volunteers of the Environmental Development Association (Faseel) while participating in a national afforestation campaign. Photo by courtesy of Faseel.

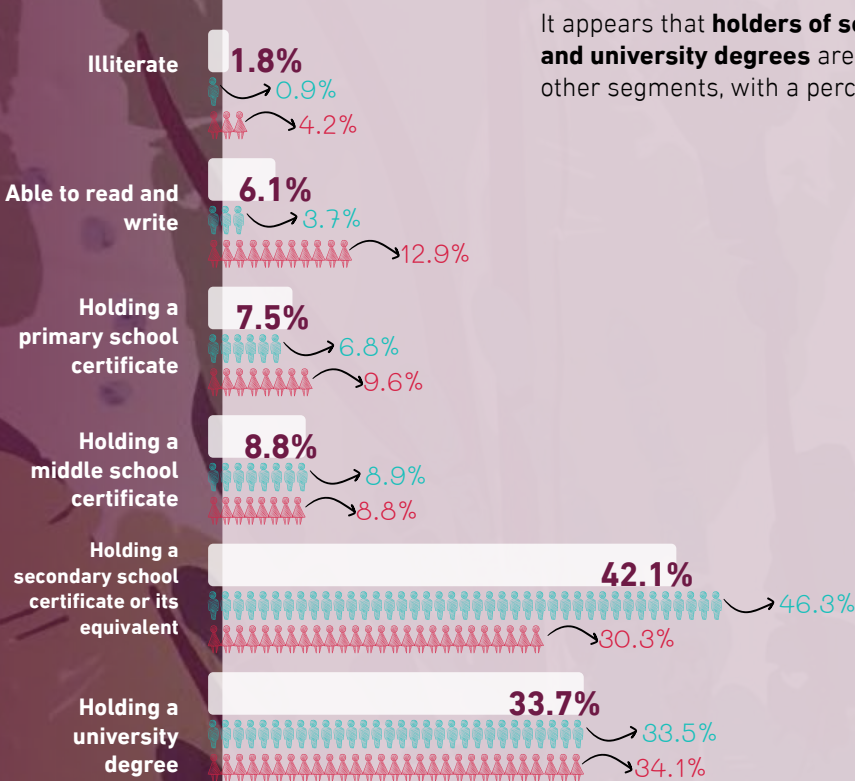
6

Giving

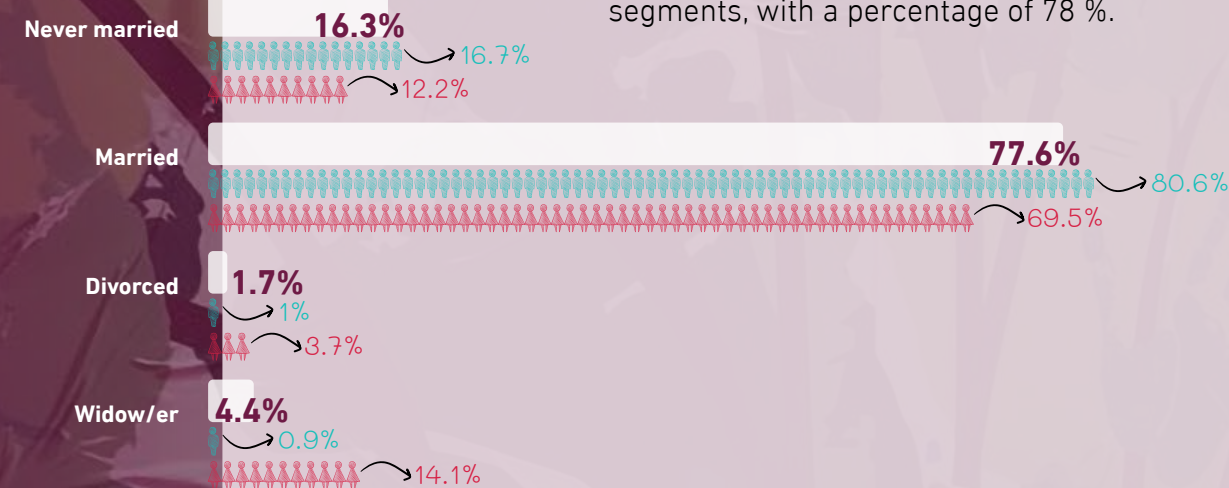
The Saudi society is characterized by giving and benevolence, but the numbers and surveys conducted to identify the total value of annual giving in the Kingdom are still lacking. KKF has collaborated with the General Authority for Statistics to assess the giving behavior in the Saudi society in an attempt to find out the most important trends in this aspect.

Following is a review of the most prominent aspects for giving among Saudi citizens:

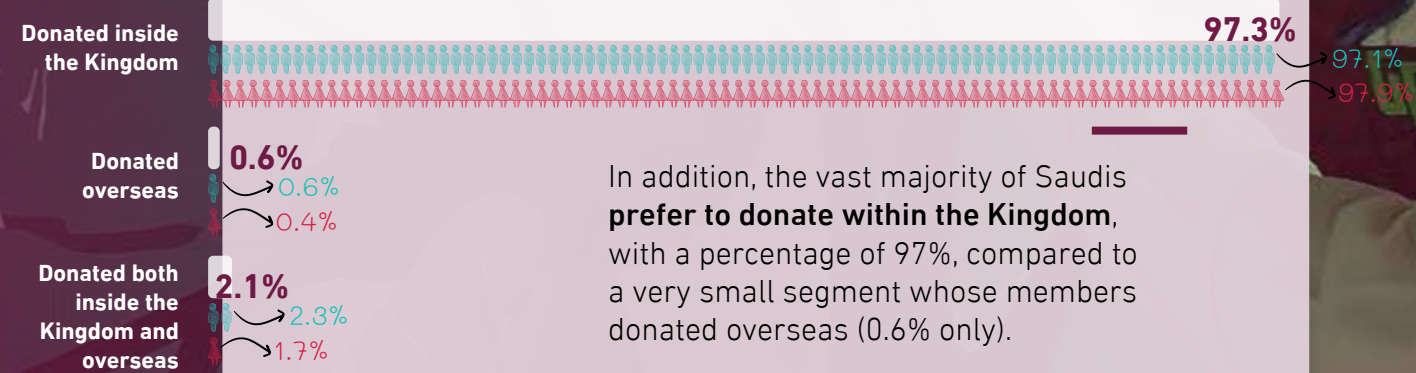




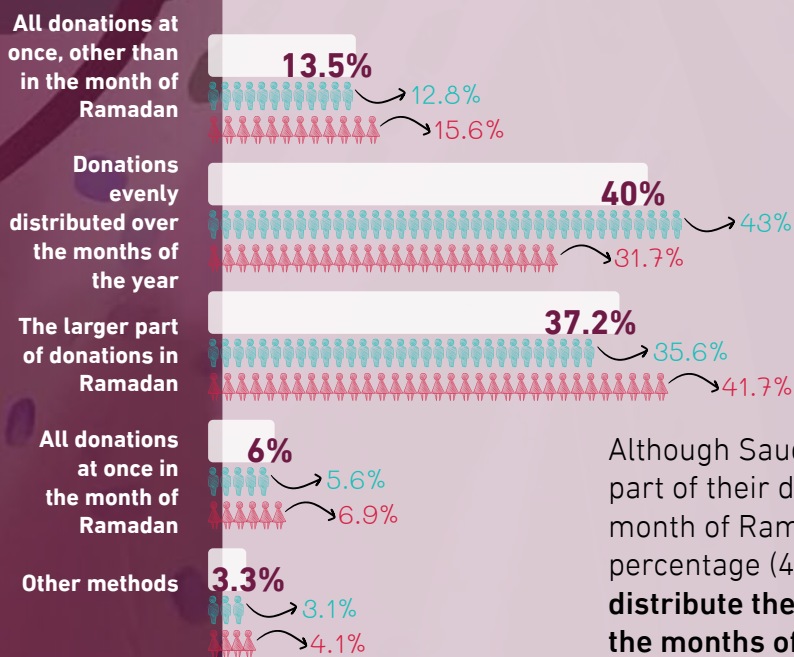
It appears that **holders of secondary school and university degrees** are more giving than other segments, with a percentage of



It was also found that **married people** tended to be more giving than other segments, with a percentage of 78 %.



In addition, the vast majority of Saudis **prefer to donate within the Kingdom**, with a percentage of 97%, compared to a very small segment whose members donated overseas (0.6% only).



Although Saudis prefer to give a large part of their donations during the fasting month of Ramadan (37%), a larger percentage (40%) of Saudis prefer to **distribute their donations equally over the months of the year**.

Image rights reserved for Faseel.

Donating through Government Platforms and Funds

Over the past two years, a number of government platforms were launched to collect donations to serve a specific social cause. For example, the Furijat platform was established to release debtor prisoners and detainees. Similarly, the Jood-Eskan Housing platform was launched to help provide affordable housing to needy people. These platforms were met with great responses from the Saudi community, especially during the month of Ramadan and during the Coronavirus pandemic, not only because of their contribution to solving important social problems, but also for the ease of using these platforms for making donations through them.

It is worth noting that



of Saudis prefer to donate through a bank account than to make direct cash donations to NPOs.

Following is a statement of the amount of donations through electronic platforms



187,017,430

SAR

1,356

debtor prisoners and detainees



This platform provides housing for families most in need, or rent assistance for social security beneficiaries

368,512,607

SAR

18,979

beneficiaries



The Saudi Health Endowment Fund has launched an initiative to receive and attract financial and in-kind contributions from all segments of society to support government agencies in charge of the response efforts to the Coronavirus pandemic. The Fund has allocated a bank account for this initiative to receive financial and in-kind medical contributions, which amounted in total to more than 1 billion Saudi riyals.

+1,000,000,000

SAR

In response to the Coronavirus pandemic and out of a desire to mitigate the impact of the pandemic on the disadvantaged groups, the Ministry of Human Resources and Social Development, in partnership with the General Authority for Awqaf and the Council for Charities, has established the Community Fund to transfer community support to the beneficiaries through associations approved by the Ministry. The total amount of donations received by the Fund reached

471,355,465

SAR

Major contributors to the Community Fund

316,893,300

SAR

Government agencies

101,084,000

SAR

Banking sector

27,350,039

SAR

Private sector

23,900,000

SAR

Donor institutions

2,128,126

SAR

Individuals

المنصة الوطنية للتبرعات
National Donations Platform



زكاتي
ZAKATY
لرعاية الأفراد الاختيارية

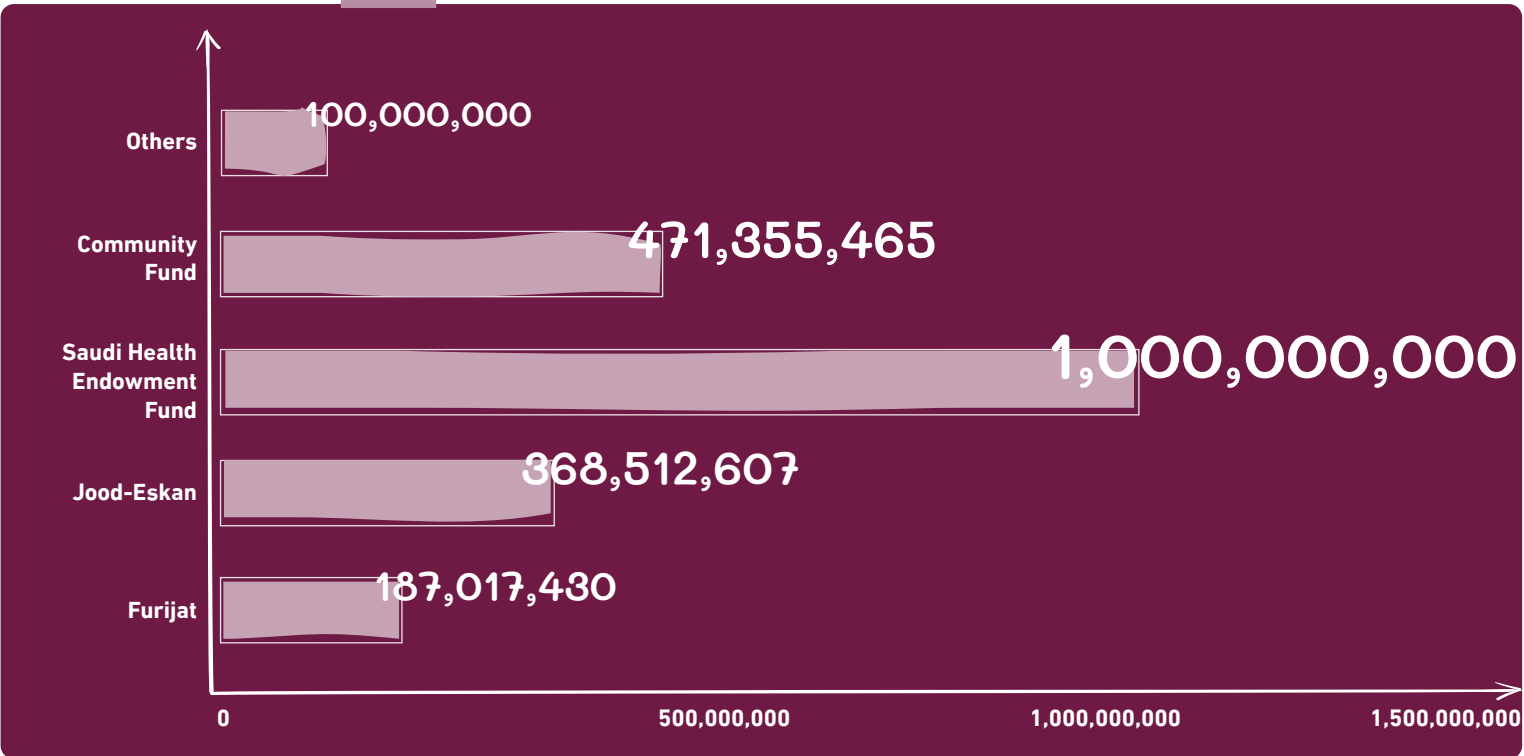


The General Authority for Zakat and Tax (GAZT) has launched the Zakaty Portal for individual Zakat payers. Similarly, the Ministry of Human Resources and Social Development has launched the National Donations Platform, and the General Authority for Awqaf has initiated the Waqfy Platform. All three platforms collectively obtained donations approximately amounting to

100,000,000

SAR

Amount of donations to electronic funds and platforms (in Saudi riyals)

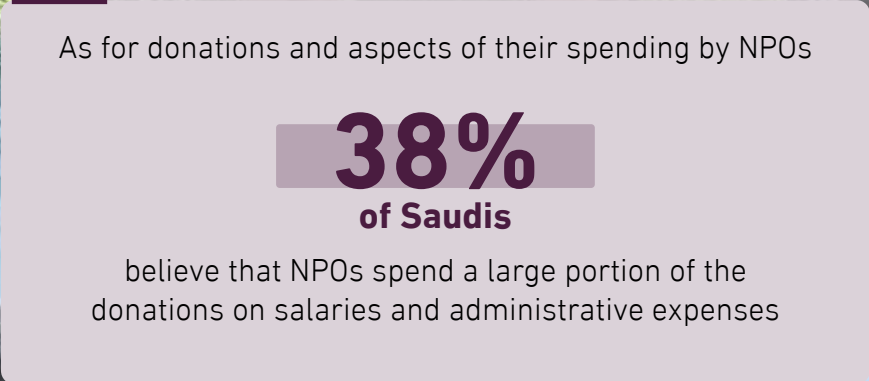
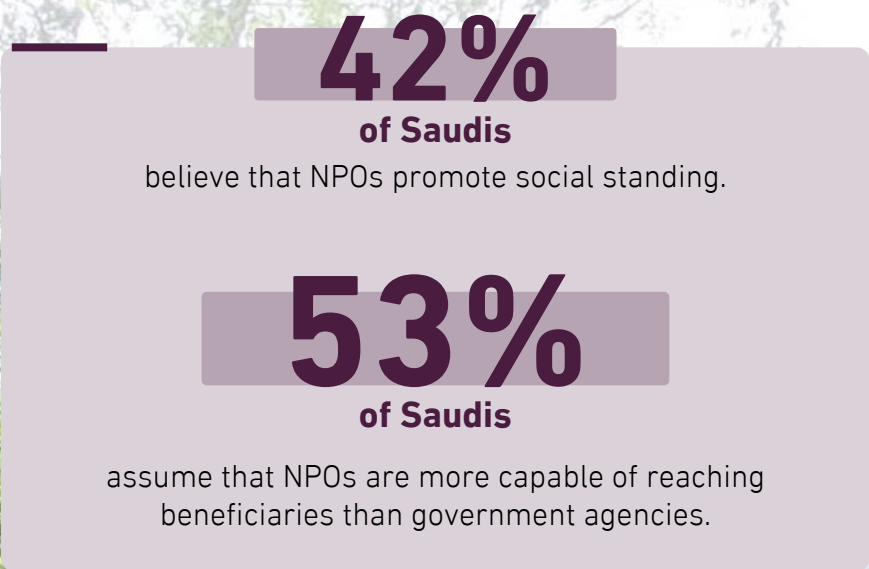
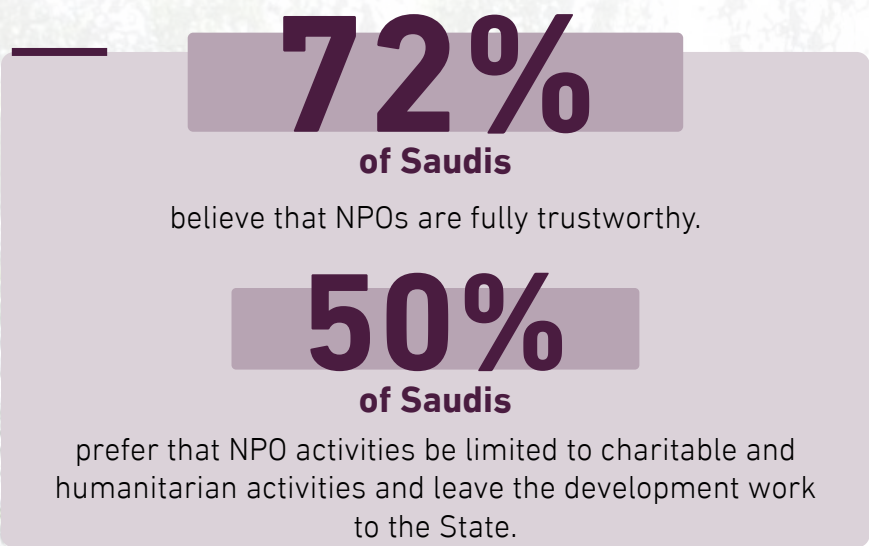


7

Perceptions

Does the Saudi society trust the non-profit sector? This is a confusing question, especially with the emergence of some campaigns recently questioning the credibility of the activities carried out by the non-profit sector, and disseminating several misconceptions about the sector. The 2018 household survey of non-profit activities included a special chapter on the mental image developed by individuals about NPOs. The results of the survey indicate that there is a divergence of opinions regarding the non-profit sector.

Following is a review of the most important results:



*
What values motivate Saudis to do good and to engage in the work of the non-profit sector? Dima Al-Sheikh is a specialist in values and has worked at the non-profit sector for many years. Watch her evaluate the current status of the values of the Saudi society.

WATCH

Members of the Saudi Darrajati (My Bicycle) volunteer initiative during their participation in the European Tour. Photo by courtesy of Darrajati Initiative

This divergence of opinions concerning the non-profit sector shows a dire need for more awareness-raising efforts, mainly to inform the public of the work carried out by the non-profit sector, which the current report is attempting to do. NPOs also are responsible for intensifying their efforts by announcing their activities, achievements, and governance standards on a periodic basis. They are also required to disclose their financial statements in a way that brings the picture closer to community members and enhance their trust in these NPOs.

On the other hand, increasing the contribution of community members to the non-profit sector, whether by donating time, money or effort, will contribute to achieving Saudi Vision 2030, namely by increasing the rate of volunteering in the non-profit sector, and will help to form more realistic view of the sector’s activities.

8











The Non-Profit
Sector during the
COVID-19 Pandemic

Effect and Impact

All business sectors and societies around the world have suffered from the social and economic consequences of the Coronavirus crisis. NPOs have also been subject to the negative impact of the crisis, which has affected jobs, liquidity, operations, services, business continuity, and even the ability to reach beneficiaries.

Various world countries have resorted to mitigate the damage and consequences of the pandemic on their economies by directing stimulus packages and economic subsidies to various business sectors and establishments. While some of these stimulus packages were limited to the private sector, some countries designed their packages to include the non-profit sector as well, due to its contribution to the economy and job creation. These countries also carried out some distinctive practices to support NPOs.

The following table summarizes some of the above-mentioned experiences, according to the research team analysis:

Benchmarking comparison of the subsidies provided by some countries to NPOs during the Coronavirus pandemic										
	 UK	 Australia	 China	 Russia	 Turkey	 Austria	 France	 Ireland	 Canada	 Netherlands
Tax exemption, deferment and reimbursement	✓	✗	✓	✓	✓	✓	✓	✓	✓	✗
Postponement of social insurance premiums	✓	✗	✗	Carried out as part of the national package to mitigate the impacts of the pandemic on the sector	✗	✓	✓	✗	✗	✗
Stimulus package for NPOs	✓	✓	✗	✓	✗	✓	✓	✓	✓	✗
Support for jobs and workers and temporary layoffs	✓	✓	✓	Carried out as part of the national package to mitigate the impacts of the pandemic on the sector	✓	✓	✓	✓	✓	✓
Lending facilities	✓	✓	✗	Carried out as part of the national package to mitigate the impacts of the pandemic on the sector	✓	✓	✓	✓	✓	✗
Allowing benefit from the national package to mitigate any repercussions on the national economy	✓	✓	✗	✓	✓	✓	✓	✓	✗	✗
Supporting NPOs Abroad	✓	✓	✗	✗	✗	✗	✓	✗	✓	✗
Involving the sector in the national committee formed to respond to the pandemic	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
Reducing administrative burden on NPOs by exemptions and decrease of governance requirements.	✗	✓	✗	✗	✗	✓	✓	✗	✓	✗

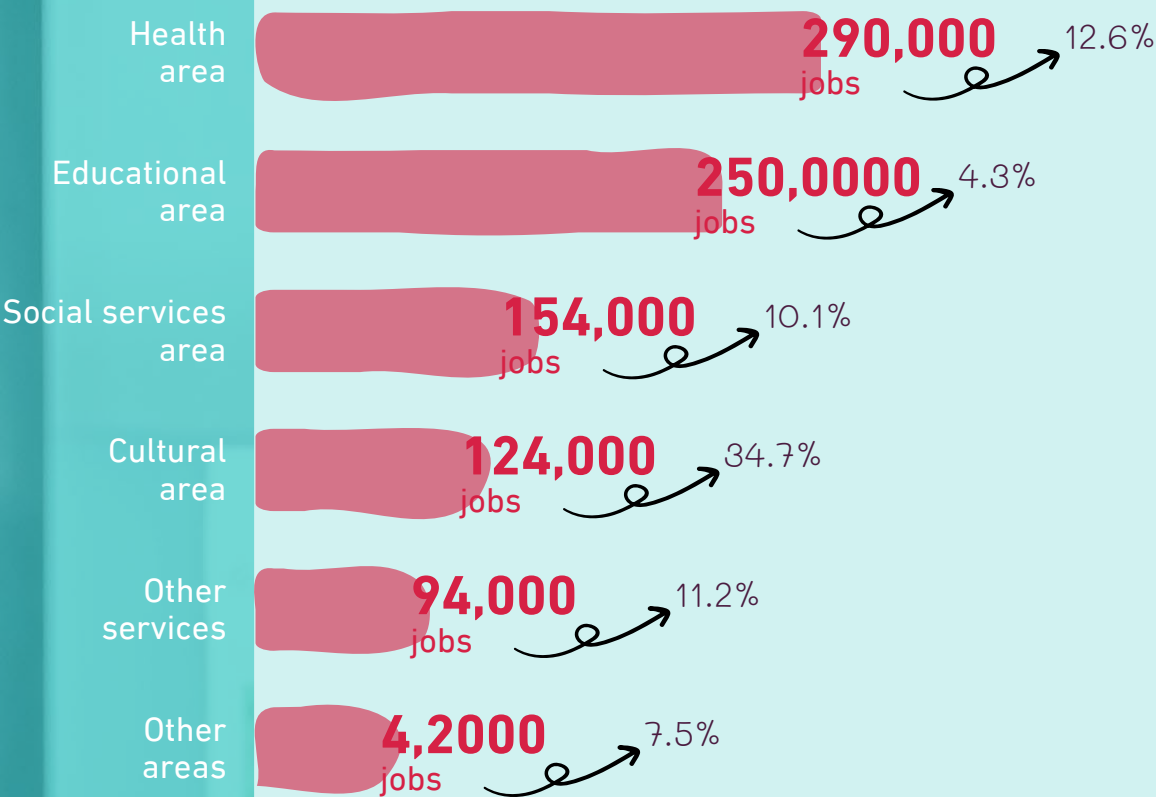
For more information and access to the sources and explanations, you can [DOWNLOAD THE TABLE](#) and browse it on your desktop.

For example, a study conducted by the Johns Hopkins Center for Civil Society Studies indicated that the American non-profit sector has been significantly affected by the pandemic since February 2020 (the month preceding the repercussions of the pandemic). The American non-profit sector lost slightly fewer than

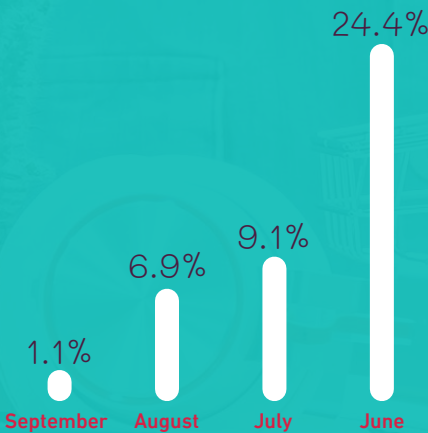
1,000,000

jobs by
September 2020

Estimate of the number of jobs lost in the US non-profit sector between March and September 2020



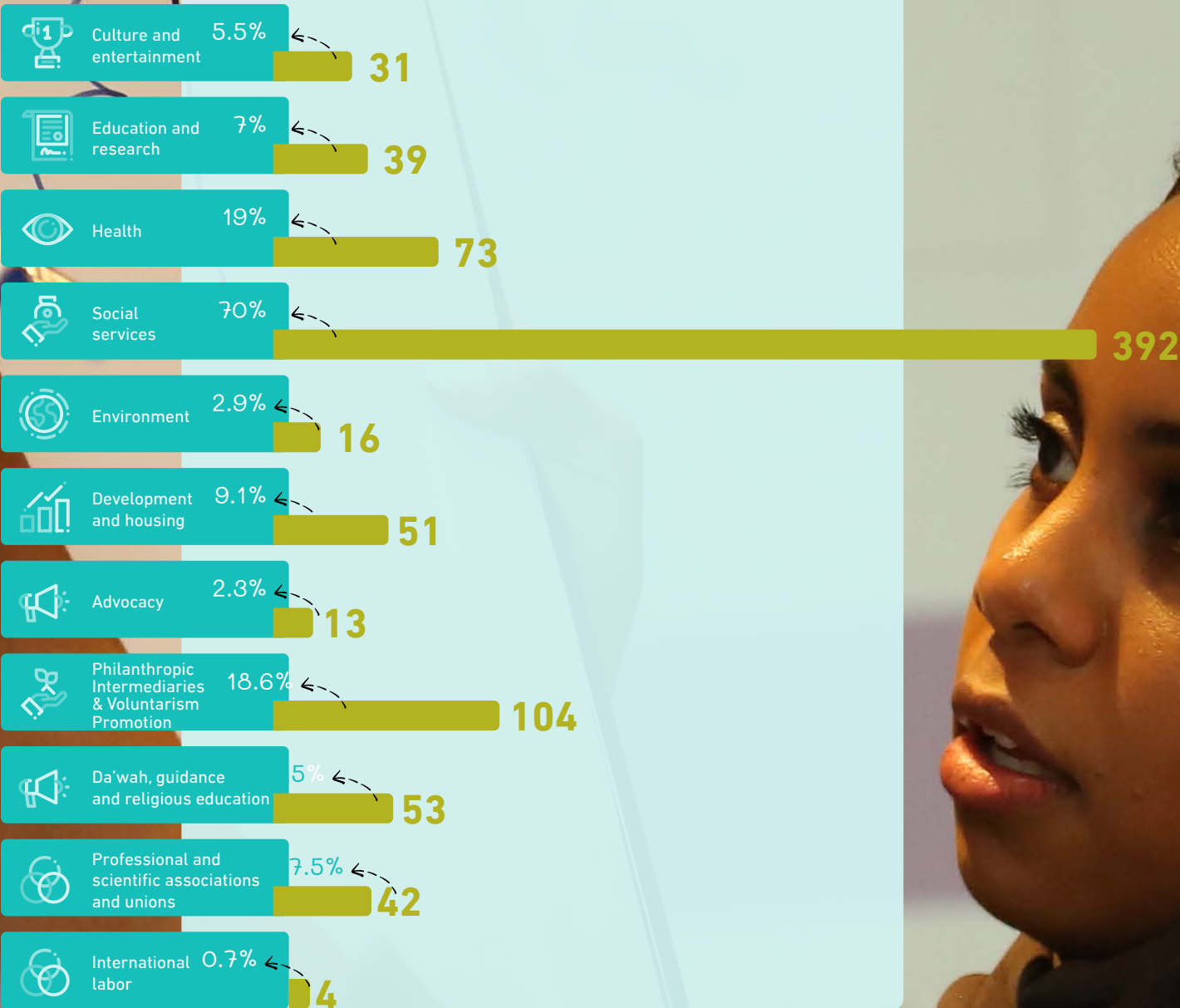
Percentage of recovery after employment losses in the US non-profit sector for each month between June and September 2020



In April 2020, KKF surveyed the views of civil society associations on the impact of the Coronavirus pandemic and its social and economic consequences on the sector. It aimed to clarify and address the major challenges facing the sector in a manner that ensures the sustainability and continuity of NPO activities in the Kingdom. KKF also attempts to preserve the sector’s gains and maintain the growth it has achieved over the past years by emphasizing and supporting its important role in national development under both normal and crisis conditions.

A representative sample of more than
560
members of civil society associations
around the Kingdom

participated in the questionnaire, according to the following
demographic distribution that covers all regions of the
Kingdom and NPO activities:

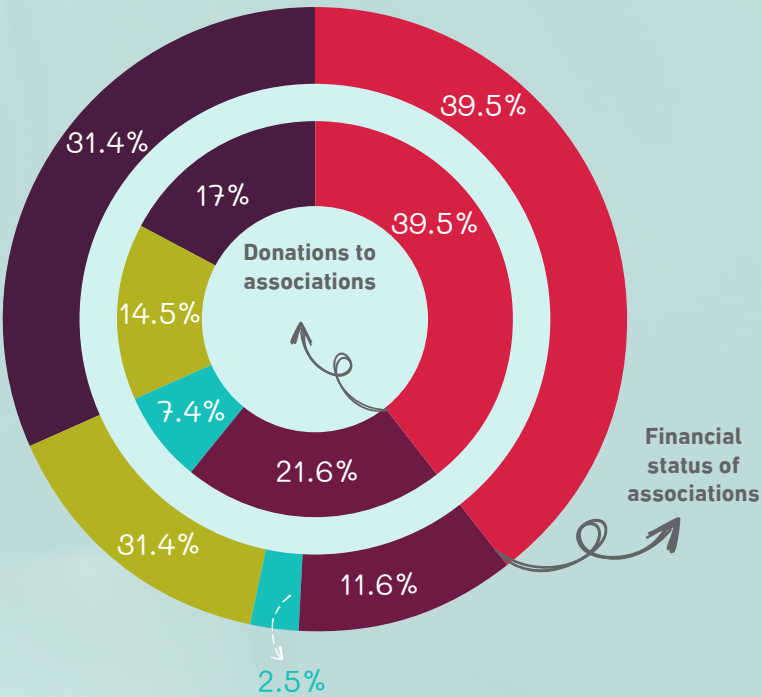


More than

50%

of NPOs witnessed a decline in their financial status and the
donations made to them.

- Slight increase in donations/financial status
- Significant increase in donations/financial status
- No changes
- Slight decrease in donations/financial status
- Significant decrease in donations/financial status

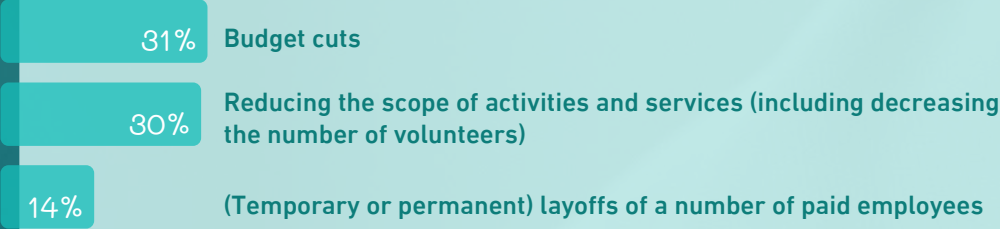


Participants in the questionnaire noted the increased difficulty of fundraising during the pandemic. Many of them did not find any financial support programs provided by the government or private sector or donor institutions.



A limited number of NPOs have witnessed an increase in their budgets and staffing. However, most NPOs had to implement plans to reduce their activities, budgets and employees, and to adopt the concept of remote work.

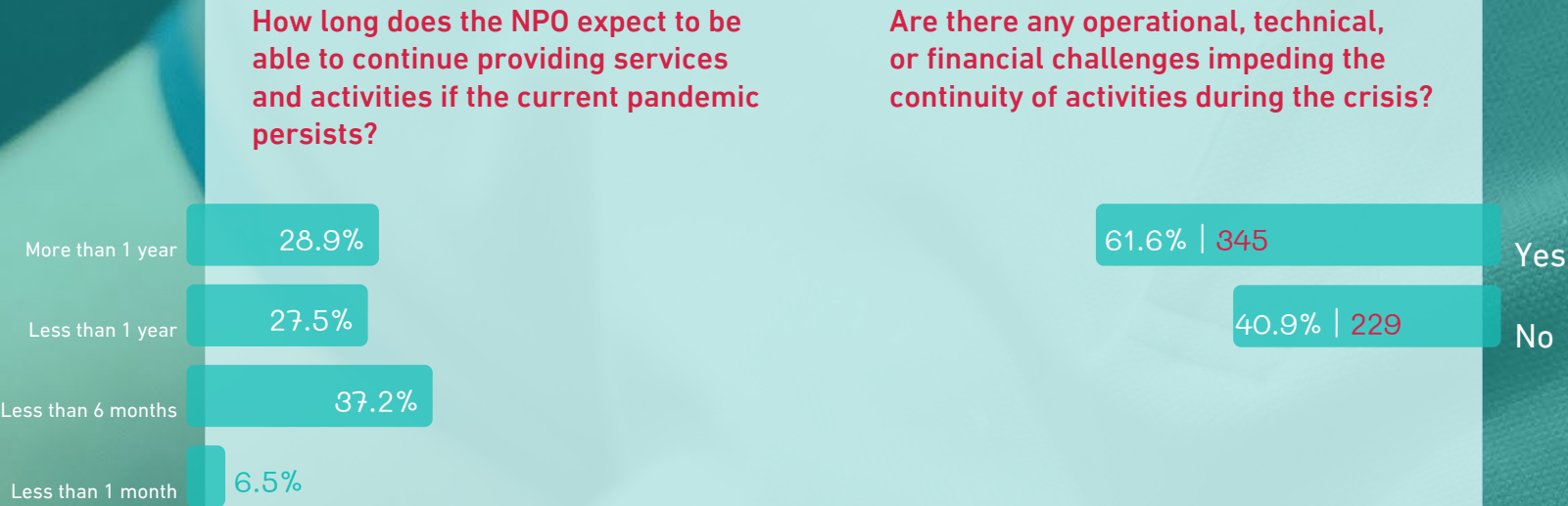
Following is a review of the most prominent repercussions on NPO activities:



The most shocking results of the survey include the fact that

71%

of NPOs expected a decline in their ability to continue providing services and activities if the current pandemic persists, and that 62% of NPOs revealed challenges that impede the continuity of their activities.



9

International Participation

of the Kingdom's
NPOs

The Kingdom's active participation in international forums and gatherings has greatly opened the way for NPOs to participate, build relationships, transfer expertise, exchange information, experiences and knowledge, enhance cooperation, and benefit from their counterparts around the world, especially through the participation mechanisms available to civil society institutions in international forums and in United Nations bodies. The Kingdom had proved its leading role in the region and the world by presenting the Voluntary Report on the SDGs, which was reviewed during the United Nations High-Level Political Forum in 2018, with the participation of the non-profit sector in the Kingdom. The Voluntary Report was prepared by a national committee composed of relevant government agencies in addition to representatives from the non-profit sector and the private sector. KKF participated as a representative of civil society in the national committee for the preparation of the Voluntary Report, in addition to its membership in the Kingdom's delegation to the forum and its presentation of the Saudi civil society speech during the Voluntary National Reviews (VNRs).

The Kingdom's presidency and hosting of the

G20 summit activities

had the greatest impact in opening the way for the non-profit sector to participate in the activities of the Civil Society Engagement Group (C20). C20 is the engagement group concerned with conveying the views and aspirations of civil society organizations around the world to the leaders of the G20 countries.

C20 comprises **11 working groups**

that simulate working groups of the governmental side of the G-20, with regard to the following issues:

- anti-corruption
- climate, sustainability and environment
- digital economy
- employment and social protection
- global health
- gender
- education
- infrastructure
- global financial structure
- trade and investment

Each working group is led by a local and global leader, meaning that the contribution of Saudi NPOs was not only limited to participation, but also to the leadership of these groups, which included more than

1500 NPOs from 114 countries.

Presiding over these groups included preparing policy papers for each group and making consensus on global civil society recommendations for the G20 leaders.

* How was the experience of the Saudi non-profit sector like in the G20 Civil Society Engagement Group (C20)? Dania Al-Maeena and Mashari Al-Saud share their experience during the Saudi G20 Presidency year.

- Watch Faseel's experience
- Watch Al-Oula's experience

Civil Society Engagement Group (C20)

By the end of 2019 KKF was named as president and host of the activities of the

Since then, KKF has embarked on preparing the non-profit sector in the Kingdom to participate in the C20 activities

by holding a preparatory bootcamp for NPOs in the Kingdom

500 NPOs

constituting a large segment of the Saudi non-profit sector, applied to participate in this camp once registration was announced. This indicates the keenness of the sector's employees to take part in the C20 activities and to support the Kingdom's efforts to host the G20 summit. It also serves as an indication of the intention of NPOs in the Kingdom to engage in global policy discussions and provide opinions on them. We hope that this enthusiasm would expand to expressing the viewpoints of the Saudi society and citizens in more international forums.



10

Follow-up on the Recommendations of the Development Roadmap for the Non-Profit Sector in the Kingdom of Saudi Arabia

Since its establishment in 2001, KKF has committed itself to investing in building an effective non-profit sector that is capable of providing equal opportunities for society members and meeting the development needs of the Kingdom of Saudi Arabia. By issuing this Non-profit Trends Report, we express our commitment to follow up on NPO empowerment. In its first edition of the Trends Report in 2018, KKF proposed a package of interconnected recommendations as a roadmap for the development of the non-profit sector. This current report serves as a follow-up of the progress and development of this roadmap, and proposes new recommendations, aiming to preserve the gains of the non-profit sector, which are currently threatened by the Coronavirus pandemic.

01 Recommendation:

Adopt a working definition for both non-profit organizations and volunteerism in the Kingdom

Updates

A royal decree was issued to approve the Voluntary Work Law and its definitions. The General Authority for Statistics has also approved the definition of NPOs from a statistical perspective. The by-law for the NPOs Law also clarified the working definitions related to the treatment of NPOs, especially the regulations organizing the relationship between the Ministry of Human Resources and Social Development and the technical supervision agencies.

Progress Level

Completed

02 Recommendation:

Allocate an executive program for maximizing the impact of the non-profit sector in Saudi Vision 2030

Updates

No new executive programs have yet been announced for the second five-year planning cycle of Saudi Vision 2030.

Adaptable

03 Recommendation:

Establish a center/commission for the development of the non-profit sector

Updates

A Council of Ministers Resolution was issued to establish the National Center for the Development of the Non-Profit Sector; the Ministry of Human Resources and Social Development will prepare a draft statute for the Center.

Advanced

04 Recommendation:

Review the rules for opening bank accounts and other financial conditions and restrictions imposed on the non-profit sector. NPOs still experience several restrictions in opening bank accounts, cash transfers, and obtaining credit cards; these issues weaken the sector’s sustainability and economic contribution.

Updates

The fifth update of the rules for opening bank accounts was issued by the Saudi Central Bank, including a number of updates for the treatment of NPOs. SAMA has recently issued a circular to Saudi banks urging them to facilitate the access of NPOs to electronic banking services.

In Need of Progress

05 Recommendation:

The National Center for Privatization should consider allotting and transferring some of the government assets allocated to privatization to a non-profit operational model.

Updates

A Royal approval was issued for the transformation of the King Faisal Specialist Hospital and Research Center (KFSH & RC) into a non-profit organization. A Council of Ministers Resolution was also issued regarding the regulatory arrangements for transforming the Model Institute of the Capital in Riyadh and Al-Thaghr Private Schools in Jeddah to non-profit organizations. A number of government agencies, such as the Ministry of Justice and the Ministry of Human Resources and Social Development, have also launched initiatives to outsource some services to NPOs. Furthermore, a Council of Ministers Resolution was issued to study and design an integrated vision for how to benefit from NPOs in providing services undertaken by the public sector in light of the successful experiences achieved by other countries in this field.

Advanced

06 Recommendation:

Encourage social entrepreneurship and speed up the issuance of the Non-Profit Companies Law

Updates

The Ministry of Commerce has published the new draft Companies Law, including a chapter on non-profit companies. In addition, the Social Entrepreneurship Strategy has been approved by the General Authority for Small and Medium Enterprises (Monshaat), which also developed the criteria for accreditation of social enterprises through a committee chaired by the Authority.

Advanced

07 Recommendation:

Encourage national companies and banks to establish NPOs in order to activate their social responsibility role

Updates

A Council of Ministers Resolution was issued to study the impediments and establish a clear mechanism to stimulate national companies. The Ministry of Human Resources and Social Development has also launched a social responsibility strategy for companies in the Kingdom.

In Need of Progress

08

Recommendation:

Maximize the development impact of Al-Bir societies by circulating poverty and inequality indices among NPOs that provide financial and social aid to disadvantaged families, and involve these societies in the social security development plan in the Kingdom to empower and save families from poverty.

Updates

A Council of Ministers Resolution was issued to study this subject.

Progress Level

In Need of Progress

09

Recommendation:

Grant greater financial and administrative independence to professional associations and scientific societies, which would best support their role as representatives of professionals and experts. Such independence should be similar to that given to civil society charities and foundations, and should also involve their direct registration with the non-profit sector development center/commission.

Updates

A Council of Ministers Resolution was issued to study the problems and propose solutions for them.

In Need of Progress

10

Recommendation:

Launch academic programs at Saudi universities to motivate students to specialize in NPO management, including skills for social impact assessment, financial resources development, and other skills required by the non-profit sector, to enhance the quality and efficiency of sector workers.

Updates

KKF and other NPOs have collaborated to build various partnerships to engage the academic sector by encouraging students to specialize in relevant disciplines and skills, including the existing cooperation between KKF and both Prince Sultan University and Princess Nourah bint Abdulrahman University.

In Need of Progress

11

Recommendation:

Develop the mechanism for calculating the non-profit sector’s contribution to the GDP by adopting international standards issued by the United Nations and establishing a satellite account , which is crucial to accurately document the non-profit sector’s economic role

Updates

The General Authority for Statistics has launched a set of statistical initiatives to achieve this purpose, in consultation with KKF, the Ministry of Human Resources and Social Development and other relevant agencies, resulting in the issuance of the Voluntary Work Survey and the NPO survey, which are considered as technical requirements for creating the satellite account with GASTAT System of National Accounts.

In Need of Progress

12

Recommendation:

Exclude dealings with international development organizations in which the Kingdom is a member or funding entity from any restrictions stipulated in the Law of Civil Society Associations and Organizations and its Implementing Regulations.

Updates

A Council of Ministers Resolution was issued to study this subject.

In Need of Progress

13

Recommendation:

Allow taxpayers (registered with the General Authority for Zakat and Tax (GAZT)) to allocate part of their zakat to charities, and exempt them from paying zakat to GAZT, in accordance with controls that ensure no conflict of interest.

Updates

A Council of Ministers Resolution was issued to study this subject.

In Need of Progress

14

Recommendation:

Encourage NPOs to revamp their goals, programs, and activities to achieve compatibility and alignment with the national priorities, detailed objectives, and executive programs of Saudi Vision 2030, in addition to achieving compatibility with the UN Sustainable Development Goals (SDGs) 2030.

Updates

KKF and several NPOs are working to spread a culture of achieving compatibility between NPO initiatives and projects and the objectives of Saudi Vision 2030 and the global SDGs 2030.

In Need of Progress

Recommendations for mitigating the consequences of the Corona-virus pandemic on NPOs in the Kingdom

- 01
- Involvement of the non-profit sector in the national response efforts to address disasters and crises, and include non-profit sector representatives as members in the relevant committees, including the national risk unit and the committee to follow up on the developments of the new Coronavirus;
- 02
- Ensure that the non-profit sector benefits from the economic stimulus packages intended to support sectors affected by the COVID-19 disaster, and consider designing tailored stimulus packages for the non-profit sector to help overcome the negative consequences of the crisis on the continuity of business activities and the sustainability of NPOs;
- 03
- Consider the possibility of exempting NPOs from value-added tax, by developing a tax reimbursement policy for these organizations, to provide them with an appropriate fiscal space to continue meeting their operating expenses; and
- 04
- Allow taxpayers, registered with the General Authority for Zakat and Tax (GAZT), to allocate part of their withholding tax dues to civil society institutions officially registered in the Kingdom, and deduct such sums from the amounts due to GAZT.



Cover art rights reserved for
Aloula non-profit Organization.