



## Governance in Philanthropy

# Lessons from Islamic Philanthropy:

## The Role of Waqf in Strengthening Funding Models

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## Introduction

With increasing global challenges, economic uncertainty, climate change, and humanitarian crises, sustainable funding models for non-profits are more critical than ever. In 2025, the U.S. administration announced an 80% reduction in foreign aid programs, severely affecting global health initiatives targeting diseases such as malaria and HIV (Reuters, 2025). In less than 3 months, the impact of this decline in funding has led to unemployment, compromised humanitarian operations, closure of health facilities for refugees and withdrawal of scholarships. This highlights how volatile traditional funding options can be for the non-profit sector, which often relies on government grants and short-term donations.

This volatility underscores the need for the philanthropic ecosystem to develop sustainable funding models. One such mechanism is the establishment of Waqf and/or endowment funds, which provide long-term financial stability for charitable organisations.





# Waqf: A Pillar of Islamic Philanthropy Through History

Waqf has long been a cornerstone of Islamic philanthropy, functioning as permanent assets that cannot be sold, donated, or inherited, ensuring that their benefits serve communities for generations. For example, a Waqf established for a school or hospital may fund its operations while preserving the original asset, creating a sustainable model of charitable giving.

## Waqf can take various forms, including:

1. **Land or real estate** where rental income can go towards serving communities.
2. **Agricultural land** where revenue from crops grown on Waqf land can sustain charitable programs.
3. **Water sources** such as wells or water fountains to provide free access to water.
4. **Cash Waqf**, financial assets or investment funds are used to generate income for charitable activities. .

Over 1,400 years ago, the Well of Rumah in Medina was dedicated as a Waqf to provide free water to the community, setting a precedent for charitable endowments in Islamic history.

This Waqf remains active today, funding orphans, mosque construction, and education through income generated from cultivated land.

While Waqf have been a historic pillar of Islamic philanthropy, Western philanthropy has also adopted the concept of endowments, particularly within higher education institutions.



# Waqf in the Context of Western Philanthropy

Following the concept of Waqf, endowment funds function as investment portfolios where the initial capital comes from donations. These funds are set up to provide long-term financial support for institutions, families, or charitable causes. In the U.S., universities commonly use endowments to fund student aid, faculty salaries, research, the arts, and community programs. Harvard's endowment, the largest academic endowment in the world, traces its origins to the 1630s. In 2024, the endowment distributed \$2.4 billion, accounting for over a third of Harvard's total operating revenue (Harvard, 2024).

While endowment models have traditionally been linked to academia, modern philanthropy is increasingly adopting similar approaches for nonprofit sustainability. In 2021, the Robert Wood Johnson Foundation convened a working group to explore endowment funding as a strategic tool for nonprofit giving. The process revealed a significant gap in knowledge and a lack of a clear blueprint for funding endowments, highlighting the need for further research and guidance (Bridgespan, 2024).

Endowment funds are crucial for long-term financial stability in nonprofits, but it's important to consider the trade-offs before fully adopting this model.

## Implementing Endowments: The Trade-Off

While Waqf and endowments provide a stable funding mechanism, they are not without challenges. Managing these funds effectively requires balancing financial growth with the immediate needs of beneficiaries. Philanthropy at the grassroots level is more complex than simply securing funds and assets for long-term impact.





Crises such as pandemics, wars, economic downturns, and natural disasters create urgent needs that nonprofits and philanthropists cannot always predict. In such situations, immediate access to capital is crucial—without it, the social consequences can be devastating. This approach ensures philanthropy remains both resilient and responsive, allowing organisations to fulfil their missions effectively in an ever-evolving landscape.

To navigate these challenges, the philanthropic sector must adopt a diversified funding strategy. A strategic blend of endowments, unrestricted funds, and innovative financing mechanisms can help organisations balance long-term financial sustainability with the flexibility needed to respond to pressing societal challenges. This approach ensures philanthropy remains both resilient and responsive, allowing organisations to fulfil their missions effectively in an ever-evolving landscape.

However, endowments come with inherent challenges. To generate higher returns, organisations require substantial initial investments, often rendering funds inaccessible for short-term needs. Managing an endowment portfolio also demands financial expertise, as maximising returns requires dedicated oversight. Beyond financial considerations, governance plays a crucial role in ensuring accountability and preventing mismanagement.

Mismanagement has historically led to the decline of Waqf, with assets deteriorating due to corruption, poor oversight, or illegal occupation, as highlighted in a 2024 report by the Journal of Muslim Philanthropy & Civil Society. To mitigate these risks, regional governments have introduced legal frameworks to safeguard and promote the sustainable management of endowment assets.

By addressing these governance and financial challenges, philanthropic organisations can optimise the benefits of endowments while ensuring their ability to meet both immediate and long-term needs.



## Waqf as a Foundation for Sustainable Philanthropy in the GCC

As endowment funds gain prominence as a sustainable funding mechanism, there is a renewed interest in Waqf as an enduring pillar of Islamic philanthropy. By leveraging modern financial instruments while staying true to the principles of Waqf, institutions across the region are exploring innovative models to ensure long-term impact. Recent initiatives in Saudi Arabia and the UAE illustrate how Waqf and endowment funds are being strategically developed to provide stable, long-lasting support for critical sectors such as healthcare, education, and social welfare.

The King Faisal Specialist Hospital Charity Foundation, known as "Wareef Charity," in partnership with the Alinma Investment Company; launched the Alinma Wareef Endowment Fund in 2018; the investment fund directly contributes to achieving Wareef Charity's strategic goals, which include securing sustainable funding for treating patients in need, supporting medical research and healthcare development, promoting preventive health awareness programs, and training specialised healthcare professionals.

According to data published on the Saudi Stock Exchange (Tadawul) (2025), the market value of the "Alinma Wareef Endowment Fund" has exceeded SAR 87 million, demonstrating its commitment to sustainable healthcare funding within the endowment investment regulations in Saudi Arabia.

*The GCC is reviving Waqf with a focus on financial sustainability and strategic impact. By integrating modern governance structures, regulatory frameworks, and innovative financial instruments, countries in the region are transforming Waqf into dynamic endowment models that align with national development goals. These efforts are part of a broader vision to position the GCC as a global leader in sustainable philanthropy.*



## Pioneering Sustainable Philanthropy in the GCC

As part of UAE Vision 2031 and Saudi Vision 2030, both nations are committed to strengthening their roles as global leaders in humanitarian aid, fostering universal fraternity, and promoting diversity, tolerance, and peace. These visions emphasize sustainable, impact-driven philanthropy, moving beyond traditional fundraising toward models that ensure long-term social and economic benefits.

A critical element of this transformation is strong governance mechanisms. Independent oversight boards, transparent financial reporting, and regulatory compliance help maintain donor trust and safeguard the integrity of philanthropic funds. Without clear governance frameworks, endowments risk inefficiencies, fund misallocation, or even corruption. To mitigate these risks, successful Waqf and endowments implement structured policies on fund distribution, external audits, and ethical investment guidelines, ensuring transparency and sustained impact.

Both Saudi Arabia and the UAE have introduced regulatory measures to enhance transparency and efficiency. In Saudi Arabia, the Ministry of Human Resources and Social Development has mandated annual reporting and independent audits for charitable endowments, reinforcing oversight and accountability.

The UAE's Nazer Al Waqf platform, launched in Sharjah under Resolution No. (4) of 2023, is the first of its kind in the country. Designed to improve efficiency and ensure compliance with Sharia and legal provisions, this initiative reflects a broader regional commitment to modernizing Waqf governance, strengthening donor confidence, and reinforcing the impact of Islamic philanthropy.



A key example of this transformation is the shift in UAE's Ramadan initiatives. Instead of relying on one-time donations, in recent years, UAE has placed a call to action for institutions, businesses, philanthropists and individuals, encouraging a move from one-time donations to strategic, impact-driven giving.

## Ramadan Endowments in UAE: A Shift Towards Strategic Giving

In 2023, the Mohammed bin Rashid Al Maktoum Global Initiatives (MBRGI) introduced a strategic shift in its Ramadan campaigns aligning with the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, emphasizing sustainable, self-supporting humanitarian efforts lasting beyond 1 fundraising cycle.

By engaging both the public and private sectors in sustainable endowment models, the UAE is not only setting new benchmarks in global philanthropy but also revitalising and honouring the tradition of Waqf. This approach ensures that humanitarian efforts remain resilient, adaptable, and scalable, enabling long-term impact for future generations.

By launching endowment fund initiatives during the holy month of Ramadan, MBRGI addressed global challenges and supported underprivileged populations through long-term impact rather than short-term aid. These funds are designed to provide continuous financial resources for charitable work, reinforcing key values for which the UAE is renowned—giving, generosity, human solidarity, and active participation in philanthropy. Since 2023, MBRGI has launched the following campaigns to achieve this vision.





## 1 Billion Meals Endowment: A Pioneering Initiative

Launched in Ramadan 2023 by Sheikh Mohammed Bin Rashid Al Maktoum, raising AED 1.075 Billion in cash, shares and real estate. This fund was established to combat global hunger and provide food assistance to vulnerable communities. The initiative underscores the UAE's commitment to long-term humanitarian efforts, with a vision to create lasting impact through expanded endowment assets.

## Mother's Endowment Fund: Building a Legacy of Global Empowerment

Launched in 2024, the Mothers' Endowment campaign raised over AED 1.4 billion, surpassing its AED 1 billion target to support global education and economic empowerment. The initiative reflects the UAE's commitment to sustainable charity endowments, with a focus on giving and solidarity.

## The Father's Endowment Fund: Continuing the Legacy

Launched in 2025 and raised over AED 106 million in just 10 days, with Azizi Developments committing an additional AED 3 billion for a humanitarian medical complex, accounting for for UAE's largest private sector donation. The initiative focuses on sustainable healthcare to empower underprivileged communities, including hospitals, research centers, and training facilities.



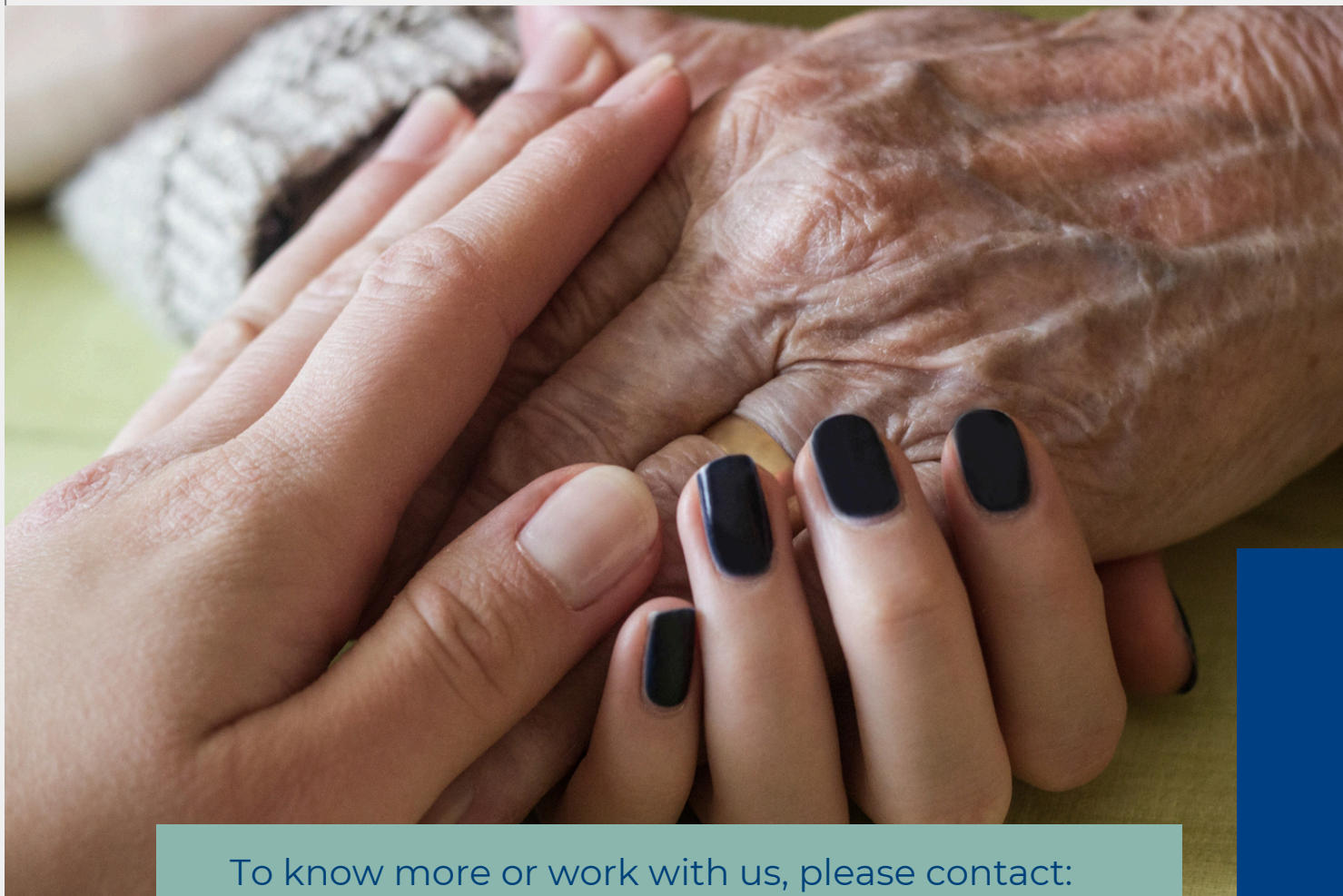


## Conclusion

Regional efforts rooted in the historic concept of Waqf are shaping a blueprint for endowment funds within philanthropic ecosystems, serving as a global example of sustainable giving. Through historic examples from the region proving the sustainability of Waqf the region is setting an example for how governments and institutions can work together to create sustainable funding models that support global humanitarian and developmental goals. These campaigns ensure that vital services such as education, healthcare, and poverty alleviation continue to thrive, even in times of uncertainty. By integrating centuries-old traditions with innovative regulatory and digital solutions, Saudi Arabia and the UAE are not only preserving the essence of Islamic endowments but also equipping them for long-term global impact.

While the establishment of endowments presents its own challenges such as the need for substantial initial investments and specialised management the rewards far outweigh the difficulties. To maximise the potential of endowments, non-profits must adopt a diversified funding model that integrates endowments with other revenue streams, ensuring both stability and flexibility in their operations.

To fully realise the potential of Waqf and endowments, it is essential for governments, philanthropic institutions, and individuals to work together. Saudi Arabia and the UAE are advancing modern Waqf structures to maximise philanthropic impact. Their efforts provide valuable lessons for the global philanthropic community, demonstrating how endowments can evolve to address contemporary social and economic challenges. By creating a supportive ecosystem that includes favourable policies, cross-sector partnerships, and public awareness, these funding models can thrive and deliver lasting societal impact for generations to come.



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