

The Role of Technology in Enhancing Strategic Philanthropy and the Non-Profit Sector in Saudi Arabia

February 2025

Riyadh (KSA)

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I. Introduction

The philanthropic and non-profit sector in The Kingdom of Saudi Arabia, as it is in the GCC region, has deep roots in the religious beliefs and cultural customs of the Arab society. Recent estimates show that philanthropy in the Gulf Cooperation Council (GCC) is valued at approximately US\$210 billion annually, with the largest family businesses contributing at least US\$7 billion per year. In The Kingdom of Saudi Arabia, where philanthropy and non-profit organizations are collectively referred to as the ‘**third sector**,’ the commitment to this sector is evident and deeply tied to Islamic teachings of stewardship and is considered both a religious obligation and social duty. However, accurate and up-to-date data on the size, opportunities, and impact of third sector giving in the country is still limited.

Despite this limitation, there are strong indications that the future of philanthropy and non-profits in the Kingdom is promising, fueled in part by the involvement of young, successful, and tech-savvy entrepreneurs and leaders who can harness the power of digital tools, social media, and global education to drive innovation and growth within the sector. As Saudi Arabia continues to boost the third sector's contribution to 5% of GDP under Vision 2030, the blend of historical traditions, modern giving tools, and the energy of a globally connected generation offers an optimistic and exciting path forward for philanthropy and non-profits in the country.

This Outcomes Report follows a high-level roundtable and pre-event interviews, which engaged key stakeholders to gain insights into the current state of the third sector in Saudi Arabia, the challenges it faces, and potential solutions that technology can offer to overcome them. The roundtable brought together stakeholders from across the sector, including representatives from grant-making foundations, non-profit organizations, national development centers, and leaders in the social impact space. The findings and recommendations in this report reflect both individual and collective perspectives of roundtable participants and those interviewed pre-event. (see **Appendix B**)

The aim of this Outcomes Report is to provide actionable insights that can contribute to ongoing efforts by all stakeholders to realize the goal under Vision 2030 of a more innovative, resilient, and impactful nonprofit sector in Saudi Arabia, capable of contributing towards its growth.




II. Overview of the ‘Third Sector’ and Technology Adoption in The Kingdom of Saudi Arabia: Challenges and Opportunities

The third sector in Saudi Arabia is experiencing transformational changes, driven largely by the national vision to increase social impact and community development through more effective and sustainable approaches, to ensure the sector’s contribution to national development. This section provides an overview of key issues and challenges in the third sector, the state of technology adoption, and the gaps that need to be prioritized and addressed.

A. Key Issues and Current Challenges

- ***Access to infrastructure and the digital divide:*** Unequal access to digital infrastructure has created a divide between organizations in urban and rural/remote areas, with the former having better and more affordable access to digital services and expertise, connectivity, and information about technological solutions. The digital divide also exists between third sector organizations and those in the private and public sectors due to their limited resources, capacity, and ability to keep pace with rapid digital transformations taking place in the country. Organizations that are unable to reap the digital benefits are less likely to be able to scale and achieve greater impact.
- ***Tools and systems for data collection, analysis and decision-making:*** Many third sector organizations specifically lack tools and systems to effectively collect, analyze, and use data to drive evidence-based decision-making. Many also have not developed or implemented adequate results framework to accurately monitor, measure, and assess the impact of their initiatives and investments. Despite the lack of such tools and systems being widely available or adopted, it is recognized by leading organizations that data-driven approaches are needed to improve transparency and accountability, as well as optimize resource allocation, while impact measurement frameworks are needed to ensure that financial and human resources are efficiently deployed to achieve optimal and expected outcomes.
- ***Skills and capacity to fully leverage and navigate emerging tech and cybersecurity:*** The



successful adoption of technology within the third sector requires investment in human resources, in terms of training and upskilling of staff to ensure they are equipped to select and apply appropriate technologies effectively, especially advanced types such as AI, IoT and big data analytics. While these technologies can help enhance service delivery, improve beneficiary targeting, and optimize operations in other ways, there is currently inadequate technical expertise across many smaller or remote third sector organizations, as well as a gap in meeting training needs. Organizations that have been able to adopt basic technologies but do not have adequate safety measures in place, also face challenges. Cybersecurity is a serious and growing concern in an increasingly digital world and some organizations may not have adequate safety measures in place to protect sensitive beneficiary data, which can affect stakeholder trust.

- ***Strategic resource allocation and financial sustainability:*** While funding opportunities exist for third sector organizations, they are not always aligned with the specific needs of nonprofits. There is a need to improve how resources are allocated to ensure they are directed toward strategic initiatives, such as technological integration and capacity building rather than short-term operational needs. There is also a need for some organizations to diversify their funding sources to achieve more sustainable financial models that can support long-term growth and impact.
- ***Undefined operational focus and role clarity:*** Despite the recognition and positioning of the third sector in Vision 2030 as a contributor to national development, many organizations still lack the capability and means to effectively identify and address the most pressing needs in their fields. This is in part due to the absence of an overarching strategic and results framework that clearly states priority needs, objectives, areas of focus and indicators at the national level, which can mitigate fragmentation and duplicative efforts and better align the third sector efforts and results with the overall national vision and development goals.

B. Emerging Opportunities for Growth and Transformation

- ***Driving digital transformation in the third sector:*** As the world increasingly moves toward digitalization, the private sector has seen significant growth in technology-focused companies. This global trend has naturally impacted the nonprofit sector in Saudi Arabia, where the number of technology-driven organizations has grown substantially in recent years, from just three to over sixty. The third sector in Saudi Arabia is following this global



shift, adapting to new technological advancements and exploring digital solutions. Globally Nonprofits have been increasingly exploring emerging technologies such as artificial intelligence (AI), the Internet of Things (IoT), and big data analytics to align service delivery with needs, optimize resources, and scale their initiatives. Established nonprofits have also embraced automation in financial and administrative processes, leading to reduced costs, fewer errors, and greater transparency.

Global success stories, as in using advanced data management tools, offer valuable lessons to advance a more robust, efficient and transparent third sector in Saudi Arabia.

- ***Strengthening partnerships for sector growth:*** Public-private partnerships are pivotal for bridging resource gaps and advancing the nonprofit sector. These collaborations provide access to funding, technological expertise, and innovative solutions that drive digital transformation. Partnerships with government entities, private companies, educational institutions, and specifically technology firms have proven to be instrumental in building the skills and infrastructure required to support sector-wide advancements. By fostering knowledge exchange and resource sharing, these partnerships enable nonprofits to scale their impact, implement technology-driven solutions, and align with broader strategic objectives.
- ***Advancing capacity building and digital integration in the third sector:*** Developing human resources through targeted training and upskilling is essential for the successful adoption of technology in the third sector. Government initiatives have also contributed significantly to digital integration by mandating an online presence for all registered nonprofits, improving visibility, and introducing financial incentives for technology adoption and workforce development. Since the onset of the COVID-19 pandemic, accelerated efforts have been in place to enhance digitalization by leveraging innovative platforms for beneficiary engagement, broadening outreach and enhancing communication. Sustained investments in capacity building and digital integration will empower nonprofits to deliver better services, scale operations, and drive inclusive growth.

III. Proposed Solutions

Considering the current state of the third sector, including its challenges and opportunities, roundtable participants and stakeholders interviewed proposed several solutions to enhance the role of technology in strategic philanthropy and nonprofit organizations. These are outlined below.



- **Develop and implement a technology adoption framework**

To improve the current state of limited technology adoption in the third sector, a technology adoption framework should be developed and implemented to provide organizations with guidance on the integration of technologies that can improve efficiency and effectiveness, such as ERP systems, AI tools, and automated financial management systems. The framework should include:

- ***Assessment tools:*** A readiness assessment tool to help organizations understand their current capabilities and determine the technologies that best fit their needs.
- ***Implementation guidelines:*** Detailed guidelines on implementing technologies, covering procurement, installation, and staff management & training.
- ***Partnership opportunities:*** Information on how to engage with private sector partners for support in technology integration, including technical expertise and financial assistance.

- **Develop and provide a toolkit for data collection and impact assessment**


The lack of accurate and complete data and the need for effective impact measurements were identified as key challenges for many organizations. To address this, a data and impact measurement toolkit should be developed to help organizations systematically collect, analyze, and report on their initiatives and investments. The toolkit should include:

- ***Data collection templates:*** Standardized templates for collecting data on beneficiary needs and program outcomes.
- ***Impact assessment framework:*** A framework for measuring the effectiveness of programs, including metrics to evaluate social return on investment.
- ***Training modules:*** Training material to strengthen capacity of organizations on data collection and analysis techniques, emphasizing the importance of data-driven decision-making.

- **Establish and fund a capacity building and skills development program**

To ensure the successful adoption of technology and data-driven approaches, it is essential to invest in building the capacity of third-sector organizations and their staff. A capacity building program should be launched and funded to equip organizations with the necessary skills to leverage new technologies effectively. This program should include:

- ***Technical training workshops:*** Regular workshops focusing on the use of technologies like ERP systems, data analytics tools, and AI.

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- ***Mentorship opportunities:*** Collaboration with technology experts from the private sector who can mentor staff in areas such as digital strategy and IT management.

- **Enhance collaboration through public-private partnerships**

To bridge the resource gap and provide organizations with access to technical expertise, a plan that supports and enables collaboration through public-private partnerships should be established. The plan should include:

- ***A partnership platform:*** Establish a platform that would enable third sector organizations, private sector companies, and government entities to connect and collaborate on initiatives of mutual interest.
- ***Resource sharing models:*** Create models that allow the sharing of technical tools, expertise, and best practices among third and private sector organizations.
- ***Incentivizing partnerships:*** Develop government-led incentives for private companies to partner with nonprofits, awarded in things such as public recognition.

- **Adopt a strategy for improved resource allocation and sustainability planning**


To improve resource allocation and ensure financial sustainability of third sector organizations, a national strategic resource allocation and sustainability plan should be developed and adopted. The plan should focus on directing resources towards strategic initiatives that drive long-term impact. Key aspects of the plan should include:

- ***Funding prioritization framework:*** A guiding framework to support organizations to prioritize funding requests that align with their strategic goals.
- ***Diversification of funding sources:*** Encourage and support organizations to diversify their funding sources by exploring and facilitating options such as corporate partnerships and raising awareness.
- ***Financial management training:*** Provide training for third sector leaders on financial planning and management, with a focus on building sustainable funding models that can support longer-term growth and innovation.

- **Provide support to organizations to better leverage emerging technologies**

Emerging technologies such as AI, IoT, and big data analytics offer immense potential for improving service delivery. To help third sector organizations adopt these technologies, the following support should be provided:

- ***Pilot projects:*** Launch pilot projects that demonstrate the use of emerging technologies in specific areas, such as automated beneficiary targeting and program monitoring.
- ***Technology grant programs:*** Create grant programs specifically designed to help nonprofit organizations acquire and implement emerging technologies, with a focus on



scalability and long-term impact.

IV. Case Study: Evolving Technologies for the Third Sector

The adoption of technology has become essential for overcoming operational challenges and optimizing service delivery as innovative solutions have emerged in several countries to address long-standing barriers, such as funding access and availability and donor engagement.

- **Grant Management Software: Leveraging Technology for More Accurate and Complete Data Collection and Impact Reporting:** As third-sector organizations in Saudi Arabia grow, they face challenges similar to those globally, particularly in grant management and results reporting.


Challenges

A major challenge for many organizations that either provide or receive grants is grant management and results reporting. Many common issues include:

- **Inefficient processes:** Manual data entry work and tracking of grants and donations through spreadsheets or disparate systems leading to time-consuming and error-prone operations and reporting.
- **Poor Governance:** Organizations struggle with maintaining real-time visibility across their grants/donation's portfolio, which affects decision-making, resource allocation, and accountability.
- **Compliance and reporting:** Meeting compliance standards and generating detailed reports for stakeholders, funders, or internal teams manually can be time-consuming and onerous.
- **Collaboration and communication:** Engaging with multiple stakeholders, including grant-makers, applicants and review teams, requires coordination that manual systems cannot effectively support.

These challenges can hinder organizational effectiveness, limit their ability to scale impact, and can lead to missed opportunities for funding and program expansion.

Solutions



Many global organizations have successfully leveraged software solutions and technologies to address common challenges, resulting in improved efficiency, greater impact, and stronger relationships with stakeholders. These technologies can now help third-sector organizations to:

- Streamline workflows by reducing administrative burden on their teams, as well as eliminate data silos and error-prone manual efforts. By automating tasks, such technologies allow staff to focus more on strategic work and decision-making.
- Enhance transparency and reporting through real-time dashboards and comprehensive reporting tools, which provide clear visibility across grant portfolios, allowing organizations to easily monitor funding allocation or application, and program performance. This ensures better internal decision-making and enables organizations to meet reporting requirements.
- Accelerate program growth and increase giving by enabling organizations to expand their reach and impact. For instance, using Fluxx, United Way of Greater Atlanta exceeded its goals by completing 15 grant cycles in 18 months and increased annual giving by 33% from \$60 million to \$80 million.
- Foster effective collaboration across program teams and strengthen relationships with grantees and grant-makers. The ability to coordinate and communicate within one system allows for faster decision-making and greater alignment.

V. Key Takeaways and Conclusion

The third sector in Saudi Arabia can contribute to transformative growth, as outlined in Vision 2023. By leveraging technology, collaboration, and strategic investments, it can unlock its full potential. Embracing technology as a catalyst for efficiency can support organizations with limited staff capacity to streamline operations, enhance service delivery, and deepen engagement with beneficiaries and donors. Integrating data-driven decision-making can further empower organizations to achieve, measure and report on impact, thus ensuring transparency and accountability and emphasizing the importance of their role. Technology alone, however, is not enough. Equally vital is investing in capacity building, equipping staff with the skills to effectively adopt and utilize advanced digital tools. These measures will require collaboration across public and private sectors to pave the way for a more inclusive, efficient, and impactful third sector in Saudi Arabia. As organizations consider the measures recommended by the roundtable participants and stakeholders interviewed, and align with the way forward, supported by private sector investments, donor engagement, and government initiatives, they will become able to build a resilient and adaptive sector capable of meeting community needs in a



sustainable manner. To achieve this vision, work with ITMAM Consultancy, Globesight, and other key partners to create a lasting impact.



Appendix

A. Roundtable details and agenda

- Traditional Giving Practices
- Growth of the Nonprofit Sector Post-Saudi Vision 2030
- Regulatory Environment of the Nonprofit Sector
- Challenges and Opportunities in the Nonprofit Sector
- Technology and Strategic Philanthropy in the Kingdom





B. Roundtable Participants List

Princess Nouf bint Mohammed Al

Saud

CEO

King Khalid Foundation

Majed Alousaimi

Sector Expert

Dr. Youssef Al-Huzaim

Secretary-General

Princess Alanoud Foundation

Dimah Al Alsheikh

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Rasha Alturki

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Lujain Alubaid

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Saeed Alyazeedi

CEO

Awqaf Norah Almelahi

Abdulrahman Alsum

Executive Director of ESG

Acwa Power

Princess Noura bint Turki Al Saud

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Aeon Collective

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THIQAH

C. Interviews Participants List

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*Saleh A. Kamel Humanitarian
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Dr. Basma Alzamil

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Advisor, LGA Global Advisors



D. Organizers & Supporters

ITMAM Consultancy

ITMAM Consulting Company delivers innovative, high-impact business transformation and management consulting solutions. Our deep understanding of the local context, combined with global expertise and best practices, enables us to tailor our services to meet the unique needs and aspirations of our clients across various industries.

Globesight

Globesight is a leading strategy advisory firm and partner for institutions seeking to scale development impact in the Global South, with a primary focus on the Middle East, South Asia, and Africa. Through engagement and collaboration, integrity, and innovation, we provide insights and strategic advice and create initiatives for development partners and organizations to advance meaningful, scalable solutions and partnerships in global development. Headquartered in Dubai, Globesight operates with a distributed structure and a network of experts from across the Global South.