The Endowments and SMEs in the Arab Region

Endowments (Awqaf) in the Arab region have a rich history, dating back more than fourteen centuries, where endowments were used to fund public works such as wells and highways. Endowments in the Arab region have traditionally taken the form of real estate trusts. The properties are held in perpetuity and the proceeds are used for charitable purposes where endowments must be invested in an Islamic (Shariah) compliant fashion that demands rigorous ethical analysis of where investment funds are deployed. In modern times, financial endowments – investing in financial securities in addition to real estate – have grown in popularity and are taking root more strongly than ever before. Endowment Foundations in the Arab region are seeking to build partnerships and strategic alliances, and searching for practices and new innovations in the field of endowment investment, which can enhance the potentials and the complementarities of the financial and investment thinking of the foundation, in a way that ensures more growth and success to the endowment foundations.

The shifts from real estate to more balanced endowment portfolios as well as the enlargement of the investment fields of the endowment foundations, in order to reduce the risks to which the endowment investments might be exposed, are the key themes of the conference. The endowment sector, like many others, is an area where the transfer of global best practices can bring great benefit. The conference will bring together experts from across the world to share their experience with innovative alternatives to finance SMEs and how endowment foundations can build new strategies to cooperate with regional and international financial institutions to invest and strengthen the SMEs sector in the Arab region. However, as yet, it is not known which would be the most promising sectors in the Arab economies where SMEs opportunities exist. Also what would be the best strategies to be adopted by the endowment institutions to engage in the SMEs sector.

The UN-ESCWA and Awqaf & Minors Affairs Foundation, Government of Dubai, will jointly organize a two-day conference where experts in finance and SMEs meet with officials from different endowments foundations to engage in a fruitful dialogue and come up with recommendations on how best to form a partnership between endowment foundations in the region, regional development funds, financial institutions and SMEs.