

CHANGE, IMPACT, SUSTAINABLE DEVELOPMENT

HOW THE ISLAMIC DEVELOPMENT
BANK GROUP IS IMPROVING
PEOPLE'S LIVES

SOCIAL INFRASTRUCTURE

BUILDING SOCIAL
SUPPORT IN THE
UNITED ARAB EMIRATES



2020

INTRODUCTION

The Awqaf Properties Investment Fund (APIF) is an IsDB funding vehicle that is based on the concept of *Awqaf* (or *waqf*) – a form of Islamic charitable endowment that donates assets in perpetuity for charitable causes that are socially beneficial. APIF has made many innovative endowments, but this project is the jewel in its crown – providing locally owned, long-term improvements by supporting a building project for Fujairah Welfare Association (FWA) in the United Arab Emirates – a charity that provides social services to the needy. *Waqf* is key to IsDB's approach to achieving the Sustainable Development Goals.

THE CHALLENGE

FWA provides social assistance and financial support to people and communities in Fujairah, including widows, orphans, students and destitute families. The challenge is meeting their needs sustainably and with dignity, and providing help in a way that enables them to help themselves in the future. Although FWA had numerous sources of income prior to the instigation of this project, the charity did not have enough resources to answer the growing need for social welfare programs. A reliable source of income was needed to sustain and expand operations. This *waqf* building development project was therefore designed to address the charity's principal challenge – providing a sustainable, long-term income source to facilitate FWA's important work.



THE PROJECT

The goal of the Fujairah *waqf* project was to generate sufficient cash flows to enable FWA's charitable social programs to continue. The Islamic endowment model of *waqf* is designed to create long-term self-sufficiency. It enables real and lasting impact to come from sustainable development, in this case from a residential and commercial center. Stable income has now been achieved by this *waqf* endowment. The completed construction project, covering 29,234 square meters, provides income support to FWA's vital activities. It comprises a tower of 23 stories with 91 apartments of various sizes, including 4 penthouses. There are also 40 offices, and the ground floor provides 8 shops. It is known as the Waqf Tower.

FWA's central activities include delivering both financial and non-financial social services to communities in need. The charity also provides humanitarian relief in response to natural disasters. Yet one of the most relevant activities to the *waqf* model of support given by IsDB is the charity's Family Development and Rehabilitation Program. This makes a real socioeconomic difference by empowering beneficiaries, women in particular. Taking a charity-based approach to the value chain, it provides material supplies for voluntary workers who need skills and experience. The women receive training and make products such as clothing (and the garments themselves are supplied onward for more charitable benefit). Low-income women receive training in beauty salon work, catering, sewing, and arts and crafts. Driver-training is also delivered, as well as vehicles, as part of the FWA initiative to develop a women's taxi program. This enables police-registered, women-only taxis to be rented by beneficiary drivers, thereby helping people to help themselves.

RESULTS

The Waqf Tower has been a clear financial success in generating income for a charity producing sustainable socioeconomic impact. The development has an occupancy of 100% and the people living, working and trading there have been able to pay the rent on time, which is 5% below local market rates. In 2018, the gross rental revenue from the Waqf Tower, from which the FWA charity is paid a stable income, became significant. In total, the sustained cashflow from the project for FWA is around US\$1.85 million gross annually, the kind of money that contributes to the impressive impact figures delivered by FWA. In the four years to 2018, for example, the charity sponsored 48,119 orphans, 2,231 families and 55 students. Some 5,661 low-income women benefited from vocational training and workshops, and 493 people benefited from development and rehabilitation through the FWA's Productive Families Program.

WITH HELP FROM THE NEW INCOME GENERATED BY THE PROJECT, THE CHARITY WAS ABLE TO SUPPORT

48,119

ORPHANS

2,231

FAMILIES AND

5,661

LOW-INCOME WOMEN (IN THE FOUR YEARS TO 2018)



LESSONS LEARNED

The ambition for building the residential and commercial center in Fujairah for charitable benefit was high, but the stakes, too, were particularly high: construction was planned and started amid the financial crisis of 2008–2010. But the building is a very successful one, and the key to replicating this project's success lies not so much in the model of real-estate investment for returns to charity, but in the existence of really strong local determination and involvement. This included land donated by the emirate's Ruler His Highness Sheikh Hamad bin Mohammed Al Sharqi.

Wider sustainable development enabled by the rental income comes from the successful ethos of *waqf* endowment financing. The onward benefit for charity produces self-sufficiency, plus a wider cycle of lasting social and societal improvement. Notwithstanding the many successful lessons and impacts of the project, more precise measurement of some outcomes – for example, in schools, clinics and mosques – could be achieved with an effective monitoring system for future projects.

US\$1.85M

SUSTAINED GROSS ANNUAL CASHFLOW
FOR THE CHARITY GENERATED BY THE WAQF
RESIDENTIAL AND COMMERCIAL BUILDING PROJECT



ISDB MEMBERSHIP COVERS

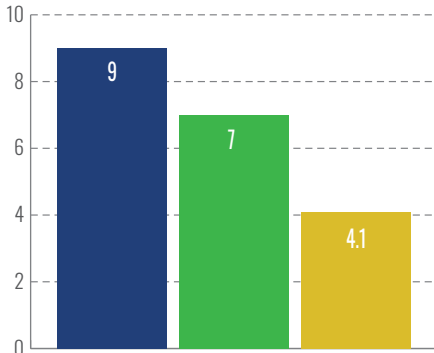
57

COUNTRIES SPREAD
OVER 4 CONTINENTS



TOTAL PROJECT COST

US\$20.1M



CONTRIBUTIONS

- ISLAMIC DEVELOPMENT BANK
(THROUGH THE AWQAF PROPERTIES
INVESTMENT FUND)

US\$9M

- FUJAIRAH WELFARE ASSOCIATION

US\$7M

- HIS HIGHNESS, RULER OF
FUJAIRAH (LAND DONATION)

US\$4.1M

DISCLAIMER THE MAP IS FOR ILLUSTRATIVE PURPOSES ONLY

"Nama Waqf Commercial and Residential Building of the Fujairah Welfare Association is one of the most successful *waqf* projects achieved by the association, based on the respect of implementation schedule, timely disbursements from the Bank, all actions undertaken after the legal tenure and timely repayment to the Bank.

"Indeed, the association has benefited from the large contribution of the Bank and managed to better utilize its *waqf* resources by channeling them to the orphans, poor and needy."

Kamal Mohamed Abd Al-mawla, former Head of Finance Department, Fujairah Welfare Association.



THE 23-STORY TOWER BRINGS STABLE INCOME FOR THE CHARITY, WHICH PROVIDED

165,506

PEOPLE WITH FINANCIAL SUPPORT AND

90,929

BENEFICIARIES WITH IN-KIND SUPPORT (IN THE FOUR YEARS TO 2018)

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