



Abdulla Al Ghurair مؤسسة
Foundation عبدالله الغرير



Rethinking Resilience-Based Development through Strategic Philanthropy in the Arab Region: A Regional Perspective

OUTCOME PAPER – MAY 2025

Abdulla Al Ghurair-UNDP Thought Leadership Series



Acknowledgement

The Abdulla Al Ghurair Foundation (AGF) and UNDP team extends their sincere appreciation to the over 50 organizations that participated in the workshop on the fourth of December 2024 “Advancing Resilience-based Development through Strategic Philanthropy in the Region”. The participants represented UN agencies, I/NGOs, academia, International Financial Institutions (IFIs), private sector and philanthropic organizations, whose invaluable contributions, insights, and collaborative efforts have been pivotal in advancing the goals of the workshop.

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Missed the workshop or want to revisit key takeaways?

Click [here](#) to watch.



I. Executive Summary

Rethinking resilience in response to evolving crises requires flexible, forward-thinking approaches that go beyond traditional models. Philanthropy plays a critical role in resilience-building by providing risk-tolerant capital for transformative initiatives, fostering long-term solutions rather than short term interventions. Engaging the private sector, particularly businesses, is essential for driving economic development and strengthening social cohesion. As challenges and resource demands continue to grow, there is a pressing need to unlock nontraditional funding sources and explore alternative financing mechanisms to sustain and scale resilience efforts across the region.

Addressing persistent issues like high unemployment, limited access to quality education, and socio-economic barriers faced by vulnerable communities, especially youth, refugees, and women requires multi-stakeholder collaboration. The private and public sectors, along with philanthropic organizations, need to collaborate to mobilize resources, share knowledge, and implement strategies tailored to local contexts for sustainable development.

This report is based on the first workshop of the AGF-UNDP Thought Leadership Series, held on 4th December 2024 in Amman, that represented a significant step toward co-creating resilience-based solutions and fostering cross-sector collaboration.



Building on these discussions, the workshop generated key takeaways and actionable recommendations to strengthen resilience efforts through strategic philanthropy:

- 1 Prioritize resilience as an ongoing, adaptive process, integrating predictive analytics, foresight, safety nets and early warning systems.
- 2 Leverage philanthropy to pilot, scale risk prevention models, and support women and youth led initiatives.
- 3 Build transparent, context driven partnerships across sectors to address challenges and unlock resources.
- 4 Align education with market needs, prioritizing marginalized groups and upskilling for the green and digital economies.
- 5 Use innovative financing models to encourage private sector participation and build investment ready SMEs.
- 6 Provide continuous support for early-stage innovation and replicate successful initiatives for broader impact.

Box 1: About the Thought Leadership Series

The Thought Leadership Series, co-convened by the Abdulla Al Ghurair Foundation (AGF) and UNDP's Sub-Regional Response Facility (SRF), aims to advance resilience-based development through strategic philanthropy in the Arab region. Focused on addressing youth challenges in education, employment, and self-reliance, the initiative will facilitate strategic convenings, knowledge exchange, and collaboration among philanthropic organizations, policymakers, donors and other key stakeholders. The partnership between UNDP and AGF underscores the role of philanthropy in bridging financing gaps for the SDGs and transitioning from crisis response to transformative resilience, particularly for vulnerable youth. The series aims to deepen engagement with philanthropy, promote learning, and strengthen adaptive solutions. Additionally, the initiative seeks to enhance collaboration between philanthropic organizations, traditional donors, the private sector, and IFIs, fostering next-generation philanthropy and sustainable impact.

Strategic
Collaboration
Private Blended
Engagement Women
Sector Social Financing
Donor Youth
Investing Strategic
Skills Impact
Cohesion Inclusion
Sustainability
Resilience
Digital Strategic
Upskilling Philanthropy
Finance Mechanisms
Financial Empowerment



II. Background

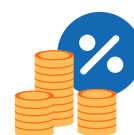
The Arab region is grappling with significant socio-economic challenges, particularly among youth, who face high unemployment, limited access to quality education, and obstacles to self-reliance. While the Arab region has significant youth potential, with over 60% of the population under 30, youth unemployment (15 – 24 years old) remains a serious challenge at 28%, which is double the global rate.¹

These socio-economic issues are compounded by restricted policy space, the effects of forced displacement, and a decline in donor funding. Refugees and vulnerable host communities are often subjected to poverty, informality, and restricted job opportunities, creating a cycle of inequality and, in some cases, social tensions. Among these groups, women face additional barriers, including gender inequalities, limited mobility, unpaid care work, further hindering their socio-economic advancement.

The Arab region is facing significant challenges in securing sufficient funding for ongoing crises. The traditional donor-led model of humanitarian aid and development assistance faces significant strains, and donor resources are increasingly becoming scarce amid competing global priorities, amplifying the need to diversify funding sources and leverage the private sector's capabilities to address the socio-economic challenges

posed by the multitude of crises facing the region, including forced displacement. In this context, the financing landscape is undergoing significant changes, with funding for protracted crises, such as the Syria crisis, declining.

HUMANITARIAN FUNDING GAP IN 2023:²



FROM \$56.7 BILLION

Total Global Humanitarian Needs

38.3%

FUNDED

Coverage for Appeals

61.7%

FUNDING GAP



Additionally, the Refugee and Resilience Plan (3RP) for Syria saw the lowest funding level since its inception, with only 30% of the appeal funded.³ In this context, philanthropic organizations, grounded in local realities, can bring a unique ability to implement context-specific solutions. Their flexibility and risk tolerance further enable them to drive meaningful impact.

¹ ILO, 2024 [Global Employment Trend for Youth](#)

² [Global Humanitarian Overview 2023, December Update \(Snapshot as of 31 December 2023\)](#), | OCHA

³ 3RP RSO 2024 https://www.3rpsyriacrisis.org/wp-content/uploads/2024/03/3RP_RSO_2024_.pdf

Within this context, the evolution of philanthropy in the Arab region presents a critical opportunity to respond to these challenges. Traditional charity-based approaches are being replaced by more strategic, institutionalized forms of philanthropy that are better suited to tackle the region's complex socio-economic issues. Strategic philanthropy has the potential to bridge the financing gaps for the SDGs and drive systemic change. It is increasingly vital for fostering resilience, expanding opportunities, and supporting sustainable development.

To drive meaningful change, a shift in development strategies is required. "Rethinking resilience," "digital skills," and "innovative financing" are key areas that reflect the need for a transformative approach to development. Resilience building must go beyond coping and crisis response toward foresight-driven strategies that anticipate future challenges and support long-term, sustainable change. This shift underscores the importance of inclusivity, ensuring that vulnerable groups, such as forcibly displaced individuals, youth, and women, are not left behind.

In the context of the future of work, ensuring access to education, vocational training, and entrepreneurship opportunities tailored to local market needs is essential. Digital skills play a crucial role in bridging gaps in access to opportunities, enabling communities to leverage technology to improve livelihoods and build resilience.

We must encourage the next generation of philanthropists.

They are the pulse of philanthropy, and we need to transform the way that we can institutionalize what we have learned, but also build on that to support the future of young people in the region.

*Danah Dajani, Senior Vice President,
Partnerships and Programs, Abdulla
Al Ghurair Foundation*



Finally, innovative financing mechanisms represent a powerful tool for unlocking potential and fostering collaboration across sectors. Unlike traditional financing mechanisms, non-traditional financing instruments are typically developed around programmatic outcomes, rather than inputs or activities. Evidence and best practice indicate that the identification of strategic outcomes should be the starting point for design, structuring, and fundraising for new financing instruments.

Resilience-based development requires more than traditional donor models. We must explore new financing solutions, test new ideas, and work together to meet the protracted challenges of the region.

*Mary Kawar, Regional Hub Director,
UNDP Regional Bureau of Arab
States (RBAS)*



To design relevant outcomes, stakeholders should forecast, share and assess key criteria for the identification of national and regional outcomes and propose common outcomes that could underpin new mechanism(s). The outcomes should pass the 'stress test,' which includes criteria such as validity, evidence, and scalability.⁴ Flexible and broad applicability of metrics effectively support activities that promote

self-reliance. Innovative financing allows for the connection of diverse stakeholders, including philanthropic organizations, local actors, and donors, to experiment with and scale successful interventions. While the landscape for such financing is still in its early stages, examples of effective models already exist, and philanthropic organizations have a strategic and catalytic role to play in driving these innovations.



⁴ UNDP and Near East Foundation. July 2024. Leveraging Innovative Financing for Development Solutions in the Arab States Region, including in Displacement/ Human Mobility Context - Co-Creation Workshop Report. [Not available online]



III. Towards a Transformative Approach to Development with Strategic Philanthropy

1. Rethinking Resilience from ‘Coping’ to ‘Transforming’

CHALLENGING OUR UNDERSTANDING OF RESILIENCE

The concept of resilience has often been overused in ways in which it may be misunderstood. Rather than being a fixed goal, resilience functions as a continuous process of adaptation to changing circumstances. At this juncture of protracted and emerging crises in the region, the resilience-based development approach should move beyond coping with the impacts of crises to address root causes, prevent further crises, and foster transformative change amidst compounding challenges.

Applying the term “resilient” to communities without a deeper examination of their specific conditions can result in an oversimplified understanding of their challenges and capacities. The understanding of resilience needs to be context specific.

Existing resilience frameworks tend to be predominantly reactive, focusing on responses to crises after they occur rather than emphasizing proactive measures that anticipate and prepare for future disruptions.⁵

Integrating foresight, predictive analytics, and scenario planning has been highlighted as essential for strengthening resilience in a more forward-looking manner.

Furthermore, the lack of a standardized definition of resilience across organizations presents coordination challenges. Without clear alignment, collaboration efforts may be hindered, reducing the overall effectiveness of resilience-building initiatives.

THE ROLE OF PARTNERSHIPS

Effective resilience-building requires addressing ecosystem barriers by involving the private sector and foundations early in response efforts. Engaging a diverse range of stakeholders—including philanthropic organizations, UN agencies, international NGOs, local actors, and the private sector—can strengthen coordination and impact.

⁵ See for example: <https://i.unu.edu/media/cpr.unu.edu/attachment/2232/Assessing-Fragility-Risk-and-Resilience-Frameworks.pdf>

Building alliances leverages the ecosystem's strengths, combining philanthropy's innovation, the UN's expertise, and local actors' effective, context-driven implementation.

Eman Ismail, International Council for Voluntary Agencies (ICVA) MENA Regional Representative



Partnerships, while essential for effective action, come with considerable costs in terms of time, financial resources, and sustained commitment. To maximize their effectiveness, partnerships should go beyond serving as discussion forums and instead focus on producing tangible outcomes.

Locally led, women-driven, and community-centered initiatives are identified as critical components of long-term resilience strategies. Additionally, fostering shared learning and knowledge exchange among donors, UN agencies, and philanthropic organizations is emphasized as a way to enhance collective responses and improve resilience outcomes.

THE ROLE OF STRATEGIC PHILANTHROPY

Resilience-based development requires shifting from reactive to proactive resilience approaches, leveraging philanthropy's unique capacities, and fostering locally led, context-specific solutions. This entails moving beyond short-term responses to long-term, systemic strategies that address root causes of vulnerability.

In terms of development cooperation and what we can do in different countries together, it's not a silo approach where we only have traditional development donors or banks, or private sector. We also need to have philanthropic organizations on board to discuss common goals - they have a role to play.

Patrick Lambrechts, Head of Development Cooperation at the EU Delegation in Jordan



Philanthropy has a critical role to play in bridging funding gaps, testing innovative approaches, and mobilizing resources for resilience-building efforts. By leveraging their agility and risk tolerance, philanthropic actors can support transformative interventions that governments and traditional donors may not prioritize, and that can be further scaled up with investments of traditional donors. Investing in capacity-building, research, and digital tools can further amplify impact, enabling communities to proactively address emerging risks.

Strengthening accountability and impact measurement mechanisms is also key to ensuring resources are effectively directed toward long-term solutions.

Islamic philanthropy, particularly Zakat, represents a significant yet underutilized resource for funding and poverty alleviation. If universally applied, Zakat contributions could generate over \$2 trillion in potential funding.⁶ Beyond financial support, it serves as a model for self-sustainability and economic empowerment. Strategic framing of such initiatives can maximize their impact.

Box 2: Examples of Abdulla Al Ghurair Foundation's initiatives

Nomu Al Ghurair program

(UAE-based multi-stakeholder upskilling initiative launched in 2022): the initial goal to empower 25,000 Emirati youth by 2025 with sustainable skills needed to thrive in a diversified economy. Nomu Al Ghurair has exceeded this target, leveraging on strategic collaborations and multi-stakeholders' engagement approach. Nomu Al Ghurair was scaled to the region in 2023 and now extends its offerings in Jordan, Lebanon and Tunisia.

Abdul Aziz Al Ghurair Refugee Education Fund:

Benefited over 101,000 refugees and vulnerable youth through education programs. This initiative has provided access to high-impact education programs at the secondary and post-secondary levels. The goal is to use education as a pathway to meaningful career outcomes through innovative solutions for the most vulnerable populations.

The Abdulla Al Ghurair Foundation has expanded its programs since 2015, reaching over 254,000 beneficiaries to date by leveraging strategic partnerships and a robust monitoring and evaluation system to drive continuous learning and improvement.

⁶ [Islamic Green Finance: Development, Ecosystem, and Prospects \(2019\)](#) | [World Bank](#)



Key Recommendations:

TO POLICYMAKERS, DONORS AND PHILANTHROPIC ORGANIZATIONS:

- ✓ Treat resilience as an ongoing process rather than a fixed goal, incorporating foresight, predictive analytics, and scenario planning into program design. Avoid labeling communities as resilient without addressing their fundamental needs for stability and dignity.
- ✓ Utilize the flexibility, innovation, and risk-taking capacity of philanthropic organizations to complement traditional donor efforts. Foster partnerships that emphasize testing, learning, and scaling impactful models, particularly in underfunded areas like risk prevention.
- ✓ Prioritize localized action, integrating inclusive -and community-driven initiatives. Ensure programs address specific barriers faced by youth and women, supporting entrepreneurship and vocational training tailored to local market needs.

TO IMPLEMENTING PARTNERS, PRIVATE SECTOR AND DONORS:

- ✓ Build alliances with clear objectives and a win-win approach. Engage diverse actors, including local NGOs and governments, to combine global expertise, contextual knowledge, and policy frameworks.
- ✓ Promote collaboration, demand-driven strategies, and inclusive approaches to digital skills development to drive innovation, economic growth, and create sustainable futures. By aligning education with market demands and ensuring equitable access, the region can empower marginalized groups, including youth, women, and refugees.
- ✓ Empower marginalized groups, including youth, women, and refugees to support fostering their inclusion into the evolving digital economy, supporting individual empowerment and contributing to broader, inclusive growth across the region.

IMPLEMENTING PARTNERS:

- ✓ Use clear, accessible language when engaging with external stakeholders, particularly business leaders, to effectively convey complex concepts like the triple nexus and SDGs.
- ✓ Develop programs that anticipate future challenges and integrate safety nets and early warning systems. Build capacity among aid actors to respond proactively and scale impactful initiatives.
- ✓ Collaborate across sectors to pool resources and expertise, ensuring transparency and complementarity. Address gaps and enhance impact through flexible, innovative pilot projects and long-term strategic partnerships.

2. Building Inclusive Futures through Digital Skills

ALIGNING EDUCATION AND WORKFORCE NEEDS IN THE DIGITAL ECONOMY

The Arab region is experiencing a significant digital transformation, with internet usage rising from 28.8% in 2012 to 70.3% in 2022.⁷ Despite this progress, approximately 142 million individuals remain unconnected, highlighting a substantial digital divide.⁸ This gap is exacerbated by disparities in digital skills, which are essential for competitiveness in the evolving job market. The World Economic Forum's Future of Jobs Report 2023 indicates a growing demand for roles such as data analysts, machine learning specialists, and software developers in the Middle East.⁹ However, the current workforce often lacks the necessary digital competencies to meet these demands.

The rapid transition to digital transformation is reshaping industries, necessitating a stronger alignment between education and labor market demands. Ensuring high-quality education, particularly in ICT and vocational training, is crucial for equipping the workforce with relevant skills. However, a persistent gap remains between the skills taught in educational institutions and those required by the job market. This misalignment has left many graduates struggling to find employment despite having formal qualifications. Addressing this challenge requires revamping curricula to integrate digital, vocational, and soft skills, moving beyond traditional rote learning toward experiential and interactive methods.

Upskilling and reskilling efforts remain a priority at all levels—schools, universities, and workplaces—to bridge this gap. These efforts should be demand-driven, aligning training programs with industry needs by working backward from job requirements.



⁷ S. Fardoust and M. K. Nabli. "[How can the digital economy benefit everyone in the Arab world—and prevent the region from falling farther behind?](#)" 2 May 2023. Economic Research Forum.

⁸ Ibid.

⁹ World Economic Forum. 2023. [The Future of Jobs Report 2023](#).

For example, foundational digital literacy, programming, AI, cloud computing, and data science are increasingly critical across sectors. Additionally, soft skills such as analytical thinking, adaptability, and problem-solving are becoming essential, as automation and artificial intelligence continue to reshape job roles. Governments, private sector actors, and international organizations must collaborate to institutionalize these efforts and ensure sustainable, long-term impact.

THE ROLE OF PARTNERSHIPS IN DRIVING DIGITAL TRANSFORMATION

Cross-sector partnerships are essential for fostering a digital economy that is inclusive, sustainable, and responsive to labor market needs. The private sector plays a central role in this transformation, with companies like INTAJ working to align educational output with market demand.

Partnerships between businesses, universities, and international organizations help bridge the gap between academic knowledge and practical application. Initiatives such as hackathons, apprenticeships, and industry-led training programs provide students and job seekers with real-world experience, preparing them for emerging opportunities in the digital economy.

Partnerships come with significant costs in terms of time, resources, and coordination. To maximize their effectiveness, collaborations should go beyond discussion forums and focus on producing tangible outcomes. Successful models, such as European Bank for Reconstruction and Development (EBRD)'s employer-led

training programs and JoPACC's fintech and financial literacy initiatives, demonstrate how structured, outcome-driven partnerships can enhance workforce readiness.



Issues such as sustainability, resilience, and digital transformation cannot be tackled by one single entity alone—especially at the regional level. All sectors represented in communities must collaborate because each has a role to play. In the end, they are also responsible for designing and delivering a significant part of these services on the ground.

Maha Bahou, CEO of Jordan Payments & Clearing Company (JoPACC)



Engaging diverse stakeholders—including philanthropic organizations, UN agencies, and local actors—helps institutionalize and scale these efforts, ensuring broader access to skills development opportunities.

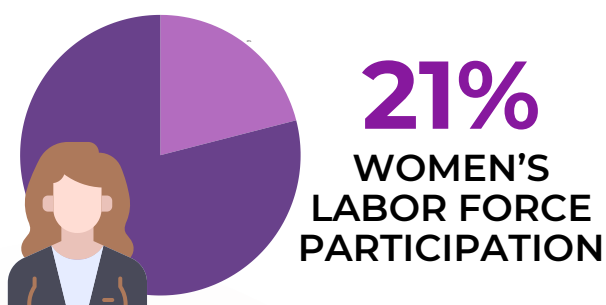
Box 3: Examples of Partnerships on Upskilling and Digital Skills

EBRD: The NEPCO-Al Hussein Technical University apprenticeship framework is a clear example of EBRD's employer-led training programs. This initiative focuses on targeted, work-based learning that directly connects participants to employment opportunities, ensuring that skills development aligns with business needs and enhances workforce readiness.

JoPACC: JoPACC's financial literacy initiative, supported by the Central Bank of Jordan, effectively addressed barriers such as mobility and marginalization. By delivering interactive educational materials to schools and training teachers to move beyond traditional memorization-based methods, the program ensured inclusive access to financial knowledge, particularly benefiting marginalized communities such as refugees and women in Gaza camps.

ENSURING INCLUSIVE AND EQUITABLE DIGITAL TRANSFORMATION

While digital transformation presents economic opportunities, it also risks deepening inequalities if marginalized groups are excluded from the transition. Women, youth, refugees, and those in informal sectors face significant barriers in accessing education, financing, and employment opportunities. For instance, despite being one of the most affected groups by climate change, youth remain underrepresented in green economy jobs.



Many work in **INFORMAL & EXPLOITATIVE** conditions especially in **agriculture**



Addressing these disparities requires inclusive policies and targeted interventions that prioritize equitable access to digital skills and economic opportunities.

Strategic efforts, such as International Development Research Center (IDRC)'s initiatives in digital resilience, financial literacy programs for marginalized communities, and tailored upskilling interventions, demonstrate how digital transformation can be leveraged to promote social and economic inclusion. Additionally, partnerships with local organizations and the third sector help ensure that these programs are responsive to the specific needs of disadvantaged communities. Moving forward, governments, businesses, and development partners must integrate inclusivity as a core principle of digital transformation strategies, ensuring that no one is left behind in the evolving workforce landscape.



Key Recommendations:

TO HIGHER EDUCATION INSTITUTIONS AND PRIVATE SECTOR:

- ✓ Strengthen partnerships between universities, the private sector, and public institutions is crucial for aligning education outcomes with market demands.
- ✓ Foster cross sector collaboration that help keep the education process effective through curriculum review, and integrating meaningful internship opportunities.
- ✓ Scale up localized initiatives and drive long terms impact.

TO IMPLEMENTING AGENCIES, PRIVATE SECTOR AND GOVERNMENT INSTITUTIONS:

- ✓ Provide tailored upskilling and reskilling programs that address the needs of emerging industries, particularly the green and digital economies, with a strong focus on bridging the digital divide.
- ✓ Ensure equitable access to digital skills and job opportunities for marginalized groups, requires addressing barriers such as mobility constraints, gender biases, and socio-economic challenges.
- ✓ Overcome barriers like mobility, social norms, and economic limitations by delivering interactive and tailored training materials to marginalized groups, including refugees, women, and youth in remote areas.
- ✓ Provide financial incentives such as export subsidies and business development support to help local companies grow, comply with global standards, and generate employment.

TO GOVERNMENT INSTITUTIONS AND IMPLEMENTING PARTNERS:

- ✓ Ensure high-quality education in ICT and vocational training, closing gaps in digital, vocational, and soft skills to match evolving job market demands.
- ✓ Address digital transformation's disproportionate impact on youth and women by broadening digital literacy programs to include digital resilience, security, and employability-focused competencies.

TO PRIVATE SECTOR AND VOCATIONAL TRAINING INSTITUTIONS:

- ✓ Promote employer-led training programs, apprenticeships, and industry partnerships to align human capital development with labor market needs and drive sustainable business growth.

3. Philanthropy & Innovative Financing for Sustainable Impact

PRIVATE SECTOR ENGAGEMENT IN CRISIS-DRIVEN ECONOMIES

The urgent need for innovative financing to address critical development and humanitarian crises, particularly in regions affected by displacement, has become increasingly evident. Across the region, responses to prolonged displacement due to conflict and instability are facing severe funding shortages that hinder their ability to respond to urgent needs. This financial gap exacerbates existing socio-economic challenges, including unemployment, poverty, and a lack of access to essential services like education and healthcare. Furthermore, such funding deficits contribute to heightened tensions and social unrest, as displaced populations struggle with limited resources and communities hosting refugees face increased pressure. As a result, traditional funding mechanisms, which are often rigid and slow to respond to changing realities on the ground, are insufficient to meet the scale and complexity of these challenges.

The private sector plays a pivotal role in innovative finance, particularly in crisis settings where traditional funding models are insufficient. Over the past few years, Jordan has developed a healthier ecosystem for private sector participation, with increased involvement in social impact bonds, green impact bonds, and refugee-lens investments. Private sector actors have supported refugee-led businesses, contributing to economic inclusion. However, broader economic inclusion requires increased preferential lending to marginalized communities and enhanced support from banking institutions and international financial organizations (IFIs).

\$128.3 B
committed by the
World Bank **globally**¹⁰



Only 8%
of blended finance
transactions take
place in **MENA**¹¹



“The private sector needs & wants to be part of the solution. The key is understanding what drives their engagement in development efforts. We’re working toward inclusive, systemic change to support the region’s most vulnerable.”

*Justin Sykes, Managing Director at
Innovest Advisory*



¹⁰ World Bank Annual Report: Fiscal Year Data (Latest Available) | World Bank

¹¹ Blended Finance in the Middle East and North Africa (2021), | Convergence

A fundamental shift is needed in how the private sector engages in crisis financing. Rather than relying solely on philanthropic and donor-driven models, businesses should focus on sustainable, return-driven structures that generate both financial and social impact. Programs like the Resilience Impact Fund for the Horn of Africa (RIFHA) illustrate how impact investing can be structured to meet both development and business objectives. By blending commercial capital with philanthropic and development funding, such initiatives can provide accessible financing to SMEs in crisis-affected regions while maintaining long-term sustainability.

Box 4: Examples of Innovative Financing in Action with Philanthropy – Resilience Impact Fund for the Horn of Africa (RIFHA)

The initiative, co-designed by UNDP and the Marcel Arsenault Foundation, is focused on supporting SMEs in crisis-affected regions with \$10 million in non-grant capital. It aims to mobilize \$250 million in private capital, offering Sharia-compliant loans with varying interest rates. Targeted sectors include agribusiness, education, and renewable energy. The initiative helps de-risk investments and collaborates with governments to improve regulatory environments. The first loans will be disbursed in Djibouti and Somalia in 2025.

ENHANCING THE ROLE OF PHILANTHROPY IN INNOVATIVE FINANCE TO ADVANCE RESILIENCE-BASED DEVELOPMENT OUTCOMES

There is a growing call to develop more scalable, flexible, and accountable financing mechanisms. These systems would not only address immediate humanitarian needs but also support long-term development goals, such as building resilience, strengthening local economies, and fostering social cohesion in post-crisis settings. Innovative financing models, such as blended finance, impact investing, and social impact bonds, have gained attention for their potential to mobilize resources from a variety of sources, including governments, philanthropies, and the private sector.

These models offer opportunities to scale up financing, reduce risks for investors, and direct funds toward areas where they can have the most significant impact. However, challenges remain, including aligning these new financing mechanisms with the specific needs of affected communities, overcoming regulatory barriers, and ensuring that small and medium-sized enterprises (SMEs) in crisis-affected regions can access the capital they need for recovery and growth.

Box 5: Definitions of Impact Driven Financing Mechanisms

Blended finance often includes concessional capital, such as grants or first-loss capital, to absorb initial risks and improve the risk-return profile of investments. This approach encourages private sector participation in projects with social and environmental impact that might otherwise be considered too risky.¹²

Impact investing aims to generate positive social or environmental impact alongside a financial return. Investors intentionally target projects addressing issues like poverty or climate change, measuring outcomes and seeking financial returns that can range from below-market to market rate.¹³

Social Impact Bonds (SIBs) are a type of performance-based contract where private investors fund social programs and are repaid by the government or other payers only if the program meets agreed-upon social outcomes. They aim to address social issues like homelessness, education, or healthcare by shifting risk to private investors while driving measurable impact.¹⁴

Philanthropic actors play a crucial role in advancing innovative financing by serving as both early-stage and later-stage catalysts. In the early stages, philanthropic actors provide flexible and unrestricted funding for feasibility studies, structuring, and contracting, which institutional donors are often hesitant to support. In the later stages, philanthropy helps build investor confidence by offering first-loss capital, subsidizing premiums, and addressing inefficiencies in blended finance models. However, in the MENA region, philanthropic participation in blended finance remains significantly lower than the global average, presenting a gap that needs to be addressed.

Successful models illustrate the effectiveness of philanthropic engagement. In northern Syria, philanthropy has transitioned from initial blended finance support to ecosystem-building for private investment. Similarly, a \$25 million development impact bond in Jordan for refugees demonstrated how philanthropy can de-risk investments, with 40% of funding from philanthropic actors enabling 60% private sector participation.¹⁵ Strengthening philanthropy's role in blended finance can catalyze greater private sector involvement, expand financial inclusion, and drive sustainable impact in crisis-affected and fragile regions.

¹² [How Blended Finance Works \(Latest Available\)](#) | International Finance Corporation (IFC)

¹³ [What is Impact Investing?](#) | Global Impact Investing Network (GIIN)

¹⁴ [Social Impact Bonds](#) | Social Finance

¹⁵ Near East Foundation. [Refugee Impact Bond](#). Intervention on 4 December 2024.

BRIDGING STRUCTURAL BARRIERS FOR FINANCIAL INCLUSION

Despite the increasing availability of innovative financing mechanisms, structural barriers continue to limit financial inclusion for vulnerable groups such as refugees, women, and small businesses. A key challenge is the disconnect between large-scale investments and the smaller capital needs of local entrepreneurs. While major institutions provide concessional financing, legal and regulatory constraints—such as restrictions on refugee work permits and sectoral employment—prevent full economic participation.

For impact finance to be truly inclusive, a localized approach is required. Community-driven financing mechanisms, such as

revolving credit funds and microfinance institutions, have demonstrated success in fragile settings. In northern Syria, the Near East Foundation's non-banking financial institution leveraged blended finance to attract investors, while in Somalia, a microfinance initiative grew from \$500,000 in seed capital to a full-fledged financial institution with commercial investment. Strengthening decentralized, community-managed financial solutions and leveraging existing UNDP and donor-led frameworks can help bridge the gap between financial accessibility and structural exclusion, ensuring that capital reaches those most in need.





Key Recommendations:

FOR PHILANTHROPIC ORGANIZATIONS:

- ✓ Provide flexible yet well-monitored funding, especially during the early stages of project development, to support innovation.

FOR GOVERNMENTS AND DONORS:

- ✓ Encourage collaboration, document the broader social and economic benefits of innovative finance, and create an enabling environment for stakeholders' participation.

FOR PRIVATE SECTOR:

- ✓ Engage in financing mechanisms that address crises and focus on creating sustainable, inclusive financial structures.

FOR LOCAL COMMUNITIES:

- ✓ Co-create financing solutions with local stakeholders to ensure relevance and sustainability.

FOR SMES:

- ✓ Invest in building the capacity of SMEs in crisis areas to become investment-ready and advocate for lower interest rates and tailored financial products.



IV. Conclusion & Next Steps

The Thought Leadership Series on Advancing Resilience-based Development through Strategic Philanthropy highlighted the evolving role of philanthropy in addressing the Arab region's complex challenges. As traditional funding models face increasing constraints, strategic philanthropy is emerging as a critical mechanism for bridging financial gaps, fostering resilience and driving sustainable development. By leveraging innovative solutions, inclusive practices, and strong collaboration, philanthropy can support locally driven solutions that empower communities and create lasting, sustainable impact.

Building on this momentum, the series will continue to explore practical pathways for transforming ideas into action. Future sessions will focus on mobilizing resources and strengthening partnerships and developing scalable initiatives that address immediate needs while preparing for future crises. This shift toward strategic, foresight-driven philanthropy underscores the need for context specific interventions that prioritize socio-economic stability and resilience across the region. By integrating these approaches philanthropy can play a transformative role in shaping a more inclusive and secure future for the Arab world.



For more information on this event, please contact the organizers:



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**Abdulla Al Ghurair
Foundation**

