

This proposal emerged because of a study conducted by the proposal author, and the study is published in the book titled «Endowment University: Management, Finance, and Investment - A Comparative Study between Saudi Arabia, the United States, and Malaysia.» The book is published by the Sā'ee for Awqaf Development in the year 1443 AH (2022 CE).

- Sustainability of government support.
- Absence of appropriate pricing policies for student fees and shortcomings in cost accounting system implementation.
- Underutilization of research and advisory services.
- Inadequate investment in support services and public facilities.
- Limited community and educational partnerships.
- Violation of the endower's condition by using endowment funds for unintended purposes.
- Limited availability of endowment marketing training programs.
- Adoption of a strategy of stability and shrinkage without expanding efforts to attract new endowments.
- Tendency of university management to engage in investment activities independently without seeking specialized expertise in investment management.
- Poor diversity in investment areas and strategies.
- Spending of financial returns (profits) predominantly to operational expenses rather than investment.
- Weakness in internal and external control systems.
- The existence of theoretical strategies for managing potential financial risks.
- Presence of a high-risk investment environment.
- Weak societal and media engagement for endowment universities.

- The relatively recent establishment of endowments within Saudi universities, limiting the potential to benefit from their experiences.
- Lack of a clear strategy for financial resource development.
- Insufficient support for the creation, establishment, and management of the endowment university.
- Misconceptions among certain donors that universities do not require support, assuming they already receive sufficient state funding.
- Administrative bureaucracy from certain relevant entities.
- Failure to prove endowment's ownership affiliated with the university.
- Limited availability of qualified national leaders with specialized skills to manage the endowment university.
- Interference of endowers in the management of the endowment university's affairs and investments.
- Spending all financial resources in operation sides.
- Overlapping authorities between the administrations and boards of the endowment university.
- Limited utilization of contemporary global experiences and expertise in endowment universities.
- Inadequate implementation of governance practices.
- Insufficiency in developing comprehensive regulatory policies and guidelines for the endowment university.
- Delay in obtaining academic accreditation.

- Leveraging contemporary global experiences and expertise of endowment universities, particularly in their administration and investments.
- Providing necessary data and information about the endowment work environment in the Kingdom of Saudi Arabia.
- Encouraging the private sector and individuals with financial means to support or establish endowment universities, with potential incentives such as tax exemptions or reductions.
- Engaging philanthropists in providing scholarships for existing endowment universities.
- Creating a secure investment environment for the growth and management of the endowment university's funds.
- Emphasizing the need to diversify the investment portfolio of the endowment university.
- Applying governance principles in the management and investment of the endowment university.
- Enhancing methods of oversight for the management of the endowment company.
- Setting clear and precise guidelines for the involvement of endowers in the activities of the investment company's board of directors, within defined boundaries.

Fifthly: Challenges to Implementation:

- Lack of a dedicated system for university endowments and their investment.

Fourthly: Implementation Requirements:

- The presence of supportive systems and laws to facilitate the application of endowment university philosophy and its management.
- Establishment of the necessary organizational framework for the creation, establishment, and management of the endowment university.
- Streamlining procedures by relevant authorities.
- Granting the endowment university administration independence and flexibility in its management, within the confines of the terms set by endowers and donors.
- Defining the tasks and responsibilities of those overseeing the university's endowments.
- Specifying the tasks and responsibilities of the executive management.
- Granting the endowment university administration, the authority to obtain loans, if the need arises.
- Providing the necessary financial support for the establishment and foundation of the endowment university.
- Promoting the endowment university's philosophy among other endowment institutions.
- Highlighting the educational, research, and community accomplishments of global endowment universities.
- Disseminating the experiences of endowment universities worldwide among those interested in the philosophy of endowment, the endowment university concept, and its management.

- Emphasizing the necessity of risk management function and the formulation of an efficient and effective strategy to deal with it, to protect the university against potential hazards and promotes its overall security.
- Undertaking feasibility studies before embarking on any investment venture, consulting experts in the field, and archiving the findings.
- Allocating financial returns (profits) in a manner that serves the university's needs, simultaneously developing and investing the endowment. This approach respects the terms of the endowers and donors.
- Ensuring that internal audit management verifies the efficiency and effectiveness of internal control systems. This is instrumental in safeguarding assets and properties, validating the reliability, security, and integrity of financial and operational information, adhering to internal standards, policies, systems, and regulations, and confirming the efficacy and efficiency of operational processes.
- Enforcing external audit (financial oversight) by an accredited external auditor to ensure the quality of financial performance.
- Mandating financial disclosure for the activities, resources, operations, and accounts of the investment company, in alignment with regulatory requirements.
- In the event of mismanagement or exceeding delegated duties by the investment company's management or representatives, the Board of Trustees or their designated representatives have the authority to initiate legal action against them.

- Investment shall be directed towards areas that align with the principles of Islamic Sharia and prevailing regulations, as stipulated in Article 23 of the General Authority for Endowments System (1437 AH).
- Establishing a distinctive organizational culture within the investment company is crucial, with the goal of elevating the likelihood of crafting exceptional investment decisions. This initiative serves a dual purpose: attracting top-tier endowment talents and upholding their enduring engagement.
- Base the investment culture on two paramount principles essential for successful investment, as exemplified by Harvard University: organizational stability and consistent operational discipline within the investment team, leading to consistently superior long-term results.
- Build a harmonious and cohesive investment team possessing substantial professional experience, endowed with comprehensive knowledge of the company's various investments, particularly in the field of banking investments.
- Build an investment strategy every (3-5) years, with a focus on medium-term results, to ensure the financial sustainability of the investment company and subject it to periodic evaluation.
- Build an organizational framework for investment management (the investment company) to encompass risk management, quantitative analysis, investment strategy, and internal audit, as of investment companies.

by the university, or the university itself could be a subsidiary of a foundation or institution, such as Salman Al-Rajhi University, which is one of Al-Rajhi's endowment entities.

This proposition may adopt the model of an independent company, as seen in Harvard University, to enhance the efficiency of investment management. This approach is favored due to its prominence among major American universities, as well as its most professionalism, independence, and proficiency.

The investment management shall be structured as follows:

- Establish an independent investment company responsible for the management and investment of the endowment funds of the university.
- Form a Board of Directors for the investment company consisting of experts in economics, investment, and financial management.
- Oversee the performance of the investment company under the management of the university.
- Apply governance principles (transparency, accountability, participation, and empowerment) to enhance performance and prevent conflicts of interest in administrative and financial aspects, in accordance with corporate governance regulations.
- Diversify the investment domains of the investment company, encompassing various sectors such as banking investments (stocks, bonds, investment funds, securities, etc.), and diverse investments (real estate, commercial, industrial, agricultural, technological, educational, and more).

- Establishing support channels through official platforms such as the “Ehsan” platform, donation centers, and the King Salman Center for Relief and Humanitarian Works, to provide a chance for citizens, residents, visitors of the Holy Shrines, and others to contribute.
- Promote marketing the university during the seasons of Hajj, Umrah, and pilgrimage visits.
- Adhering to the designated purposes of endowments and bequests as specified by the Endowers.
- Employ marketing strategies applied by global endowment universities.
- Attracting new supportive funding sources for the endowment university, by means of:
 1. Offering consultancy and research services.
 2. Constitute a community and educational partnership.
 3. Training staff and students to explore alternative funding sources for the endowment university.
 4. Efficiently and skillfully marketing university services.
 5. Employ the university’s standing to offer training programs in partnership with diverse institutions (charitable, educational, community, and others) as supplementary funding source.

Domain Three: Investments

The management of investments within universities assumes three forms: it can either be an integral part of the university’s organizational structure, or an independent company overseen

Domain Two: Funding

This domain encompasses the following key aspects:

- Diversifying the funding sources for the endowment university through endowments, investments, government support, tuition fees, deferred student cards (student loans), grants, bequests, provide of research and consultancy services, investment in support services and public facilities, and fostering educational and community partnerships.
- Allocating a funding amount from the founders to establish the university, ensuring the early commencement of its endowment projects.
- Attaining sufficient government support, whether in the form of student grants or favorable loans.
- Tuition collection and striving to develop supplementary support programs.
- Contracting partnerships with donor institutions to provide student scholarships.
- Promote marketing of Student and Research Productivity.
- Offering student loans (cards) to be repaid after graduation, with endeavors to facilitate repayment through supportive entities.
- Secure support opportunities through grants from donor institutions and individuals.
- Establishing an endowment fund within the university, enabling any association, organization, or individual to contribute to the university through this fund.

- Establishing Executive Management Independence⁽¹⁾ (1) within the endowment university, ensuring it holds complete responsibility.
- Formulating regulations and organizational policies encompassing all matters pertaining to the endowment university.
- Crafting the organizational structure of the endowment university to achieve administrative autonomy in managing its affairs and financial resources.
- Applying governance principles (transparency, accountability, participation, and empowerment) to enhance performance and prevent conflicts of interest in both administrative and academic domains.
- Striving for performance enhancement and ensuring outcome measurement at the administrative level.
- Aiming for academic or programmatic accreditation at the academic level to ensure the educational outputs' quality of the endowment university.
- Endowment-driven professional development for administrators in universities and non-profit institutions aligned with the philosophy and management of the endowment university.
- Establishing criteria for the selection of officials within the endowment university based on global standards for the administration of endowment universities.

(1) The executive administration serves as the pivotal link between the Board of Directors and the non-academic departments.

administration of universities within the Kingdom, and the corpus of knowledge in the realm of endowment-based institutions, and the leverage from global expertise in three distinct domains, namely: Administration, Financing, and Investment, as follows:

Domain One: Administration

This domain encompasses the following key aspects:

- Formulating a strategic framework for the endowment university that attains administrative and financial independence.
- Clarity of vision and mission for the endowment university, with a focus on achieving self-sustained financial support.
- Reflecting the financial strategy of the endowment university within its set objectives.
- The mandates of the Board of Trustees and the Administrative Council (University Council), their interrelation, the number of members, and their selection mechanism, as stipulated by the regulations of private universities.
- Diversifying the expertise of the Board of Trustees' members - to the extent possible - to encompass specialists in various fields (academic, financial, investment, regulatory, and engineering), thus allowing the performance of each council member to reflect their respective domains.
- Rotating members of the Board of directors each term or every two terms to invigorate and diversify the pool of talent, while ensuring the transfer and continuity of experience.

2. Form partnerships with non-profit sector institutions.
3. Reasonably exploitation from the resources of the General Authority for Endowments to support the university.
4. Establish dedicated endowments for the university.
5. Establish an investment company for the university's endowments.
6. Innovate a distinctive global model for university financing based on endowments.
7. Envisioning opportunities for government officials, business leaders, and administrators of non-profit institutions to contribute to this university.
8. Leveraging global experiences, such as Harvard University, in the management and investment of endowments.
9. Applying innovative global models for self-funding.
10. Utilizing successful local experiences, such as Sulaiman Al Rajhi University under the auspices of the Sulaiman Al Rajhi Endowments company.
11. Establishing official support channels, enabling citizens, residents, and visitors of the Two Holy Mosques to contribute.
12. Promote Marketing to the university during the seasons of Hajj, Umrah, and Visit.

Thirdly: Mechanisms of the Proposal (Its Domains):

Constructing mechanisms for attaining the objectives of this proposal in accordance with the opportunities and potentialities abundant within the Kingdom of Saudi Arabia. Rely on the current

- The system of General Authority for Endowments (1437 AH) underscores the importance of the endowment sector and its contributions to social and economic development. It emphasizes the development and investment of endowments and highlights the necessity of advancing the endowment work in the Kingdom of Saudi Arabia.

4. Local challenges:

- A nearly 25% increase in government spending on education in recent years.
- Government universities rely on state allocations and having limited alternative funding sources, except for a few universities such as King Saud University and King Fahd University of Petroleum and Minerals.
- Private universities depend on high student tuition fees, which reduces accessibility for certain segments of society.
- Limited investment of endowments in educational fields.
- High number of high school graduates, boys and girls, exceeding 400,000 students, necessitating to increase opportunities for higher education (Ministry of Education, 1440 AH), particularly given their growing demand for high education.

Secondly: Objectives of the Proposal:

This proposal aims to establish the Saudi Waqf University to achieve the following objectives:

1. Form partnerships with private sector institutions.

- National Transformation Program 2020, which aims to «diversify innovative funding sources and improve the financial efficiency of the education sector» (p. 63), and underscores «the engagement of the private and non-profit sectors in identifying challenges, innovating solutions, and funding methods» (p. 10).
- The Universities System (1441 AH) issued by the Cabinet Decision No. 183 dated 1/3/1441 AH, Article Forty-Eight of which states that «a university may establish endowments under the supervision of the Board of Trustees, which shall have an independent legal personality. Their management shall follow organized regulations approved by the University Affairs Council, in accordance with the conditions of the endowers. The university and its endowments may establish companies or participate in their establishment, or become partners or shareholders in them, in accordance with regulatory procedures.»
- The Private Universities Regulations (1424 AH) stipulate in Article Twenty-Nine that the revenues of the university consist of: what is allocated by the charitable institution or company, tuition fees, revenues from research, studies, consultations, and training courses, proceeds from properties and what is generated from their disposal, scholarships provided by individuals, institutions, and companies, subsidies, grants, endowments, bequests, donations, and other sources.

- The existence of global experiences and innovative funding models.
- The capacity of the majority of Waqf (Endowment) universities worldwide to lead in offering a somewhat distinct business model compared to government or private universities.
- Distinguishing features of Waqf universities and their attainment of academic or specialized program accreditations.
- Waqf universities' endeavors to optimize resource utilization and ensure their sustainability.
- The substantial endowments of American universities such as Harvard, their effective development, management, and investment.
- The ability of certain universities to transition from relying 100% on institutional donors to achieve 100% self-funding within a few years.
- Establishment of huge endowment entities, like the Sheikh Sulaiman bin Abdulaziz Al Rajhi endowments.

3. National policies and plans:

- Vision 2030 of the Kingdom of Saudi Arabia, which emphasizes «collaboration with the private sector and non-profit sector to provide more innovative programs and activities to enhance the educational partnership» (p. 33), and «It is essential for the non-profit sector to play a more significant role in the education sector's effectiveness.» (p. 69)

Presented below is the proposal after being Peer- reviewed by 32 experts in the following fields:

1. Faculty members: Management sections and Educational Planning.
2. Officials in Waqf (Endowment) Universities.
3. Experts and advisors in institutes specializing in endowments.

Firstly: The Refined of the Proposal:

The proposal emanated from the following Refined:

1. The concept of the Waqf University:

It is a «non-profit institution for higher education, possessing legal personality, subject to the regulations of the Ministry of Education, with independent management. Its funding relies on endowments, the returns of investment projects, studies, and research primarily, in addition to other funding sources it shares with other universities⁽¹⁾.”

2. Global and local trends:

- Engaging individuals, the private sector, and the non-profit sector in higher education.
- Funding universities through endowments, grants, and their investments.
- Creating flexible options to alleviate the governmental burden in the field of education.

(1) Such as grants, endowments, and bequests, providing research and advisory services, leveraging auxiliary services and public facilities, and fostering educational and community partnerships.

- Abundance of entrepreneurs and investment companies.
- Abundance of social responsibility programs.
- The presence of numerous philanthropic institutions.
- The presence of the Two Holy Mosques, their abundant pilgrims, and the willingness of many to contribute to the land of the Two Holy Mosques.
- A multitude of citizens and residents eager to contribute to the field of education.
- Existence of certain inoperative educational endowments.

Proposed Project Name: Saudi Endowment University.

The proposal encompasses the following aspects:

First: The Foundations of the Proposal are:

- The Concept of the Endowment University.
- Global and local trends.
- National policies and plans.
- Local challenges.

Secondly: Proposal Objectives.

Thirdly: Mechanisms of the Proposal (its domains), which encompass:

- Administration.
- Finance.
- Investment.

Fourthly: Proposal Requirements:

Fifthly: Obstacles of the Proposal.

3. Leveraging the appropriate endowments of the General Authority for Awqaf to support the university.
4. Establishing endowments specifically for the university.
5. Founding an investment company for the university's endowments.
6. Pioneering a unique global model for university financing based on endowments.
7. Opening horizons for officials, entrepreneurs, and non-profit institution leaders to contribute to this university.
8. Establishing official support channels to facilitate opportunities for citizens, residents, and visitors of the Holy Mosques to contribute to university funding.
9. Promoting and marketing the university during the seasons of Hajj, Umrah, and Visiting.

Preface:

Higher education has evolved into a benchmark for a nation's progress. In recent years, its cost has risen, necessitating the exploration of supplementary alternatives to government expenditure. The Saudi Vision 2030 emphasizes the reinforcement of partnerships with non-profit institutions and the imperative to activate private sector involvement in education.

Considering this context, arises the proposal for the Saudi Endowment University project, built upon the opportunities and potentials abounding within the Kingdom of Saudi Arabia under the guidance of the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince. Among these potentials are:

Saudi Waqf University A Proposed Project

Prepared by:

Dr. Abdulmajid bin Abdulrahman Al Zuwaad

Researcher in the field of Endowments

Concept:

To establish an endowment university, through activating suitable educational endowments, and providing an opportunity for entrepreneurs, companies, social responsibility programs, donor institutions, citizens, residents, and visitors of the Two Holy Mosques to contribute to its funding.

Vision:

To establish an endowment university sustained by endowments, and contributions from entrepreneurs, companies, social responsibility programs, donor institutions, citizens, residents, and visitors of the Two Holy Mosques. The university shall also benefit from the returns of investment projects, studies, and research.

Procedures:

This proposal aims to establish a university through the following procedures:

1. Contracting a partnership with private sector institutions.
2. Establishing collaborations with non-profit sector institutions.