


Chapter 2

To What Extent Can the Non-Profit Sector in Saudi Arabia Contribute to Financing Small Projects and Supporting Green Finance?

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ABSTRACT

This article examines the extent to which the nonprofit sector in Saudi Arabia can contribute to financing small projects and supporting green finance between 2005 and 2024. In the context of Vision 2030, which aims to diversify the Saudi economy and promote sustainable development, nonprofit organizations (NPOs) are emerging as complementary actors to the public and private sectors. Based on a literature review, statistical data, and local case studies, the article shows that NPOs have gradually expanded their scope of action towards microfinance and the environment. However, their impact remains limited by institutional constraints, limited access to sustainable financing, and weak intersectoral coordination. Recommendations are made to strengthen their capacity to mobilize resources, improve governance, and collaborate with public and private actors to foster more inclusive and green finance.

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1. INTRODUCTION

Since the launch of Vision 2030, Saudi Arabia has embarked on a profound economic, social, and environmental transformation. This strategy aims to reduce dependence on oil revenues, promote entrepreneurship, and accelerate the transition to sustainable development. In this context, small projects, often led by local entrepreneurs, and green finance initiatives are increasingly occupying a place on national priorities. However, their financing remains fraught with obstacles, including the reluctance of the traditional banking sector, the inadequacy of suitable financial instruments, and the lack of support structures (Mohammed, 2024; Miniaoui and Bellalah, 2025).

At the same time, the non-profit sector in Saudi Arabia is experiencing significant growth, both quantitatively and qualitatively. Long confined to traditional charitable work, it is now tending to become more professional, diversifying its funding sources, and becoming more involved in strategic areas such as the environment, social innovation, and support for small businesses. This raises a central question: to what extent can this sector effectively contribute to financing small projects and the development of green finance between 2005 and 2024?

This article aims to explore this issue through a dual approach: on the one hand, by analyzing the structural and institutional evolution of the non-profit sector in Saudi Arabia over the period studied; on the other hand, by evaluating its actual and potential contribution to alternative financing, particularly in the environmental field. The study is based on a literature review, empirical data, and examples of concrete projects. It aims to identify opportunities, limitations, and levers of action likely to strengthen the role of the non-profit sector in a more inclusive and sustainable economy.

2. LITERATURE REVIEW

The literature on small-scale project financing and green finance in developing countries, particularly in the Gulf States, remains relatively new. This section aims to establish the theoretical and empirical foundations for the role that the nonprofit sector can play in these two areas.

2.1. The Non-Profit Sector: Definitions and Economic Roles

The non-profit sector, or “third sector,” refers to a group of organizations independent of the state and the commercial sector, whose primary objective is not the pursuit of profit but the pursuit of a social, educational, environmental, or humani-

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