



# The Waqf and its Role in Achieving Local Development: Case of Annaba Province

Aboubaker Khoualed

Badji Mokhtar University, Annaba, Algeria, aboubaker.khoualed@univ-annaba.dz, ORCID:  
0009-0004-0042-0184

Hassiba Almi

Badji Mokhtar University, Annaba, Algeria, hassiba.almi@univ-annaba.dz, ORCID: 0009-  
0001-7560-754X

---

## Abstract

Islamic Waqf (Endowment) focuses on investing in productive capital assets that generate benefits and revenues consumed in the future, whether collectively, such as benefits for mosques or schools, or individually, as distributions to the poor and needy. It is a process that combines both saving and investing. Within this context, this study aims to analyze the extent of the Waqf's contribution as an Islamic financial instrument to achieving local development in Algerian provinces through a case study of Annaba Province (eastern Algeria). To achieve the aforementioned objective, the researchers conducted a field study at the headquarters of the Directorate of Religious Affairs and Waqf in Annaba Province. Interviews were conducted with the head of Religious Guidance and Rites and Waqf and with the Director of Religious Guidance and Waqf Office at the Directorate of Religious Affairs and Waqf in Annaba Province. A descriptive approach was used to present the theoretical framework and previous studies, in addition to analyzing and discussing various statistics that serve the topic and obtained from the Directorate of Religious Affairs and Waqf in the province. The study concluded that there is limited contribution of the Waqf in achieving local development in Annaba Province due to several reasons, the most prominent being the weak income of Waqf, digitization, community awareness, and the legal, regulatory, and accounting frameworks governing them, not to mention the failure of Qard al-Hasan (interest free loan) program. Based on the aforementioned results, the study recommends the necessity of collecting and inventorying existing Waqf properties, searching for lost ones, registering them, and their legal settlement, along with good marketing for them.

*Keywords: Waqf; Qard al-Hasan; charity work; local development*

*JEL classification: O1, P40*

---

## 1. Introduction

The social system in Islam is based on specific divine principles and rules that ensure the rights of all Muslims and enhance the spirit of cooperation and brotherhood among young and old, and between the poor and the rich. Therefore, Sharia encourages us towards

many forms of material and moral social solidarity such as zakat (almsgiving), charity, maintaining kinship ties, and honoring parents, among others.

The Waqf is one of the most prominent financial pillars in Islam as it falls under the charitable and benevolent financing methods. The Waqf is a form of voluntary charity strongly encouraged by Islam, whereby it is endowed for a charitable purpose forever, and stands out as one of the greatest achievements throughout the history of Islamic civilization (Budiman, 2014).

The Waqf was known among Muslims during the life of Prophet Muhammad, peace be upon him, who was one of the most generous people in giving charity. Similar systems to Waqf exist in some Western systems, for instance, the German system that has a financial liability for a pool of funds, the yield and proceeds of which are spent on charitable works, and there is a supervisor for this money, akin to the guardian of a Waqf in the Islamic system. There is also what is known as spending on churches and temples by people, intended as an act of piety.

The Waqf is considered one of the most prominent economic tools in Islam aimed at eradicating poverty, improving the living standards of Muslims and non-Muslims alike, supporting the economy, and promoting its development (Ahmad, 2015). For this purpose, Waqf institutions have played a significant role throughout Islamic history from the time of Prophet Muhammad (peace be upon him) to the early nineteenth century, reaching to our present time where it has flourished significantly.

Research in the field of Waqf is linked to studying the effective financial role it plays in achieving general economic development and particularly local development. Given the increasing needs of the Algerian state for revenues and incomes outside the hydrocarbon sector, coupled with the inadequacy and weakness of banks and financial institutions to meet the state's financing needs, it has become essential to explore new financing sources that align with the economic and local development efforts and programs launched by the Algerian government in recent years, and to support Algeria's new direction of moving away from foreign borrowing and relying on local financing sources. Hence, the importance of Waqf as a new financing source emerges, potentially contributing to supporting economic and social aspects, especially in light of Algeria's new direction through the adoption of Islamic banking starting from the year 2020 under the system 20-02, which sets various conditions for practicing Islamic banking in Algeria.

## **2. Literary review and Theoretical Framework**

### **2.1 Literature review**

The Waqf is a form of charity that focuses on the redistribution of wealth and plays a significant role in economic development and alleviating poverty (Rahman, 2009). This was particularly evident in the Ottoman Empire, where the Waqf system contributed to the social and economic development of Islamic cities (Saduman & Aysun, 2009). In Indonesia, it was found that the management of Waqf lands contributes to the economic development of the community through a study (Jamal, Arroisi, Zahro, & Agustin, 2020). The potential for economic development and welfare improvement through the commercial development of Waqf lands was also highlighted (Khan, 2020).

The multifaceted role of Waqf in local development is increasingly recognized in contemporary Islamic economic studies. In a study (Bhari, et al., 2016), the importance of 'waqf irsod' in Malaysia and its crucial role in maintaining Islamic development amid rising land prices, and the strategic importance of Waqf in overcoming financial constraints in the real estate market were emphasized.

The study by (Saad, Sarif, Osman, Hamid, & Saleem, 2017) delved into corporate Waqf, focusing on the awareness and readiness of Government Economic Development Corporations (SEDCs) and State Islamic Religious Councils (SIRCs) in corporate Waqf initiatives, thus highlighting the potential of Waqf in the corporate environment and its role in aligning Islamic financial principles with modern principles.

Furthermore, the study by (Haneef, Kamil, & Ayuniyyah, 2017) conducted a critical evaluation of Waqf management by the International Federation of Building and Wood Workers in Indonesia, offering a strategic analysis of strengths, weaknesses, opportunities, and threats. This comprehensive SWOT analysis provides insights into the operational effectiveness of Waqf institutions and sets a benchmark for other countries.

The study by (Khamis & Salleh, 2018) contributed by proposing methodologies to enhance the management of cash Waqf in Malaysia, thus addressing a critical aspect of Waqf management and its impact on Islamic financial management. Similarly, the study by (Majeed & Zainab, 2018) conducted an empirical assessment of Sharia compliance in Pakistani Islamic banks, focusing on the regulation and distribution of zakat and Qard al-Hasan (interest free loan), revealing deficiencies in these areas, indicating a need for Waqf institutions to enhance their effectiveness in fund management, thereby fostering a more dynamic and inclusive Islamic economy.

The study by (Ainol-Basirah & Siti-Nabiha, 2020) concluded that Waqf as an important Islamic social financial tool is particularly relevant to economic recovery after the recent pandemic, emphasizing its potential in addressing economic challenges and enhancing social and economic justice.

Finally, the study by Rahayu et al. (2020) presents an innovative approach through Cash Waqf Linked Sukuk (CWLS), blending Waqf funds with state Sharia-compliant securities (SBSN) or sukuk. This integration represents a new economic and social strategy in Islamic finance.

## **2.2 Theoretical Framework**

The origin of Waqf dates back to the time of Prophet Muhammad (peace be upon him), where it was regarded as an example of charitable activities, and the foundation of charitable and relief efforts to assist Muslims in their properties. The primary goal of Waqf is to leave property ownership forever and spend it for the public good (Mohammed, 2020). Although Waqf is not specifically mentioned in the Quran, the concept of wealth redistribution is strongly emphasized (Muhammad, 2020).

The word "awqaf" is the plural of "waqf," derived from the verb "waqafa," which implies prevention, detention, restriction, and non-release or preservation. It is also called "habous" in North and West Africa, the plural of "habus," and sometimes the term "arsad" is used to refer to Waqf (Toufik, 2021).

Waqf is the allocation of assets for a specific purpose for the benefit of the community (Nor, Muhammad, & Hisham, 2023) and involves donating assets for Islamic religious or charitable purposes without the intention of reclaiming those assets (Ismail, 2023).

Waqf is defined as the permanent allocation of certain properties to Allah Almighty, with the benefits of the properties designated for religious and charitable reasons. Once a Waqf is established, it cannot be changed, confiscated, or sold, as it is the property of Allah. From a Sharia perspective, Waqf is the possession of the asset and the prevention of its use to repeatedly extract the right of enjoyment for the sake of a noble or charitable goal, and it can be used as a mechanism to improve living standards, reduce poverty, and maintain a good standard of living within the community (Ismail, 2023).

The Waqf system is viewed as a traditional and religious mechanism for charity, and there are discussions on how to revive and modernize it to support innovation and social financing (Al-Ani, 2023).

Waqf is distinguished by the following characteristics:

- **Voluntarism:** Waqf is a form of voluntary charity dedicated to social and ethical business activities (Ascarya, Hosen, & Rahmawati, 2022).
- **Permanent Community Benefit:** Assets are donated for permanent community use, ensuring the preservation of the original assets without diminishment (Ascarya & Masrifah, 2022).
- **Perpetual Increase and Income:** Waqf provides the right of use and/or continuous income to beneficiaries, maintaining its value and benefit over time (Rusydziana, Riani, & Mi'raj, 2022).
- **Sustainability:** Waqf is characterized by sustainability in aspects such as irreversibility and continuity, distinguishing it from other types of donations (Rusydziana, Riani, & Mi'raj, 2022).
- **Alignment with Business and Corporate Goals:** While maintaining its charitable characteristics, Waqf meets business and corporate goals, making it an important provider of public goods and services (Islam, Omar, & Rahman, 2023); (Ambros, Aslam, & Hanafi, 2018).
- **Enhancing Development:** It plays a role in advancing Islamic communities in various religious and secular sectors (Alobied, 2016).
- **Funding Education:** It has the capacity to finance academic activities, with historical evidence of Waqf universities in Islamic civilization (Usman & Rahman, 2022).
- **Financing Public Expenditure:** Waqf is proposed as a solution for financing public expenditure, as seen in the approach of the Malaysian federal government, illustrating its versatile nature (Ambros, Aslam, & Hanafi, 2018).
- **Risk Management Challenges:** The permanent nature of Waqf represents challenges in risk management and requires balancing principles of traditional and Islamic finance (Ambrose & Asuhaimi, 2021).

Waqf is classified into two main types:

- **Civil Waqf:** This is a waqf dedicated to the family of the founder. It is named as such because it ensures the economic security and welfare of the founder's relatives and family. The founder ensures that his relatives and family members

receive their needs throughout their lives, after which the properties or funds return to the weaker members of society.

- **Charitable Waqf:** Refers to waqf designated for the poor, widows, orphans, and other deprived individuals, regardless of social welfare. The waqf is used as a primary capital for the poor individuals in society. Another proposal involves using the returns of the waqf as interest-free loans to support small productive projects by Islamic microfinance banks (Mohammed, 2020).

Another type is Waqf Al-Awarid, also known as Emergency Waqf, which aims to alleviate the effects of natural disasters and epidemics, viewed as a proactive solution to address the recurrence of such events in Islamic countries (Nor, Muhammad, & Hisham, 2023).

Contemporary literature has highlighted other types of waqf as follows:

- **Cash Waqf:** This includes direct cash contributions and serves as a versatile tool for various charitable and developmental purposes.
- **Cash Deposit Waqf:** It involves cash deposits that yield returns, which are then used for charitable activities.
- **Mandatory Cash Waqf:** This type of waqf is compulsory, requiring individuals to contribute a certain amount.
- **Corporate Waqf:** Implemented within an institutional framework, integrating waqf principles into business models.
- **Deposit Products Waqf:** Similar to cash deposit systems, these products are financial instruments designed specifically to facilitate waqf contributions.
- **Cooperative Waqf:** Collective programs in which cooperative association members contribute to a common waqf fund (Purbasari & Ratnasari, 2021).
- **Land Waqf:** Allocating land for charitable purposes or public benefit.
- **Park Waqf:** Allocating a park for waqf, often for the benefit of the community or specific charitable purposes.
- **Well Waqf:** Allocating a well for public use or charitable purposes.
- **Mosque Land Waqf:** Allocating land specifically for building or maintaining a mosque.
- **Military Weapons Waqf:** Allocating military equipment or weapons as waqf, especially for the defense of the community (Suliaman & Yaakob, 2019).
- **Productive Waqf:** These waqfs are used for productive purposes, such as commercial projects, to generate sustainable revenues for charitable activities (Negasi, 2017), (Izzah, 2021).
- **Sector-specific Waqf:** Classifying waqf lands into sectors such as agriculture, commercial, residential, and religious, to meet specific societal needs (Shabbir, 2018).
- **Qard al-Hasan Waqf:** Qard al-Hasan (interest free loan) is a viable option to meet the need for interest-free financing for Muslims in Islamic countries. It resembles interest-free loans in non-Islamic economic systems (Saqib, Zafar, Khan, Roberts, & Zafar, 2015).

### ***2.2.1 Importance of Waqf in Achieving Local Development***

The nature of waqf is closely linked to development. Historically, alleviating poverty has been one of the main objectives of waqfs. Additionally, healthcare, education, and infrastructure development have been included in the list of main beneficiaries of waqfs. The trend towards eradicating poverty and achieving social and economic integration

through waqf was established by the first charitable waqf in Islamic history, established by Caliph Umar in the sixth year of Hijra, which ensured the allocation of benefits to the poor and other needy individuals in society (Abdullah, 2018), (Mohammed, 2020).

Waqf contributes to achieving local development, especially in the fields of education, finance, entrepreneurship, poverty alleviation, and sustainable development. It is used to fund educational institutions, indirectly supporting educational development (Sukmana, 2020). Moreover, it has been utilized in various projects as a tool for social and economic development, contributing to areas such as education, finance, healthcare, economics, infrastructure, and social stability (Medias, Rahman, Susamto, & Pambuko, 2021). Additionally, cash waqf plays a pivotal role in microfinance, assisting millions of poor individuals in developing small projects and breaking free from poverty. Furthermore, (Iman & Mohammad, 2017) waqf lands have been widely used for infrastructure development, agriculture, education, and public facilities, contributing to prosperity and economic development (Puspitasari, 2017).

Qard al-Hasan waqf also plays an effective role in reducing poverty and promoting entrepreneurship. For example, a waqf program in Bangladesh launched a plan for interest-free small loans to improve livelihoods for a large segment of the poor (Muneer & Khan, 2019). Moreover, a high level of awareness of cash waqf achieves business growth, as demonstrated in a study (Musa & Salleh, 2018). The qard al-Hasan has also been studied from the perspective of its potential application to agricultural crops, aiming to increase interest-free agricultural financing for Muslim farmers in Islamic countries (Saqib, Zafar, Khan, Roberts, & Zafar, 2015).

Furthermore, Islamic banks use qard al-Hasan as a charitable or interest-free loan to provide financial support to the local community, contribute to corporate social responsibility and sustainable development (Farag, 2014, pp. 405-436). They also offer various financial facilities such as zakat, waqf, sukuk, and qard al-Hasan, which can be used to mitigate the effects of crises like the COVID-19 pandemic and address contemporary challenges (Umar, Besar, & Abduh, 2022).

### **3. Methodology**

The main purpose of conducting this study is to analyze the role played by waqf as one of the prominent tools of Islamic finance in achieving local development. Additionally, this research aims to provide a preliminary study that contributes to enriching the topic of waqf and its role in the development of the Algerian economy on one hand, and to draw the attention of researchers and specialists to the importance of this topic and pave the way for them to conduct further useful research and future studies on the other hand.

To achieve the aforementioned objectives, two main methodologies were adopted: descriptive methodology and analytical methodology. The first methodology was relied upon in addressing the theoretical and conceptual framework of the study, as it is the most suitable approach to comprehensively cover the topic from various angles and perspectives. Various forms of previous studies were utilized, including articles, books, research papers, reports, and official documents.

The second methodology was employed in analyzing the role of waqf in achieving local development in the Annaba province (Eastern Algeria). In this aspect, a series of interviews were conducted with the officials of the Directorate of Religious Guidance,

Rituals, and Waqfs, as well as with the director of the Office of Religious Guidance and Waqfs in the Directorate of Religious Affairs and Waqfs in the Annaba province. Additionally, various statistics relevant to the topic were obtained from the headquarters of this directorate.

It is worth mentioning that the Directorate of Religious Affairs and Waqfs for the Annaba province was established on May 1, 2000, and it operates under the Ministry of Religious Affairs and Waqfs. It employs approximately 365 staff members, with 67 of them in administration and 298 in mosques. The directorate follows the following organizational structure:

**Table 1. Organizational Structure of the Directorate of Religious Affairs and Waqfs for the Annaba Province**

Provincial Director		
User Services, Media, and Accounting Department	Guidance, Religious Rituals, and Waqf Department	Quranic Education, Training, and Islamic Culture Department
1. User Office	1. Zakat Office	1. Quranic Education Office
2. Media Office	2. Religious Rituals Office	2. Islamic Culture Office
3. Accounting Office	<b>3. Religious Guidance and Waqf Office</b>	3. Inspector

**Source:** Compiled by the researchers based on internal documents specific to the Directorate of Religious Affairs and Waqfs for the Annaba province.

In the field of waqfs, the directorate works on:

- Collecting revenues from waqf properties such as shops and residences owned by the Directorate of Religious Affairs within mosques.
- Preparing financial reports every quarter.
- Conducting inspections of waqf properties before leasing them and recording deficiencies for renovation purposes.
- Preparing technical cards for each waqf property.

## 4. Results and Discussion

### 4.1 Mosques

In recent years, there has been significant progress in terms of the number of mosques and projects across the entire province, in response to the demands of citizens and the expansion of urban fabric, without neglecting the religious aspect and the sanctity that mosques represent in Algerian society. Table 2 and Figure 1 illustrate the distribution of mosques across the province.

**Table 2. Distribution of Mosques across the Annaba Province until the year 2023**

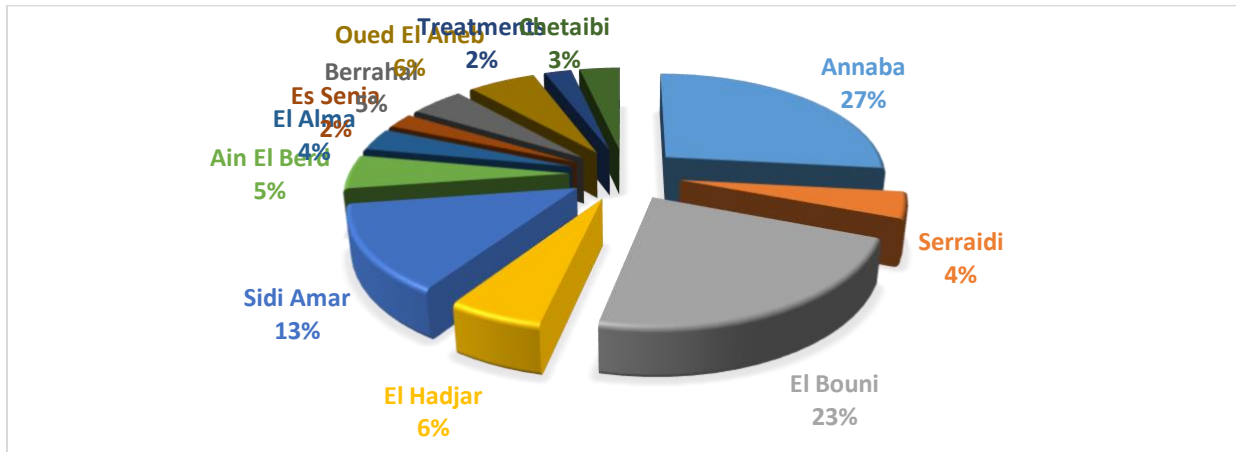
Municipality	Number of operational mosques		Under construction	Projects (land)	Closed mosques	Total
	Friday	Five daily prayers				
Annaba	40	4 (unlicensed)	/	2	01*	46
Serraidi	5	/	1	1	/	6
El Bouni	31	5	/	3	/	39
El Hadjar	9	2	/	/	/	11
Sidi Amar	17	5	1	1	/	24
Ain El Berd	7	1	/	1	/	9
El Alma	6	/	/	/	/	6
Es Senia	4	/	/	/	/	4
Berrahal	7	/	/	1	/	8
Oued El Aneb	8	1	1	/	/	10
Treatments	3	/	1	/	/	4
Chetaibi	5	/	/	/	/	5
Total	142	18	4	9	1	174

**Source:** Compiled by the researchers based on internal documents specific to the Directorate of Religious Affairs and Waqfs for the Annaba Province.

The numbers in Table 1 indicate that most mosques in the province host all five daily prayers and Friday prayers, with a total of 142 mosques, accounting for 96.60%. Additionally, there are 18 mosques that host only the five daily prayers, and 4 mosques are under construction. Furthermore, 4 land plots have been allocated for the construction of new mosques, with one mosque currently closed for renovation works, namely the Abu Marwan Al-Sharif Mosque in the municipality of Annaba, aiming to make it one of the prominent historical religious landmarks in the Annaba Province, with its establishment dating back to the year 1033 AD.



**Figure 1. Distribution of Mosques across the Annaba Province according to Population Density**



**Source:** Compiled by the researchers based on internal documents specific to the Directorate of Religious Affairs and Waqfs for the Annaba Province.

The figures in Figure 1 indicate that most mosques in the Annaba Province are concentrated in the center of Annaba city, accounting for 27%. This is followed by the municipality of El Bouni, which has the highest population density in the province, with 23%. The remaining municipalities in the province have lower percentages, including Sidi Amar, Oued El Aneb, Berrihane, Ain El Berda, El Eulma, Serraidi, Chetaibi, and Tréat.

At the level of these mosques, financial donations are collected from citizens during Friday prayers in an organized manner supervised by the religious committees of those mosques. The total of these donations is then allocated towards the construction of mosques, Quranic schools, and mosque annexes in general, for the purpose of physically rebuilding mosques (financing construction operations) and morally (spreading the teachings of moderate and tolerant Islam) and Quranic education, including funding literacy projects and adult education.

Table 3 illustrates the total amounts collected within the framework of Friday donation collections in Algerian dinars:

**Table 3. Total amounts of Friday donation collections over the past four years**

Year	Amount
2020	50.429.615.00
2021	165.383.060.00
2022	99.021.031.00
2023	259.451.952.00

**Source:** Compiled by the researchers based on internal documents specific to the Directorate of Religious Affairs and Waqfs for the Annaba Province.

It is noteworthy that there was a significant decrease in the amounts of these donations in 2020 due to the repercussions of the COVID-19 pandemic, which led to the closure of

mosques and the imposition of performing prayers at home, in addition to enforcing social distancing measures and suspending donation collection operations for a long period.

#### 4.2 Other Waqf Properties

In response to the wishes of the benefactors and in adherence to the principles of the noble Islamic religion, which consider Waqf (waqf) and almsgiving (zakat) as fundamental pillars in the life of the Islamic community, the Directorate oversees the collection of revenues from waqf properties leased to tenants. It also urges and encourages citizens on every occasion to donate and grant, so that Waqf become a continuous investment that reflects its benefits on society. The following table illustrates the utilization of waqf properties across the Annaba Province:

**Table 4. Waqf Properties in the Annaba Province until the year 2023**

Waqf	Total	Occupied	Unoccupied
Irrigated land	5	3	2
Shops and offices	1	1	/
Housing	172	157	15
Islamic cemeteries	71	/	/
Christian cemeteries	2	/	/
Jewish cemeteries	1	/	/
Churches	1	/	/

**Source:** Compiled by the researchers based on internal documents specific to the Directorate of Religious Affairs and Waqfs for the Annaba Province.

It is noticeable that most waqf properties in the Annaba Province are residential buildings, totaling 172 units, accounting for 96.62%. They are followed by Islamic cemeteries, with very few remaining types of waqf properties, including the only Catholic church in the province, which is the ancient Church of Saint Augustine, inaugurated in 1900 and remains open to Christians to practice their religious rituals freely to this day.

The following table 5 shows the revenues of waqf properties during the last year in Algerian dinars:

**Table 5. Revenues of Waqf Properties in the Annaba Province in the year 2023**

Trimester	Amount (DZD)
First trimester	75.900,00 DZD
Second trimester	84.900,00 DZD
Third trimester	139.200,00 DZD
Fourth trimester	132.400,00 DZD
Total	432.400,00 DZD

**Source:** Compiled by the researchers based on internal documents specific to the Directorate of Religious Affairs and Waqfs for the Annaba Province.

It is noticeable that the revenues of waqf properties in the Annaba Province are somewhat modest, especially when compared to the revenues of other provinces. This is due to the low number of waqf properties in the province and also to the fact that some of these waqf

properties are not utilized. Moreover, most of these waqf properties are utilized without rent, accounting for about 80%, compared to 20% of waqf properties leased out, which makes the returns on these properties weak. Additionally, there are many waqf properties in the province that are completely unknown and have not been counted yet, depriving a wide segment of the poor, needy, and unemployed of opportunities for employment and investment.

The various revenues from waqf properties are transferred to the Central Fund for Waqf Properties, which uses the returns from these Waqf for:

- Expenses related to rebuilding, maintaining, and equipping the Waqf themselves.
- Settling legal disputes related to these Waqf (lawyer fees, judicial officers, etc.).
- Compensation due to the caretaker of the property.
- Public waqf property expenses:
  - ✓ Service of the Quran and its sciences and the promotion of its institutions.
  - ✓ Care of mosques.
  - ✓ Family welfare.
  - ✓ Care for the poor and needy.
  - ✓ National solidarity.
  - ✓ Scientific development and intellectual and cultural issues.

### 4.3 Al-Qard al-Hassan Program

During the period from 2003 to 2014, the Algerian Ministry of Religious Affairs and Waqfs launched a special financing program through Al-Qard al-Hassan (interest-free loans). In this context, the Directorate of Religious Affairs in the Annaba Province recorded the following results for this program.

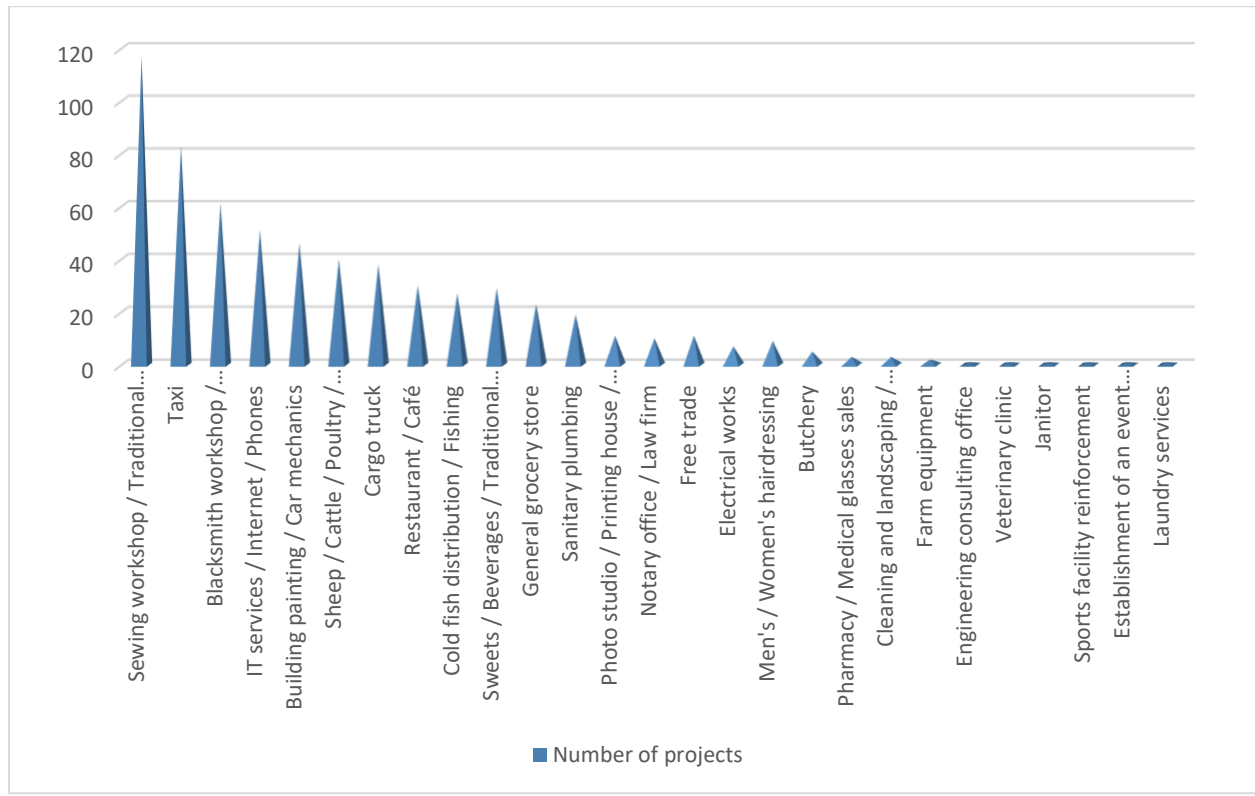
**Table 6.** Amounts of the Al-Qard al-Hassan Program in the Annaba Province during the period (2003-2014)

The campaigns	The amount allocated for the Good Loan	Number of beneficiaries
First/2003	Launching the program nationally	/
Second/2004	3 750 000,00	33
Third/2005	770 000,00	11
Fourth/2006	7 630 000,00	72
Fifth/2007	11 278 757,04	96
Sixth/2008	6 739 567,11	62
Seventh/2009	6 990 625,00	63
Eighth/2010	10 508 292,37	111
Ninth/2011	10 242 031,50	48
Tenth/2012	13 278 997,23	60
Eleventh/2013	22 954 031,50	85
Twelfth/2014	18.863.950,64	70
Loan recoveries	2.455.000,00	10
Total	115 461 252,39	721

**Source:** Compiled by the researchers based on internal documents specific to the Directorate of Religious Affairs and Waqfs for the Annaba Province.

From Table 6, it can be observed that the amounts allocated for Al-Qard al-Hassan during the period 2003-2014 experienced almost continuous growth, from 3,750,000.00 DZD directed to finance 33 projects and small enterprises in 2003 to 18,863,950.64 DZD directed to finance 70 projects and small enterprises in 2014. Despite their modest amount, these funds constituted an important source for financing projects and small enterprises in the province across various sectors, as illustrated in the following figure 2.

**Figure 2. Fields of Al-Qard al-Hassan**



**Source:** Provided by the Directorate of Religious Affairs and Waqfs in the Annaba Province (2003-2014)

The data in Figure 2 indicates that the majority of the small enterprises funded under the Al-Qard al-Hassan Program are tailoring workshops and traditional clothing manufacturing, accounting for 127 projects. They are followed by taxi services with 107 vehicles, then blacksmith, carpentry, and aluminum workshops with 71 projects, followed by IT services, internet cafes, and telephone services with 52 projects, and finally other small projects such as painting, car mechanics, livestock farming, trucks for transporting goods, restaurants and cafes, sweets and pastries, fishing and fish distribution, etc. The total number of projects and small enterprises funded by the Al-Qard al-Hassan in the Annaba Province reached 721 projects, where the province recorded a significant result contributing to 10% in creating small enterprises at the national level.

However, upon reviewing the data in Table 6, it is noted that the loan recoveries for the Al-Qard al-Hassan Program amounted to 2,455,000.00 DZD out of a total of 18,863,950.64 DZD, representing a recovery rate of 13%. The remaining amount, accounting for 87%, of

the funds granted under the Al-Qard al-Hassan Program were not recovered. The non-recovered Al-Qard al-Hassan reached a national level of 70%, prompting the Ministry of Religious Affairs and Waqfs to suspend the Al-Qard al-Hassan Program and freeze it in 2014 until the recovery of the granted funds. Recently, the ministry has established a specialized accompanying committee composed of experts in finance and business to guide, advice, and rectify the young beneficiaries of the Al-Qard al-Hassan Program and ensure the success of this program and the recovery of outstanding loans.

## 5. Recommendations and Conclusion

Through this study, it has theoretically become clear that Waqf is a developmental process as it involves building productive wealth through present investment, looking with benevolence and kindness towards future generations, and is based on sacrificing immediate consumption opportunities in exchange for maximizing social productive wealth, the benefits of which reflect on the future of the entire society.

Through the field study conducted at the Directorate of Religious Affairs and Waqfs in the Annaba Province, as well as through the analysis of the statistical results collected, presented, and discussed, it became apparent that there has been a slight improvement from year to year in various indicators supporting the Waqf for the economy of the Annaba Province, especially in recent years. However, despite this, we notice that this contribution has not reached the required level as it remains weak overall, and this is due to:

- Weak Waqf revenues focusing on the social aspect and the services and crafts sector without attention to other sectors.
- Weak contribution of Waqf to financing small projects, especially after the abandonment of the Good Loan Program in 2014.
- Weak digitization and difficulty in monitoring and distributing Waqf revenues.
- Lack of legal, regulatory, and accounting frameworks for Waqf management.
- Lack of awareness of Waqf provisions, which has negatively impacted its governance.
- The presence of a considerable number of lawsuits and disputes over these Waqf.
- The novelty of interest in the Waqf issue in Algeria.

Based on the various aforementioned results, this study recommends the following:

- The necessity of good marketing and better awareness of the Waqf issue locally and nationally.
- Gathering and cataloging Waqf properties by preparing a national card and conducting accounting and inventory for all Waqf properties at the national level.
- Activating ways to search for all lost and neglected Waqf properties and registering them in the national Waqf card.
- Legal settlement of various Waqf properties and expediting their use.
- Monitoring the projects of the Good Loan Program that have been funded and allocating all resources to recover their defaulted loans.
- Turning towards issuing Waqf shares and bonds for their development and enhancement.

## References

- Abdullah, M. (2018). Waqf, sustainable development goals (SDGs) and maqasid al shariah. *International Journal of Social Economics*, 45(1), 161.
- Ahmad, M. (2015). Role of waqf in sustainable economic development and poverty alleviation: Bangladesh perspective. *Journal of Law, Policy and Globalization*, 42(1), 118–130.
- Ainol-Basirah, A. W., & Siti-Nabiha, A. K. (2020). The roles of Islamic social finance in the era of post-COVID-19: Possible prospects of waqf institutions for economic revival. *International Journal of Industrial Management*, 7(1). <https://doi.org/10.15282/ijim.7.0.2020.5747>
- Al-Ani, O. (2023). Al waqf and sustainability (a study of their emergence and manifestation). *The Magazine Beit Al-Mashura*, 29–69. <https://doi.org/10.33001/18355/mjwqf0101>
- Alobied, A. (2016). Fiqh awlawiyyah (fiqh of priority) in waqf banks. *The Journal of Israa State for Islamic Finance*, 7(1), 37–61. <https://doi.org/10.55188/ijifarabic.v7i1.287>
- Ambros, A. H., Aslam, M., & Hanafi, H. (2018). The possibility of using waqf to finance the Malaysian federal government's public expenditure. *Journal of Southeast Asian Studies*, 23(2), 89–106. <https://doi.org/10.22452/jati.vol23no2.5>
- Ambrose, A. H., & Asuhaimi, F. A. (2021). Cash waqf risk management and perpetuity restriction conundrum. *ISRA International Journal of Islamic Finance*, 13(2), 162–176. <https://doi.org/10.1108/ijif-12-2019-0187>
- Ascarya, A., & Masrifah, A. R. (2022). Strategies implementing cash waqf system for baitul maal wat tamwil to improve its commercial and social activities. *International Journal of Islamic and Middle Eastern Finance and Management*, 16(1), 130–153. <https://doi.org/10.1108/imefm-10-2020-0504>
- Ascarya, A., Hosen, M. N., & Rahmawati, S. (2022). Designing simple productive waqf models for Indonesia. *International Journal of Ethics and Systems*, 38(3), 380–401. <https://doi.org/10.1108/ijoes-07-2020-0101>
- Bhari, A., Rani, M. A. M., Rahman, A. A., Radzi, N. A. M., Abdullah, L. H., Rosele, M. I., & Hamid, M. H. A. (2016). The important development of executing of 'Waqf Irsod' in contemporary Malaysia. *American Scientific Publishers*, 22(9). <https://doi.org/10.1166/asl.2016.7562>
- Budiman, M. (2014). The significance of waqf for economic development. *Journal Equilibrium*, 2(1), 19–34.

- Farag, H. (2014). Corporate governance and corporate social responsibility in financial institutions: Evidence from Islamic banks. In *Corporate governance and corporate social responsibility* (pp. 405–436). [https://doi.org/10.1142/9789814520386\\_0015](https://doi.org/10.1142/9789814520386_0015)
- Haneef, M. A., Kamil, N. K., & Ayuniyyah, Q. (2017). Development of waqf in Indonesia: The SWOT analysis of Indonesia Waqf Board (BWI). *Al-Infaq*, 8(2). <https://doi.org/10.32507/ajei.v8i2.16>
- Iman, A., & Mohammad, M. (2017). Waqf as a framework for entrepreneurship. *Humanomics*, 33(4), 419–440. <https://doi.org/10.1108/h-01-2017-0015>
- Islam, R., Omar, M., & Rahman, M. (2023). Islamic social funds to foster Yunusian social business and conventional social enterprises. *Administrative Sciences*, 13(4), 102. <https://doi.org/10.3390/admsci13040102>
- Ismail, S., Hassan, M. K., & Rahmat, S. (2023). The concept of waqf. In *Islamic social finance* (pp. 1–13). <https://doi.org/10.4337/9781803929804.00009>
- Izzah, N. (2021). Forecasting of Indonesia's gross domestic product amid the COVID-19 pandemic. *El-Barka: Journal of Islamic Economics and Business*, 4(1), 42–60. <https://doi.org/10.21154/elbarka.v4i1.3016>
- Jamal, M., Arroisi, J., Zahro, K., & Agustin, N. (2020). The role of waqf land in increasing the benefit of the community in the era of globalization. In CIFET (Ed.), *Conference on Islamic Finance and Technology*. Sidoarjo, East Java: EAI. <https://doi.org/10.4108/eai.21-9-2019.2293952>
- Khamis, S. R., & Salleh, M. C. (2018). Study on the efficiency of cash waqf management in Malaysia. *Journal of Islamic Monetary Economics and Finance*, 4(1), 61–84. <https://doi.org/10.21098/jimf.v4i1.732>
- Khan, N. I. (2020). Waqf and development. In *Challenges and impacts of religious waqf on global economics and finance* (pp. 72–99). IGI Global. <https://doi.org/10.4018/978-1-7998-1245-6.ch005>
- Majeed, M. T., & Zainab, A. (2018). Sharia'h practice at Islamic banks in Pakistan. *Journal of Islamic Accounting and Business Research*, 9(3), 274–289. <https://doi.org/10.1108/jiabr-03-2015-0011>
- Medias, F., Rahman, A., Susanto, A., & Pambuko, Z. (2021). A systematic literature review on the socio-economic roles of waqf: Evidence from the Organization of the Islamic Cooperation (OIC) countries. *Journal of Islamic Accounting and Business Research*, 13(1), 177–193. <https://doi.org/10.1108/jiabr-01-2021-0028>
- Mohammed, B. (2020). The waqf between developmental horizon and entrepreneurial aspiration. *Annals of Algiers University*, 1(34), 964–980.
- Muhammad, S. N. (2020). Potentials of a waqf-bank towards poverty alleviation in the Muslim communities of Nigeria. *Academia*, 6(3), 66–74.





- Muneer, F., & Khan, F. (2019). Qard-al-hassan as a tool for poverty alleviation: A case of Fael Khair Waqf program in Bangladesh. *Journal of Islamic Monetary Economics and Finance*, 5(4), 829–848. <https://doi.org/10.21098/jimf.v5i4.1100>
- Musa, S., & Salleh, M. (2018). Proposing a model for entrepreneurship development: The role of entrepreneurs' cash waqf intention. *Journal of Islamic Monetary Economics and Finance*, 4(1), 183–204. <https://doi.org/10.21098/jimf.v4i1.764>
- Negasi, M. I. (2017). Financing higher education in the Islamic world through waqf. *European Journal of Multidisciplinary Studies*, 5(1), 136. <https://doi.org/10.26417/ejms.v5i1.p136-142>
- Nor, A. M., Muhammad, L., & Hisham, Z. E. (2023). The prospect of waqf Al 'Awaridh in the contemporary waqf eco-system: A case of Malaysia. *Journal of Economics and Business Aseanomics*, 7(2). <https://doi.org/10.33476/jeba.v7i2.3414>
- Purbasari, L. M., Santoso, T. B., Yandri, & Susanti, V. D. (2022). The significance of cash waqf for a sustainable future. *Research Horizon*, 2(2), 58–63. <https://doi.org/10.54518/rh.2.2.2022.58-63>
- Samad, A., Zain, N. M., & Khan, S. H. (2015). Cash waqf: An innovative instrument for economic development. *International Review of Research in Emerging Markets and the Global Economy (IRREM)*, 1(4), 1–10.
- Sara, K., Ramli, A., & Hariri, M. (2021). The contribution of waqf institutions towards the socio-economic development of communities: A literature review. *International Journal of Economics, Commerce and Management*, 9(11), 121–138. <https://doi.org/10.23410/ijecm.9498/2012>
- Shaikh, S. A., & Ismail, A. G. (2017). Role of waqf in achieving SDGs. *ISRA International Journal of Islamic Finance*, 9(1), 107–111. <https://doi.org/10.1108/IJIF-07-2017-0001>
- Siraj, S. A. (2012). An empirical investigation into the accounting, accountability and effectiveness of waqf management in the State Islamic Religious Councils (SIRCs) in Malaysia (Doctoral thesis, Cardiff University, UK).
- Sufian, A. (2020). Waqf land for food security and community development: Case of Malaysia. *International Journal of Social Economics*, 48(1), 57–66. <https://doi.org/10.1108/ijse-07-2020-0416>
- Wahab, N. A., & Zain, N. M. (2016). Cash waqf and its development in the economy of Muslims. *Accounting Research Journal*, 2(3), 234–245.
- Yahya, M. H., Salleh, K., Muhammad, M. N., & Alie, Z. (2014). Waqf financing for new businesses. In IIUM (Ed.), *Islamic Finance Research in Malaysia: New Developments and the Path Ahead*. Selangor, Malaysia: IBFIM.





- Zaman, K., & Aslam, S. (2018). Role of waqf in economic development: The Malaysian experience. *Journal of Islamic Monetary Economics and Finance*, 4(2), 311–327. <https://doi.org/10.21098/jimf.v4i2.1080>