

“The Role of Waqf Institutions in the Muslim world development”
(The experience of Algeria)

By

Mr. Abdelfateh Tebani & Mr. Abdeslam Hetatache

Faculty of economics and management

University of Setif 1

Algeria

Email: fatehfate@yahoo.fr

hetalem@yahoo.com

Abstract:

The lexical meaning of the word endowment or Waqf is the money or the equipments that is given to a school, a college or any other institution to provide it with an income; the act of giving this money. Therefore, Waqf is the Islamic equivalence to the concept of the third sector in the modern economies.

Awqaf institutions, and throughout history, have played a crucial role in developing the Muslim societies. Muslims, throughout the long Islamic history, have found in this particular form of charity the best way to explain their attachment to the Islamic values. The following figures, cited as an example of the magnitude of the waqf properties, are worth to contemplate:

- Three-quarters (3/4) of the whole arable land in the former Ottoman Empire belonged to Awqaf.
- In Algeria, despite the French occupation, waqf comprised half (1/2) of the lands of the country in the middle of the nineteenth century.
- For the same period, waqf comprised one third (1/3) of the land in Tunisia.

In Egypt in 1949, about one-eighth (1/8) of the agricultural land belonged to this category. -

- Awqaf helped also providing job opportunities for the jobless; for example, in Turkey 1931, the Turkish Awqaf hired over 13% of the working power in the country.....etc.

Accordingly, this paper aims at defining the different forms of Waqf, its different philanthropic resources and socioeconomic role in the Muslim world's economy. It also aims at exploring the ways and means of promoting and activating this role within the national economy, in order to restore its properties and enhance its organizational framework.

Additionally, this work discusses the effects of the Waqf system in the Arab North African countries, taking the Algerian experience as a sample.

Introduction

For decades, there have been attempts to import progress and development through ready-made norms and recipes. However, these attempts have all resulted in stumbles and failure.

Revival, progress, and overcoming underdevelopment and crises must be based on self-readiness, originality and creativity. Only then can a nation seek inspiration from other nations' experiences and achievements.

Nations only arise and develop when they believe in themselves, their position and their abilities; and when they exploit what they possess, develop it and use it as a basis, before they resort to copying and importing with a spirit of dependence. In fact, the nations relying on themselves and their own cultural heritage can at least gain the ability to quickly adapt and harmonize between the adopted projects and initiatives, and the socio-cultural environment that receives, executes and interacts with these initiatives. Besides, this approach involves a spontaneous homogeneity with the renewed circumstances which give each work, experience or project its peculiar characteristics, different from those preceding or following it.

Indeed, indebtedness, unemployment, poverty, the weak output in terms of productivity and education, failure in even overcoming illiteracy and providing adequate schooling, and weakness of health care services, are all permanent headlines in our social and economic situation, in spite of the large and diversified aspects of our wealth. These imported doctrines and solutions have failed to overcome these crises.

In spite of all this, seldom did we have recourse to our religion or cultural heritage to solve these chronic problems; nor did we consider the experiences and systems that have proved their efficiency both in the past and the present, such as the systems of alms, Waqf endowment and non-usurious economic systems.¹

This concise research gives special attention to the Algerian Waqf endowment system that has served for centuries as a pivotal support for a number of social needs and services, responsibilities that today's governments bear with difficulty.

In the framework of the restoration and development of Awqaf property in Algeria, we shall expose the different historical backgrounds of the awqaf properties and the modes by which they were utilized and invested.

Section I: The management of endowments in Algeria

Waqf has gained a great importance after the issuance of a series of laws and decrees that we have mentioned before. As a result of these laws, a specialized body was created for the organization, management and investment of Awqaf properties at the Ministry of Awqaf and Religious Affairs. This body was subdivided into services and departments. The following is a brief presentation about how this body is organized and the role of each subdivision:

I. The organizational structure of the Awqaf Department

1. The organizational structure of Awqaf on the national level

In accordance with the provisions of the Decree No.: 94/470, dated on December 25, 1994 aiming at determining the sectors' organization of the central administration in the Ministry of Awqaf and Religious Affairs.

The management and functioning of Waqf properties was accorded to the central Directorate which comprises the following organs:²

- The National Directorate of Hajj and Awqaf;
- The Committee of Awqaf;
- The Central Fund of Waqf properties

i. The National Directorate of Hajj and Awqaf: it is a central directorate at the Ministry in charge, and its functions are :³

- Developing programs for the search, development, operating and investing Awqaf properties;
- The management of the Secretariat of the Waqf properties.

This Directorate is composed from three sub-directorates:

A -The Sub-Directorate of Awqaf properties' research and disputes: It assumes the following functions:

- Searching for Awqaf properties;
- Management, registration and publishing the real estate endowments' documents;
- Following up procedures for implementing the decisions of justice.

This sub-directorate includes three offices :

- An office for the search and registration of the Awqaf properties;
- An office for the technical studies and cooperation;
- An office for disputes.

B -The Sub-Directorate for the endowment properties' investment: It is responsible for:

- Preparing studies related to the endowment properties' investment and registration;
- Controlling the activities of those in charge of endowment properties on the level of the states' Awqaf Directorates;
- Preparing and controlling the awqaf properties repair and renovation activities ;
- Controlling operations and transactions relating to Awqaf resources.

ii. The National Committee of Awqaf

Since the waqf is a national issue, they are not restricted to the Ministry of Religious Affairs; a national committee of Awqaf has been created on February 21, 1999, including representatives from the Ministries of: Agriculture, Justice, Finance, Interior, Housing, Processing and Urban Development, as well as the Islamic Supreme Council and senior officials from the Ministry of Awqaf and Religious Affairs. This committee meets, at least, once every two months in an ordinary session. It is responsible for:⁴

- Studying the cases of the private or public endowed resources' settlement;
- Certifying working documents issued for The waqf agents and dealing with the appointment and termination of supervisors' functions;
- Determining the spending priorities of the endowment properties' revenues.

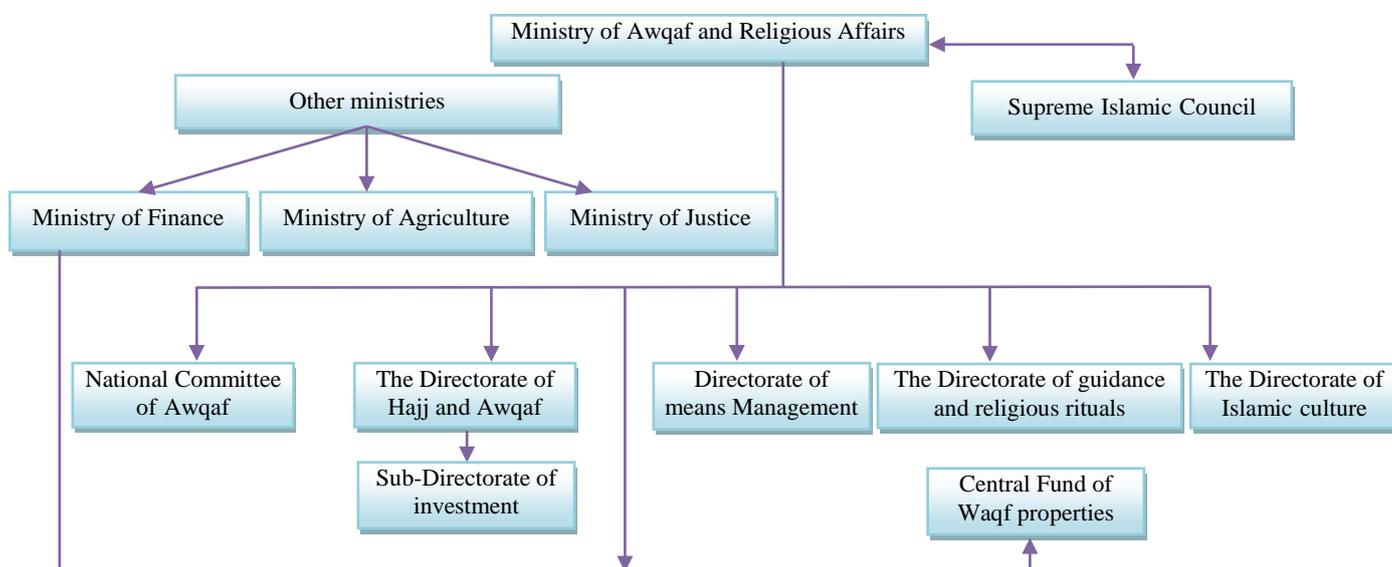
iii. The Central Fund of Awqaf properties

The Awqaf central fund was created by the joint ministerial decree No. 31 on 02/03/1999 between the Ministries of The of Awqaf and Religious Affairs and the Ministry of Finance.⁵ The Central Fund is a central current account opened at the National Bank of Algeria by a decision from the Minister of Awqaf and Religious Affairs. The financial operations mechanisms for this account are done by both the Authorizing officer and the account Secretary by a dual signing. All the revenues of the Religious Affairs' directorates across the states are collected in this account.

The accounts secretary holds the records and accounting books. He is appointed by the Minister of Awqaf and Religious Affairs from the employees who fulfill the accounting eligibility requirements.

The organizational structure at the central level with all its organs can be summarized as follows:

Fig.1: The Awqaf organizational structure



Source: Saleh salhi, *Op.cit*, p672.

2. The Awqaf organizational Structure at the state level

The organizational structure of the Awqaf at the local level consists of the following:

i. The Directorate of Religious Affairs and Awqaf

This Directorate is the second responsible after the National Directorate at the Minister in charge. It is responsible for the execution of the measures which would promote and develop the religious and endowment activities. It consists of many Departments, namely:

- The department of employees and accounting;
 - The department of counseling, endowments and rituals;
 - The Department of the Quranic Education, Training and Islamic culture
- the Directorate through these departments, perform the following functions:⁶

- Management control and ensuring the protection of Awqaf resources and its investment;
- Developing the role of mosques as they belong to the Awqaf facilities;
- Surveying the activities of the approved religious associations;
- Monitoring construction projects of Quranic schools, offices and zawayas.

ii. The Awqaf Agent

The Awqaf Agent is Under the authority of the Director of Religious Affairs, and performs his functions under his supervision. he monitors the Awqaf properties Locations and controls the waqf department activities in conducting and taking care of awqaf. He is also responsible for the Awqaf secretariat account in the local directorates, where he undertake the task of record-keeping and accounting books.

On the other hand, he controls the work of the waqf Superintendent, who operates under his supervision.

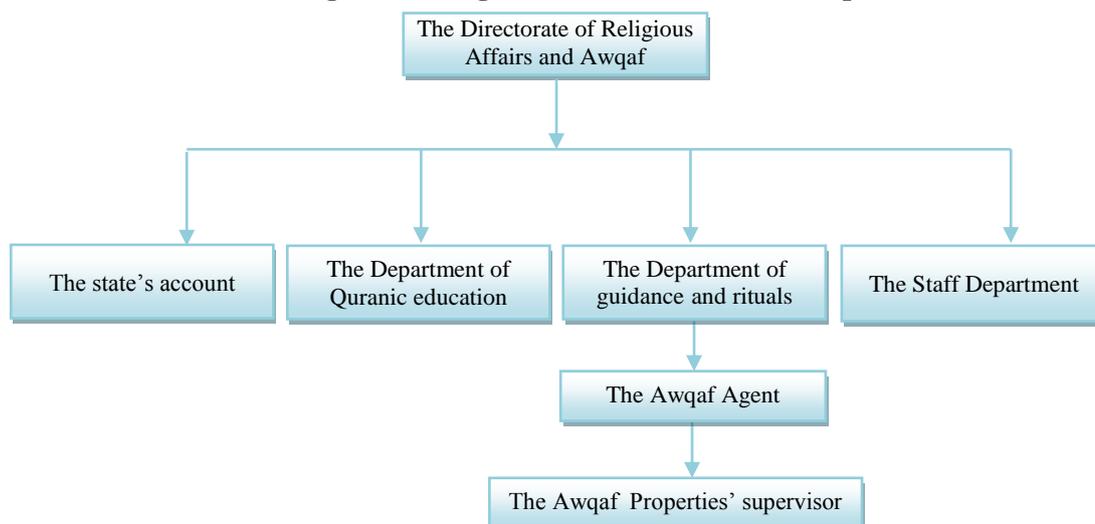
iii. Superintendent of The Awqaf properties

The superintendent of the endowment domain performs the tasks that assigned to by the waqf agent, namely:

- He works as an agent for whom awqaf were endowed, and he ensures the protection of the endowed objects;
- Performing the necessary procedures to keep the endowed properties from damage, maintain and repair it;
- Protecting, reforming and the cultivating the endowed agricultural lands;
- Collecting Waqf properties' returns;

Based on the foregoing, the organizational structure of the awqaf at the local level can be summarized in the figure below:

Fig. 02: the organizational structure of Awqaf on the state level



Source: Saleh salhi, *Op.cit*, p674.

II. The financial management of Awqaf

1. Awqaf returns and expenditures

- Awqaf returns:** : The Decree No. 98/381 in its Article 32 specified the endowments expenditures. Thereafter, it came a decision on the 05th of Muharram 1421 AH, corresponding to 10 April 2000 AD, determining how to control the revenues and expenditures for Awqaf properties. The revenues are:⁷

- The returns from investing and leasing Awqaf properties;

- Donations and bequests granted for strengthening the Awqaf properties;
- Donations to build mosques and religious projects.

The Awqaf properties returns shall be put in the central Fund supplied by the Awqaf funds from the investment and lease of the entire Awqaf properties on the national scale. Each religious affairs Superintendent ensures in each province gathering the awqaf returns in the Awqaf Fund.

ii. **Awqaf expenditures:** The admissible expenses in the field of endowments include the following:⁸

A - The preservation of the endowed properties:

It Includes the expenses of maintenance, repair, renovation, and reconstruction.

B - The research and investment of endowment properties:

- Expenses and costs of the technical studies, estates investigations and land surveying;
- Achievement expenditures and conduct of agricultural lands and orchards , as well as the costs of the agricultural equipment acquisition;
- Expenses of equipping endowment shops;
- Advertising and publicity expenses related to investing in the endowment domain.

C - In the field of disputes:

It includes attorneys' fees ,bailiffs officers and judiciary expenses.

The authority in charge of financial management, taking into account the will of the awqaf donators, determines the areas of returns' disbursement of the endowed properties, and these areas include:

- Promoting teaching the Holy Quran and its Sciences and institutions;
- Taking care of mosques;
- Health care;
- Family Care;
- Caring for the poor and needy;
- National solidarity;
- Scientific development.

2. Methods of conducting the incomes and expenses of endowments

According to the decrees and laws issued in this regard, several ways have been developed for the financial management of endowments, namely:

i. The establishment of a central fund for the Waqf properties

This account is managed according to the accounting rules, with other accounts opened at the level of Awqaf departments of Religious Affairs including the resources and expenditures . The endowment account agent manages it at the state level; so that it constitutes a pool which is fed by the Awqaf revenues by the headmasters of the Waqf properties in the state. ⁹

ii. The creation of local accounts

An account for endowments has been opened for the Directorates of Awqaf and Religious Affairs in each state (an account for incomes - another of expenses), at the agencies of the National Bank by a decision from the Algerian Minister of Awqaf and Religious Affairs. The amounts received in these accounts are collected in the Awqaf Central Account periodically. The Secretariat of the state's Awqaf account is done by the Awqaf agent, who performs the function of the accounting and records bookkeeping, while the task of disbursement is in charge of the Director of Awqaf and religious affairs in each state.

It is noteworthy that the financial management of the Awqaf is not subject to public accounting ¹⁰ .

iii. **Regulating the financial situation through the financial reports received every three months from States:** This has been done through the issuance of three notes:¹¹

- Note No. 01/02 dated on 09/01/2002 about controlling and mastering the management of Waqf properties in the accounting field. This allows determining the monthly income for each state and the lease collection rate;

- Note No. 02/02 dated on 09/01/2002 includes sensitizing and inciting tenants to contact the agencies of the National Bank of Algeria;

- Note No. 03/02 dated on 16/01/2002 about contacting the Algerian bank agencies to name the Awqaf accounts as revenues and expenses.

Section II: the assessment of endowment investment in Algeria

Despite all the legislative and legal developments that have enhanced the status of Awqaf and opened the way for its development, the investment of the endowments in its economic sense is still elusive. The investing modes used are very few, nevertheless, this sector continues to improve, especially with the growing statistics of the endowed resources.

I. The characteristics of Awqaf properties and the need for counting it

1. The Characteristics of the Awqaf properties

The Algerian Waqf properties are characterized by a number of features, including the following:¹²

- Algeria occupies third place among Islamic countries in terms of the volume of wealth and diversity of endowments, it includes agricultural and residential lands, houses, shops and orchards of fruitful trees, etc.

- Most of endowment properties in Algeria are ancient and need to renovation, maintenance or reconstruction, the process of exploiting these properties also requires much expenses for its preservation;

- The real estate endowments constitute a large proportion of the Waqf properties volume in Algeria, which makes it weak in terms of liquidity;

2. Counting Waqf properties

In order to documenting the Waqf properties, many documents have been issued to help this process, including the written certification document to prove the Waqf property's ownership, the official certificate of the waqf properties and The registry of awqaf properties. In addition, it was issued a lease model for Houses , shops, baths , Awqaf lands and other buildings suitable for lease.

We can mention the volume of endowments that have been counted at the national level through the following table:

Table: 13: Detailed schedule of the Waqf properties at the national level for the year 2006

ID	States	lands	Houses	showers and baths	Shops	Total
1	Adrar	29	2	/	/	31
2	Chlef	/	116	1	27	144
3	Laghouat	20	64	22	19	126
4	Umm el boigi	/	35	8	5	48
5	Batna	/	146	92	81	317
6	Bejaia	13	216	8	16	253
7	Biskra	39	51	13	63	166
8	Bashar	9	28	/	18	55
9	Blida	/	117	/	19	136
10	Bouira	3	136	9	2	150
11	Tamanrasset	3	5	/	/	8
12	Tebessa	/	31	19	7	57
13	Tlemcen	156	14	3	11	184
14	Tiaret	/	47	9	16	72
15	Tizi Ouzou	/	/	1	/	1
16	Algiers	691	582	17	355	1645
17	Djelfa	1	38	16	17	72
18	Jijel	6	59	4	39	108
19	Setif	13	13	36	16	78
20	Saida	/	55	/	5	60
21	Skikda	/	24	7	68	99
22	Sidi Bel Abbes	2	101	10	6	119
23	Annaba	/	49	4	1	54
24	Guelma	/	27	2	17	46
25	Constantine	1	46	7	67	121
26	Medea	2	54	4	21	81
27	Mostaganem	/	15	/	10	25
28	Msila	3	133	9	6	151
29	Maskara	2	59	/	21	82
30	Ouargla	/	/	/	16	16
31	Oran	/	106	6	26	138
32	Elbayed	15	22	/	8	45
33	Illizi	1	7	/	/	8
34	B. Bou Arreridj	8	32	46	1	87
35	Boumerdes	/	111	6	9	126

36	El Tarf	/	33	1	5	39
37	Tindouf	3	1	/	5	9
38	Ticemsilt	/	8	1	/	9
39	Alwadi	/	2	/	25	27
40	Khenchela	8	16	16	16	56
41	Souq Ahras	/	19	7	15	41
42	Tipaza	3	49	1	2	55
43	Mila	1	26	10	13	50
44	Ain Defla	2	56	8	25	94
45	Enaama	8	8	1	12	29
46	A. Temouchent	16	85	3	7	111
47	Ghardaia	/	3	/	12	15
48	Relizane	1	26	/	8	35
Total		1059	2596	407	1138	5479

Source: Ministry of Awqaf and Religious Affairs, *Op.cit*, p13.

Through the data analysis of this table, we can note the following:

- The Awqaf properties in all the states of the country are real estates, which indicates that the field of endowments is still traditional, where real estate were offering a periodic return for whom it was endowed.
- The largest proportion of Awqaf concerns houses($2596/5479 \times 100 = 47.38\%$) which confirms that leasing, in its different forms, is the most commonly used mode in investing the endowment resources;
- The proportion of shops is $1059/5479 \times 100 = 20.77\%$ while the showers and bathrooms represents 7%;
- The Proportion of lands to the total of real estates is: $217/5479 \times 100 = 19.32\%$ which is weak. This confirms that the combination of real estates' ownership has been deviated towards certain destinations.

But those rates, though still haven't reached the required level, have witnessed a significant improvement compared with the previous years. In this respect, and in 2001, the proportions were as follows: 53.14% houses, 24% shops, 7% showers and baths, 9% lands.¹³

II. The areas and prospects of awqaf investment in Algeria

1. Ways of improving Waqf revenues

Awqaf Department Has taken, under the supervision of the Minister in charge, several measures to promote and improve the Waqf project resources, and this through:

i. Raising the value of Waqf properties' rent

The Ministry has initiated a review of the Awqaf leasing values, attempting to apply fair rents, when possible. In this regard, the process is ongoing in all states and the focus was initially on shops, showers and agricultural lands. As for the Awqaf functional Houses, the Ministry's efforts focused on the conclusion of contracts with the tenants, who are often men of religious orders, and worked to increase the rent by mutual consent and reasonable rates.

In order to achieve these goals, the Ministry has sought the help of qualified responsables from the Ministry of Housing and the Office of Promotion and Management, by virtue of their specialization in real estate leasing management; in addition to experts in rental judicial assessment issues.

The outcome of these efforts led to raising the value of Awqaf and improving their incomes, thus, they are in a constant evolution from year to year.

ii. The development of Waqf properties investment modes

The Algerian law, though didn't adopt all the awqaf investing and financing modes, has approved the following:¹⁴

A – The suitable modes for agricultural lands:¹⁵

• **Muzara`ah contract:** It means giving the land to a farmer in return for a share of the harvest agreed upon in advance;

• **Musaqah Contract:** It is giving trees for exploitation to those who can take care of it in return for a particular part of its fruit;

• **Al-Hikr contract:** a contract which allocates part of an idle land for building or planting for a certain period in return for a price nearly equivalent to the value of the endowed land at the time of the contract conclusion. Additionally, the investor is committed to pay an annual rent in return for the use of building or planting the land.

• **Almarsad contract:** This contract allows the land tenant to build it in return for the exploitation of construction's revenues, and assigns the right of concession by prior agreement.

B – The suitable modes for real estates:

• **Istisna'a contract:** It's an agreement made between the Endowment Institution and another financing company to establish an investment project on the endowed land;

• **Renovation or reconstruction contract:** the tenant pays, under this contract, the value of renovation expenditures which will be deducted from the leasing;

• **The leasing contract:** It is the most widely used formula, where the endowed property is leased through the auction and under the supervision of the waqf supervisor. It can be also leased by mutual consent to spread knowledge and encourage research under a license from the Ministry in charge.¹⁶

C – The suitable modes for Cash resources:

• **The good loan contract(alqard al hacen):** A loan for the needy without interest according to their need for a fixed term;

• **Awqaf Mudaraba contract:** It is the employment of Awqaf rents in banking and commercial transactions.

• **Awqaf deposits:** It is an amount of money deposited by the owner at the Waqf institution which, in turn, employs it. The depositor has the right to retrieve his money whenever he wants, but without interest.

It should be noted that the exemption of Waqf properties from taxes and fees would distinguish them from others and make them very competitive in the market.¹⁷

2. Awqaf investment projects

The Ministry has launched new awqaf investment projects, especially after the enactment of the law 01/07 of 22 May 2001 which amended and supplemented the law 91/10, on endowments, which cited several types of contracts according to traditional and contemporary formulas. In the following, we mention the most important of these projects:¹⁸

i. Investment project in Sidi Yahia – Algiers

This project consisted in the construction of an administrative and commercial center which consists of a ground floor and five upper floors, all funded by a private investor according to a privilege formula for twenty years in exchange for an amount of 12.000.000.00 DZD per year for the endowments account.

ii. The project of building 42 commercial shops in Tiaret

This project is within the process of exploiting urban real estate enclaves in all the states. It has been funded by the Awqaf Fund.

iii. The project of building a Koranic school and a commercial center in Bouira

It was agreed with an investor to fund this project from his own money. He would deliver the Koranic school once he accomplishes works. The exploitation of the commercial center is for twenty years in exchange for payment of 800.000.00 DZD per year for the awqaf account.

iv. The project of building a commercial and cultural center in Oran

The project is commercial and cultural and includes:

- A bath with forty rooms.
- Islamic cultural center.
- Commercial center.
- Car Parking

v. Al-kiram City project

It aims at building a large endowment complex, which would include several facilities, including:

- 150 Houses;
- A service Building;
- Hospital (polyclinic);
- A mosque;
- Hotel (with 64 rooms);
- A home for orphans (200 orphans);
- 170 shops;
- A public square and a parking.

This project was established under the program of economic recovery; this demonstrates the importance that given by the State to revive Awqaf in order to make it play the role assigned to it in the social and economic development.

vi. Dar-al - imam project

It is a charitable endowment project intended to train and form imams; it includes:

- A headquarter;
- Two Auditoriums (800 seats and 200 seats).
- A library, a club, a restaurant, a kitchen and a large room to accommodate up to 150 people.

Conclusion:

The Islamic Waqf with its principles, provisions, its significant historical role, and his contributions in building, promoting and strengthening a huge Muslim community, is considered as an tremendous religious and civilizational asset. The latter can be relied upon to improve the situation of Muslims today, and to contribute to the effective development and in the battle of the Renaissance. However, this needs attention and care as well as development and empowerment; so as the waqf resumes its message and position in a broader and more effective way than it is.

waqf was subjected, as was much of the wealth owned by the nation, to the loss and marginalization. Moreover, looting and colonialism control led to an underestimation of the waqf importance in the economic and social arena.

However, many signs have emerged to mark a new tomorrow and a return to the waqf prosperity, and perhaps the next decades may carry the name of “awqaf decades”, after it carried “ the careless and heedless decades”. This return is reflected in many aspects, including:

- The growing interest in non-government third sector at the expense of the profit sector, especially in the developed countries which do not consider the waqf as one of the features of its civilization;
- The Increase in the deficit of the budgets of many governments and the lack of revenues, prompting it to search for alternatives, namely, Awqaf wealth, because they were convinced of its usefulness in alleviating some of the economic problems;
- The huge interest in studying waqf sciences through holding conferences and international seminars and publishing books and magazines specialized in this subject.

Accordingly, the governments in the Muslim world are invited to take the issue of waqf carefully and seriously, not only as an inherited reality that should be supervised and conducted , but it should be considered as a genuine pillar of the pillars of development and advancement of the society.

¹ Dr. Ahmed Raissouni, ISLAMIC ‘WAQF ENDOWMENT’ Scope and Implications, 2000 -2001.

<http://www.isesco.org.ma/english/publications/WAQF/waqf.php>

² Ministry of Awqaf and Religious Affairs, *Op.cit*, p11.

³ Saleh salhi, *Op.cit*, p670.

⁴ Saleh salhi, *Op.cit*, p671.

⁵ The Official Journal, issued on May 2nd , 1999, V32.

⁶ Saleh salhi, *Op.cit*, p672.

⁷ Mohamed Lamin Bakrawi, *Op.cit*, p16 .

⁸ *Ibid*, P17 .

⁹ Yaha Issa, Mabadie Idarat Elwaqf: Etakhtit wa elmowazana, seminar of waqf management in Algiers, ministry of Awqaf and Religious Affairs, 1999, p29 .

¹⁰ Ministry of Awqaf and Religious Affairs, *Op.cit*, p4.

¹¹ *Ibid*, P5 .

¹² Kamal Mansouri, *Op.cit*, P 14 4.

¹³ Ahmed Alleche ,*Op.cit*, P37.

¹⁴ Law N° 01/07, dated on May 22nd , 2001, the Official Journal, issued on May 23rd, 2001, V29.

¹⁵ Saleh salhi, *Op.cit*, p677.

¹⁶ Art. N° 23 and 25, the Official Journal, issued on December 2nd , 1998.

¹⁷ Art. N° 44 from code N° 02/10, dated on, the Official Journal, issued on December 15th , 2002, V83.

¹⁸ Ministry of Awqaf and Religious Affairs, *Op.cit*, p24.