P-ISSN: 2170-1040 | **Journal of Economic Papers**
Volume: 17 – Issue: 01 (2026), P: 263-276 | **E-ISSN:** 2602-5426

Critical Study of the Mechanisms for Granting Murabaha Financing Product for Public Contracts – Case of BADR Agency in Blida

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Received: 11/02/2026 **Accepted:** 11/05/2026 **Published:** 31/05/2026

Abstract:

This study critically examines the mechanisms for granting Murabaha financing for public contracts at the Bank of Agriculture and Rural Development (BADR), using Blida Agency as a case study. It analyses the theoretical foundations of Murabaha for the orderer-by-purchase, the concept of public contracts under Algerian Presidential Decree 15-247, and the product's role in enabling small and medium-sized enterprises to execute public projects without substantial upfront liquidity.

Employing a descriptive-analytical approach combined with a field case study, the research reviews administrative procedures and operational practices at BADR Blida Agency. Findings confirm the formula's effectiveness as a Sharia-compliant alternative to conventional loans, strengthening enterprises' competitiveness in public tenders. Nevertheless, significant challenges persist, including procedural complexity, prolonged file-processing times, limited import financing, and Sharia/operational issues concerning the purchase promise and goods delivery.

The study recommends simplifying procedures, activating pre-approved financing lines for tender winners, strengthening Sharia and professional training, and extending the product to import operations while ensuring full Sharia compliance.

Keywords: Murabaha for public contracts, Islamic finance, BADR Bank, public procurement, SMEs.

JEL Classification: G21, H57, L26, Z12

1. Introduction:

Islamic banking in Algeria has witnessed notable development over the last decade, particularly following the strengthening of the legislative and regulatory framework for Islamic windows and products in public and private banks. Among the most prominent of these products is the Murabaha formula, which has become the most widespread due to its relative transparency, low risks, and suitability for both consumer and investment financing needs. In this context, the Murabaha product for public contracts has emerged as a specialized financing mechanism aimed at supporting economic enterprises - especially small and medium-sized ones - that win public contracts, by enabling them to acquire the necessary materials, equipment, and supplies for executing those contracts in accordance with Islamic Sharia principles, instead of resorting to traditional usurious financing. Despite the increasing importance of this product in supporting local economic development and implementing public projects, previous studies have often focused on the Murabaha formula in general or on the performance of Islamic windows as a whole, without delving into the specifics of applying Murabaha for public contracts and its procedural, Sharia, and practical challenges. This study stems from a complex problem that can be formulated as follows: **What are the procedural and Sharia issues in the mechanisms for implementing the Murabaha product for public contracts at the Bank of Agriculture and Rural Development to support economic enterprises that win public contracts?**

The study aims to:

- Clarify the theoretical and legislative framework for both the Murabaha formula and public contracts in Algeria.
- Analyze the role of Murabaha for public contracts in empowering economic enterprises.
- Conduct a critical applied study of the experience of the BADR Bank Agency in Blida.
- Derive results and recommendations for developing this product.

Methodologically, the study adopted the descriptive-analytical approach with a field case study, drawing data from official documents and field information from the Blida Agency. It is expected that this study will contribute to enriching the scientific discourse on the applications of Islamic banking in the Algerian public sector, and provide a constructive critical vision for improving the performance of a product that holds significant economic and developmental importance.

The following are the most prominent studies that addressed the topic of mechanisms for granting and managing the Murabaha formula for contracts to support economic enterprises in Algeria:

- Qatoush, Hussein. The role of the Murabaha formula in investment financing in Algerian banks: A case study of Salam Bank. The study analyzed the use of Murabaha in financing projects and showed that it is the most relied-upon formula

within Algerian banks, with an applied case study of Salam Bank by addressing the following problem: To what extent does the Murabaha formula contribute to financing investments within Algerian banks, and to what extent does it comply with Sharia controls? The study concluded that Murabaha is the most used formula due to its transparency and low risks.

- Bouatli Mohammed. Practical procedures for applying Islamic Murabaha in traditional Algerian banks: A case study of Trust Bank Algeria. The study aims to evaluate the mechanism for applying Islamic Murabaha in traditional Algerian banks in general and in Trust Bank Algeria in particular, through the following problem: What are the practical mechanisms for applying Islamic Murabaha in Islamic windows according to the model of the Bank of Agriculture and Rural Development? The results of the study showed that Trust Bank Algeria adheres to the application of Murabaha in line with international financing standards and Islamic financial rules.
- Ben Zakoura Al Aounia. The importance of Islamic windows in supporting the financing of development projects – The Bank of Agriculture and Rural Development as a model. The study aims to analyze the role of Islamic windows in Algerian banks in financing agricultural development projects, with a focus on the Bank of Agriculture and Rural Development. One of the most prominent financing mechanisms applied is Murabaha for public contracts, where the bank purchases the necessary materials or equipment for public projects and sells them to the client at cost plus an agreed-upon profit margin, without usurious interest. The experience faces challenges such as weak promotion and lack of staff qualification. The study recommends strengthening Islamic windows and expanding their scope to achieve the transformation towards Islamic finance.

What we observe after presenting the previous studies that addressed the study's variables is that each study addressed only one of the variables separately, whereas our study topic has linked the two variables, namely Murabaha and how to apply it, and the role of Murabaha for public contracts in supporting economic enterprises and how to apply it at the bank level.

2. The Theoretical Framework for Murabaha Financing

2.1 The Concept of Murabaha Financing

Murabaha is one of the most prominent Islamic financing formulas adopted in banks, and its forms have multiplied, especially with modern banking developments. In this subsection, we address the definition of Murabaha, its Sharia ruling, and its basic forms.

First - Murabaha financing linguistically: Murabaha is a mutual form from profit: Ibn Manzur said: (Profit, gain, and earning: growth in trade, and I profited him on his commodity, meaning I gave him profit, and he profited him with his goods and gave him money on Murabaha, meaning on the profit between them, and I sold the thing on Murabaha, and it is said: I sold him the commodity on Murabaha for every ten dirhams, and likewise I bought it on Murabaha, and the profit must be named). (Fayyad, 1999, p. 13)

Second: Murabaha financing terminologically: Sharia Standard No. 8 views Murabaha as

selling a commodity for the same price at which the seller bought it plus a known agreed-upon profit, as a percentage of the price or a lump sum, whether it occurs without a prior promise, which is ordinary Murabaha, or based on a promise to purchase from the one desiring to obtain the commodity through the institution, which is banking Murabaha. It is one of the trust sales that rely on stating the purchase or cost (with the addition of customary expenses). (Sharia Standard No. 8, 2019 edition, p. 122)

2.2 Forms of Murabaha for the Orderer to Purchase

2.2.1 Murabaha for the Orderer to Purchase:

It is one of the newly developed types of Murabaha discovered by Dr. Sami Hamoud based on the text of Imam Al-Shafi'i in his book Al-Umm, where he said: And if a man sees a commodity from a man, and says: Buy this and I will profit you in it so much, and the man buys it, then the purchase is permissible. Murabaha for the orderer to purchase is the compound Murabaha involving three parties: the orderer to purchase, the bank, and the seller. Thus, the sale of Murabaha to the orderer to purchase is a compound operation consisting of a promise to purchase and a sale on Murabaha. It is not of the type of selling what one does not have, because the bank does not offer to sell anything but receives an order to purchase. It does not sell until it owns what is required and offers it to the ordering buyer to see if it matches the description. Moreover, this operation does not involve an unguaranteed profit, because the bank, having bought it, becomes the owner and bears the liability for destruction.

2.2.1 Types of Murabaha for the Orderer to Purchase

There are many forms and shapes of Murabaha for the orderer to purchase. These types can be classified according to the method of paying the price of the goods into three types, as follows: (Hussein, 2018)

- Immediate Murabaha for the Orderer to Purchase: Where the buyer, i.e., the bank's client, pays the full value of the goods upon receipt. This method is the least used because it is the least feasible for the buyer. If he can pay the value of the goods immediately, what is his need for a third party?!
- Deferred Murabaha for the Orderer to Purchase: Where an agreement is made with the bank to pay the value of the goods at a later time in one payment. It is feasible for use by wholesale traders who wish to finance the purchase of a large quantity of a certain commodity and pay its value after selling it.
- Installment Murabaha for the Orderer to Purchase: Where an agreement is made with the bank to pay the value of the goods in installments, often equal and regular over a specified period. This method is the safest for consumers who wish to finance the acquisition of durable goods and cannot pay their value immediately, but can pay them in installments, usually deducted from their salaries transferred to the bank. This method is the most used in Islamic banks due to the capabilities it provides for financing people's, traders', and industrialists' needs.

2.3 Characteristics of Murabaha for the Orderer to Purchase

Murabaha for the orderer to purchase provides a set of advantages for both the bank that employs its funds in this type of Islamic financial operations and the client who wishes to

finance the project, as explained below: (Hussein, 2018)

2.3.1 For the Islamic Bank:

- Murabaha for the orderer to purchase is considered one of the short- and medium-term employment tools, allowing the bank quick turnover.
- Low degree of risk borne by the bank due to the certain knowledge of the expected return from this tool on one hand, and the availability of a high degree of guarantees that the bank takes from the client on the other hand.
- Easy to implement and does not require complicated procedures.
- Does not need marketing, technical, and financial feasibility studies.
- Ease of calculating cash flows for all Murabaha for the orderer to purchase contracts that the bank provides to its clients, thereby increasing the bank's ability for financial planning and liquidity calculation.

2.3.2 For the Client: Clients can benefit from the following advantages:

- Suitable for financing consumer goods, such as cement for construction purposes, and durable goods, such as cars for acquisition, for the bank's ordinary clients from employees, workers, and those with limited income.
- Since Murabaha for the orderer to purchase is one of the trust sales, it is a safe financing method for the consumer who knows through it the original price of the commodity and the amount of the bank's profit, thereby ensuring no exposure to deception or excessive profit.
- A legitimate financing method for traders, industrialists, and business owners, representing a good alternative to commercial credit provided by traditional banks.
- A financing method with easy and quick procedures, and thus can be relied upon in financing emergency deals for business owners, compared to other financing formulas such as Mudarabah or Musharakah.
- Does not require the client to conduct any costly economic, marketing, technical, and financial feasibility studies, tests, or researches that need time.
- This method can be used in financing the purchase of local goods or imported foreign goods.

2.3.3 Characteristics of Murabaha Sale

Considering the nature of Murabaha, it is clear that it includes several characteristics, which are: (Yusuf, February 23-24, 2011, p. 7)

- Murabaha is based on halal profit, and therefore the profit must result from human effort through money, work, or experience, away from usury, cheating, and deception.
- The need for Murabaha sale arises from the necessity of protecting simple consumers who lack commercial experience, to spare them from falling victim to the tricks of cunning traders. In contrast, Imam Ahmad saw that “bargaining is easier than Murabaha,” as Murabaha sale is based on trust and requires the seller to be truthful in stating the facts accurately, which makes adherence to its conditions extremely important. However, in the modern era, banks and financial institutions mainly rely on Murabaha in the form of deferred payment.

3. The Concept of Public Contracts and Their Importance

Through this section, we will address the definition of public contracts in Algeria under Executive Decree 247/15, highlighting their characteristics and importance, then their emergence and stages of development in Algeria.

3.1 Definition of Public Contracts

3.1.1 The Jurisprudential Definition

which refers to the contract concluded by a public law entity. Jurisprudence has defined the administrative contract as "one that involves managing a public facility or in connection with its operation, where the intent to adopt public law methods is evident by including a clause or clauses uncommon in private law contracts" (Boudaif, 2011, p. 41).

3.1.2 The Legislative Definition According to Algerian Presidential Decree 247/15

The Algerian legislator has provided several definitions of public contracts across sequential time periods, due to the changes that occur in public contract laws at different stages depending on the nature of the economy and surrounding circumstances. We ultimately arrive at the definition of a public contract in Presidential Decree No. 247/15 dated September 16, 2015, Article 2: "Public contracts are written contracts within the meaning of the applicable legislation, concluded for consideration with economic operators under the conditions stipulated in this decree, to meet the needs of the contracting authority in the fields of works, supplies, services, and studies" (Algerian Presidential Decree No. 15-247, 2015, Article 2).

From these definitions, we can extract the most important characteristics of public contracts, which are:

- Public contracts take a written form.
- One of the parties to the contract must be a public administration.
- The contract is linked to the management and service of public facilities.
- Public contracts are concluded for consideration.

As for their importance, it can be summarized as follows:

- Stimulating the wheel of development at all levels.
- A tool for implementing the economic policy of the Algerian state.
- Good management of public funds and implementation of national and local development plans.
- Preservation of public money.

3.2 Types of Public Contracts

According to Article 29 of Presidential Decree No. 247/15, public contracts include one or more of the following operations: execution of works, acquisition of supplies, execution of studies, provision of services, and we will address each one separately as follows: (Algerian Presidential Decree No. 15-247, 2015, Article 29)

3.2.1 Contract for the Execution of Works:

The public works contract aims to execute a facility or construction works or civil engineering by a contractor while respecting the needs determined by the contracting

authority as the project owner. A facility is considered a set of construction or civil engineering works that fulfill their result, and the public works contract includes construction, renovation, maintenance, and rehabilitation. This type is one of the most important public contract types in terms of the financial allocations earmarked for it for equipment purposes, such as building dams, universities, roads, delivering drinking water pipelines, and also delivering electrical poles.

3.2.2 Contract for the Acquisition of Supplies:

The public supplies contract aims to acquire or rent or sell by lease with or without a purchase option, by the contracting authority, equipment or materials in whatever form, intended to meet the needs related to its activity from a supplier. If the lease is accompanied by the provision of a service, the public contract becomes a services contract. The supplies contract may also include materials for equipping complete production facilities that are not new and whose operating period is guaranteed or renewed warranty. (Algerian Presidential Decree No. 15-247, 2015, Article 29)

3.2.3 Contract for the Execution of Studies:

The public studies contract aims to execute intellectual services, and the public studies contract, when concluding a works contract, particularly includes technical or geo-technical monitoring tasks or supervision of works execution and assistance to the project owner. The public supervision contract for execution, within the framework of executing a facility or urban project or natural landscapes, implements the following tasks in particular: (Algerian Presidential Decree No. 15-247, 2015, Article 29)

- Preliminary study or diagnosis or initial sketch.: Project study., Execution study or when carried out by the contractor., Assisting the project owner in concluding the administration of executing the works contract or organizing, coordinating, and directing the site and receiving the works.

3.3 The Role of Murabaha for Public Contracts in Supporting Economic Enterprises

In this subsection, we learn about the nature of Murabaha for public contracts and its role in supporting economic enterprises.

3.3.1 The Nature of Murabaha for Public Contracts

Murabaha for public contracts is an Islamic financing formula used to enable economic enterprises, especially small and medium-sized ones, to execute public contracts awarded by government entities, by having a bank or Islamic financial institution finance the requirements for project implementation (equipment, materials, services...) through purchasing these requirements and selling them to the enterprise that won the contract at a known profit margin.

3.3.2 Its Role in Supporting Economic Enterprises

Murabaha for public contracts is one of the most important Islamic financing tools that help economic enterprises develop their activities and contribute to development, especially in environments suffering from limited liquidity or traditional banking restrictions, and it helps them in terms of: (Bouatli, 2023)

- Providing financing without the need for large capital.
- Reducing financial risks on the enterprise.

- Improving cash flow and financial balance.
- Facilitating project execution and winning larger contracts.
- Supporting innovation and growth without resorting to traditional borrowing.
- Creating job opportunities and stimulating the local economy.
- Benefiting from strategic partnership with Islamic banks.

3.3.3 Emergence of the Need in the Enterprise that Won the Contract

The need in the public enterprise is everything required by its activity in terms of goods, services, or works to accomplish its tasks and achieve its objectives, and it is the basis for every purchase or contracting process within the framework of public contracts, where it is usually determined in the preliminary stage before preparing the specifications book. The emergence of the need begins with diagnosing the deficit or shortage in human, material, or technical resources, or in executing a specific project, and this diagnosis is done through technical committees or internal periodic reports. After that, the need is included in the annual or multi-year plan of the enterprise, and classified according to priorities and available financial resources. In the final stage, the need is transformed into a set of technical and administrative characteristics included in the specifications book that is later adopted in the public contract procedures. And there are types of needs, which are financial, material, human, and logistical needs. (Algerian Presidential Decree No. 15-247, 2015)

When an enterprise wins a public contract, a set of necessary needs arises for it to execute the contracted project, and it may resort to the Islamic Murabaha formula to finance some of these needs, provided that they are material and tangible and capable of ownership. These needs include acquiring equipment and machinery such as bulldozers, trucks, or technical devices used directly in executing the contract, in addition to purchasing raw materials like iron, cement, or supply equipment if the contract relates to supplying specific equipment.

4. The Applied Study of Murabaha Financing for Public Contracts at the Blida Agency

After addressing in the first chapter the theoretical aspects related to Islamic financing, the Murabaha formula, and the foundations of its application in public contracts, this section sheds light on the practical aspect of the study through analyzing the experience of the Islamic BADR Bank Agency – Blida Branch 425 in applying the Murabaha formula for public contracts.

4.1 The Administrative Procedures for Murabaha for Public Contracts

Murabaha for public contracts is a financing formula based on the Murabaha technique directed towards companies executing public contracts, which allows them to finance the purchase of materials, supplies, or any other tangible goods. The amount of Murabaha for public contracts can reach up to 80% of the recognized and certified receivables by the administration, provided that the submission on the invoice is linked to the settlement of invoices related to tangible goods and materials compliant with Islamic Sharia principles. Settlement is made through transfers fulfilled by the administration in exchange for settling the debts arising from the financed invoices. The procedures are as follows: (BADR, 2026)

4.1.1 Required Documents

- Property deed of professional premises, concession or lease contract.
- Cash flow plan + pro forma invoices.
- Last three tax declarations, interim accounting statement, and account commissioner's report (if necessary).
- Copy of the public contract.
- Any other document necessary for evaluating the financing opportunity.
- Guarantees and reservations obtained or received: (according to legal and Sharia requirements).
- Good faith margin representing a percentage of the price of the assets to be financed (paid into a dedicated account).
- Insurance contract (paid by the client).
- Tax and quasi-tax situation.
- Joint guarantee.
- Any other guarantees required by the bank in the contract (according to contract terms).

4.1.2 Financing Duration: Maximum of 12 months.

4.1.3 Financial Conditions: Profit margin according to banking conditions. Study expenses: 10,000 DZD excluding fees.

4.1.4 Delay Penalties: 2% excluding fees, deposited in a special account (outside operating accounts) to be cleared in favor of charitable organizations under the supervision of the National Fatwa Authority for the Islamic Financial Industry.

4.1.5 Maturity Period: At the end of the term.

4.1.6 Type of Repayment: Fixed.

4.1.7 Review of Financing Period: According to the approval decision of the authorized body.

4.1.3 Prepayment (full or partial): Authorized.

4.2 Case Study of Murabaha for Public Contracts at the Blida Agency

Financing through the Murabaha formula for public contracts occurs when a client approaches the bank to request financing for purchasing materials, goods, and construction equipment via Murabaha, where we simulate the process between two parties: (BADR, 2026)

- **The Client:** The enterprise submitting the financing request.
- **The Bank:** BADR Blida Agency 425: The one granting the financing.

4.2.1 Submitting the Financing Request:

Mr. Mohamed submits to the Bank of Agriculture and Rural Development Blida Agency, after winning the public contract, a request for financing goods and construction equipment, specifying the nature of the materials or equipment to be acquired and their relevance to executing the contracted public contract. This request is accompanied by a set of essential documents, such as a copy of the contract or the provisional award minutes, the technical and administrative specifications book, a price quote or pro forma invoice from the supplier, in addition to the legal and financial documents of the enterprise (commercial register, tax card, latest balance sheet...). Then, it proceeds through the following steps:

- Opening an account for the client.
- The client submits the file including all necessary documents.
- The bank provides the client with a receipt confirmation (accusé de réception).
- Deduction of account study expenses.

4.2.2 Studying the File:

The file is submitted to the financing department for study (study of guarantees, technical study...), after which the bank conducts a field study of the project site, evaluates it, and inspects it. Then, the file is submitted to the competent body for studying financings. The Islamic bank undertakes the study of the file from technical, Sharia, and financial perspectives. Technically, it ensures that the materials or equipment subject to financing fall within the elements of the public contract and are necessary for its execution. From the Sharia perspective, the bank verifies the legitimacy of the goods (not prohibited by Sharia) and the compliance of the operation with the rulings of Islamic Murabaha. Financially, it analyzes the enterprise's repayment capacity through studying its cash flows and financial solvency.

In case of file acceptance, the bank issues a preliminary approval as an engagement authorization and an acceptance letter, including the granted financing value, all initial conditions for the financing operation, the profit margin on which the total Murabaha price will be calculated, repayment terms and methods, and required guarantees (mortgage, bank guarantee, guarantor...).

After that, the client submits the required guarantees, then they are sent to the legal affairs department for approving the guarantees.

4.2.3 The Purchase Promise Stage: As a guarantee, the client signs a unilateral purchase promise document (P.U.A).

4.2.4 The Bank's Purchase of the Goods from the Supplier Stage

Before the bank purchases the financed goods, a document called “purchase promise” is signed by the client (the enterprise), whereby it commits to buying the goods from the bank after it owns them. This promise is considered morally binding and sometimes legally, and is one of the basic guarantees that protect the bank from risks. The bank conducts a field visit to the supplier to inspect the goods and ensure their soundness and compliance with the description, after which the bank issues a purchase order. Then, a purchase offer notice is submitted, after which the supplier issues an acceptance notice . After ensuring the goods' compliance with the client's standards and specifications, it is proven through a conformity certificate.

4.2.5 The Delivery of the Goods to the Client Stage

Once the purchase promise is obtained, the Islamic bank acquires the goods subject to the contract from the approved supplier in its own name, thereby becoming its legal and Sharia owner. This condition is essential for the validity of the Murabaha contract, as the bank may not sell what it does not own. After the supplier delivers the goods to the client, a delivery note "bon de livraison" is issued to prove the validity of receipt. Then, the bank provides a bank check to the supplier and receives the final invoice After that, the bank issues a delivery authorization to the supplier.

4.2.6 The Murabaha Sale Contract for Public Contracts Stage

After the bank owns the goods, the bank concludes the Murabaha sale contract and signs it by the agency manager and the client after consulting with the client on the repayment amount and duration, whereby the bank sells the goods to the enterprise at a total price that includes: the original purchase price + the agreed-upon profit margin. The contract specifies the repayment methods and terms (lump sum, periodic installments, grace period...).

4.2.7 The Follow-up of the Client's Repayment Commitment Stage

After concluding the contract, the bank prepares an amortization table that includes dividing the amount over all installments to be repaid until the end of the term. After that, the client mortgages and insures the goods and submits non-exhaustive guarantees. The bank follows up on the client's commitment to repay all installments at the agreed time.

4.3 The Critical Study of the Applied Procedures for Granting Murabaha for Public Contracts

From the above, it appears that there are a set of observations, the most important of which we summarize as follows:

- From a general perspective, the complexity of the process is evident, and we fear its negative reflection on the client (the enterprise), especially in light of the novelty of the experience and the lack of spread of such culture, not to mention reducing the bank's competitive advantage due to increased procedures, which leads to increased effort, cost, and time, negatively affecti ‘ng the ability to exploit market opportunities. This confirms our idea from the previous study we relied on: (Ben Zakoura , 2022)
- These procedures after the operator wins the contract may lead to loss of time intervening in the guarantee framework for the contract execution period, which requires requesting a pre-financing line through a credit agreement between the two parties with clear conditions ready and executable directly if the client (the enterprise) wins the tender;
- During listing the procedures and tracking the operations, it appears that this product supports local products without foreign ones, which limits the capabilities of the beneficiary enterprise if it needs to import some products within contracts as well; and the solution may be to request external trade financing, which reduces this enterprise's borrowing capacity;
- Mentioning the purchase promise without the good faith margin and the mechanism for managing and using it to compensate for actual damage if any, makes the process suspicious in application, and that there is a flaw in understanding the essence of this process, especially when mentioning that it is "legally binding sometimes," which places the process in the Sharia prohibition under the rule of "prohibition of selling what you do not own"; and more correctly according to Sharia standards and Bank of Algeria Instruction 20-03, the unilateral promise is a non-binding promise in Murabaha, and thus we understand that it is a procedure to provide legal support for deducting actual damage if any from the good faith margin account; and not an

attempt to impose the purchase reality on the client (the enterprise) ordering the purchase.

- We believe that the information received from "the specialist at the bank agency" needs reconsideration regarding the Murabaha process for the orderer to purchase, especially at the point of delivering the goods to the client before signing the Murabaha contract; and what confirms our idea is the following study: (Ben Zakoura, 2022)
- The specialist did not address exceptional cases such as prepayment or termination, and did not mention any ceiling for this financing. And what confirms our idea is the following study: (Ben Zakoura , 2022)

5. Conclusion:

Based on the aforementioned, the results we reached are as follows:

- The Murabaha formula supports small and medium-sized enterprises because these enterprises often lack the necessary liquidity to cover the costs of executing the contract, and found in Murabaha a suitable solution that avoids resorting to traditional loans with high usurious interests, which constitute a significant financial burden.
- Once the enterprise obtains the provisional or final award minutes, it begins to identify its needs. The need is often material: machinery, equipment, raw materials, and not wages or services.
- Public contracts are written contracts concluded for consideration between contracting parties affiliated with the public sector and economic operators, in accordance with the provisions of Presidential Decree No. 15-247. These contracts aim to meet the needs of the contracting authority in the fields of works, supplies, services, or studies. In other words, public contracts are a type of administrative contracts concluded by a public entity (administrative authority) with a natural or legal person, whereby the latter commits to performing work, providing a service, or supplying equipment, in exchange for a monetary amount and terms and deadlines precisely determined within the contract clauses.
- It appeared from the study that this formula provides direct Sharia financing to enterprises winning public contracts, through the bank acquiring the project requirements, then selling them to the enterprise at a known profit margin. This facilitates the enterprise's execution of the project without waiting to collect financing from public entities.
- Murabaha financing for public contracts has contributed to the success of many local projects because through analyzing financing files at the BADR Blida Agency, it appeared that enterprises benefiting from this formula were able to execute their projects effectively, such as public works projects and medical supplies, despite financial challenges.
- The procedures followed at the BADR Blida Agency 425 were clear and organized,

starting from receiving the financing request, through studying the file from technical, Sharia, and financial aspects, up to purchasing the goods in the bank's name and reselling them to the enterprise, in accordance with Murabaha rulings, reflecting commitment to Sharia and regulatory controls.

- A vital alternative to traditional loans that require heavy financial guarantees. Islamic banks rely on asset ownership and not just personal guarantees.
- Bank employees indicated an increasing demand from enterprises for this product, however, the long duration for studying files and complex administrative procedures are obstacles that need addressing to improve performance.
- Murabaha for public contracts provides transparency and balance in the contractual relationship because the bank purchases the goods or services itself before reselling them, so the enterprise knows the original price and profit margin, enhancing trust and clarity.
- The experience at the Blida Agency (BADR 425) showed that the bank has an organizational structure and human resources that qualify it to provide this type of financing while respecting Sharia and commercial controls.

Recommendations

Based on the outlined research and previous results, we propose to specialists the most important following recommendations:

- Encouraging traditional banks to gradually transform towards Islamic banking operations, through establishing specialized windows as a preparatory step towards establishing independent Islamic banks in the future, through strategic partnerships with leading local or international Islamic financial institutions, to benefit from their expertise and experiences in this field, especially in advisory and operational aspects.
- Generalizing this formula at the level of all Islamic banking agencies within Algeria, especially in states with high industrial density.
- Ensuring complete independence of Islamic windows from the parent bank in terms of management, accounting, and financing, with separation between sources of funds and their uses, which enhances client confidence and ensures transparency of operations.
- Developing a legal and regulatory framework specific to Islamic banking, taking into account its specificities and removing legislative obstacles that may hinder the work of windows, enabling them to operate within a clear and stable legal environment.
- Focusing on professional training and specialized training in the field of Islamic banking, ensuring the availability of qualified human resources working within the windows, to ensure service quality and full compliance with Islamic Sharia rulings.
- Establishing a permanent Sharia supervisory body within the bank's structure, responsible for overseeing Islamic banking operations and monitoring their compliance with Sharia principles and rulings.
- Diversifying the Islamic products and services offered, not limiting them to the

Murabaha formula only, but expanding them to include other formulas such as Musharakah, Istisna'a, Salam, and Ijarah, allowing broader meeting of the needs of different client segments.

- Intensifying awareness and marketing campaigns directed at the public, to explain the nature of Islamic windows' work, highlight the differences between them and traditional banks, and spotlight the advantages of Islamic financings, aiming to attract more clients and increase Sharia financial awareness.
- Raising awareness among enterprises winning contracts of the advantages of Murabaha for contracts compared to traditional financing in terms of cost and risks.

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