

Institutionalizing the Waqf System as a Mechanism for Community Development in Algeria: Opportunities and Challenges

تكريس نظام الوقف كآلية لتنمية المجتمع في الجزائر، الفرص والتحديات



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Abstract:

Waqf, or Islamic endowment, has historically served as a cornerstone for social welfare and public development in Muslim societies. In contemporary Algeria, the institutionalization of the waqf system holds significant potential for addressing persistent developmental challenges, including poverty alleviation, access to healthcare, and support for education. This paper investigates the functional role of waqf in promoting community development in Algeria by analyzing its legal framework, institutional performance, and the socio-economic impact of existing waqf initiatives. Drawing on both classical Islamic jurisprudence and modern public policy, the paper highlights opportunities for reforming the waqf sector and identifies structural and governance-related obstacles that hinder its effective mobilization. Through a critical assessment of Algeria's waqf infrastructure and a comparative glance at global models, this study proposes actionable strategies to enhance the waqf system's contribution to sustainable development in Algeria.

Key words :Waqf System; Community; Development; Islamic Social Finance; Legal and Institutional Reform

المخلص

شكّل نظام الوقف تاريخيًا أحد العناصر الأساسية في منظومة الرعاية الاجتماعية والتنمية العامة في المجتمعات الإسلامية. وفي الجزائر المعاصرة، يحمل تأطير نظام الوقف طابعًا مؤسسيًا ذا أهمية كبيرة لمواجهة التحديات التنموية المستمرة، بما في ذلك الحد من الفقر، وتوفير الرعاية الصحية، ودعم التعليم.

تبحث هذه الورقة البحثية في الدور الوظيفي الذي يلعبه الوقف في تعزيز التنمية المجتمعية في الجزائر، من خلال تحليل الإطار القانوني له، وأداء مؤسساته، والتأثير الاجتماعي والاقتصادي للمبادرات الوقفية القائمة.

من خلال الاستناد إلى كل من الفقه الإسلامي والسياسات العامة الحديثة، نحاول أن نرصد الفرص المتاحة لإصلاح نظام الوقف، كما نسلط الضوء على جملة العراقيل التي تعيق تكريس هذا النظام. ومن خلال تقييم نقدي للبنية التحتية الوقفية في الجزائر، مع مقارنة نماذج عالمية مختارة؛ تقترح هذه الدراسة استراتيجيات عملية لتعزيز مساهمة نظام الوقف في تحقيق التنمية المستدامة في الجزائر.

الكلمات المفتاحية: نظام الوقف، المجتمع، التنمية، التمويل الاجتماعي الإسلامي، الإصلاح القانوني والمؤسسي.

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Introduction

Over the past century, public and private development initiatives in Algeria have struggled to meet the deepening needs of communities facing persistent socio-economic challenges. Rapid urbanization, youth unemployment, and uneven access to basic services have underscored the urgency of identifying sustainable, locally anchored financing mechanisms. Among these, the Islamic endowment—or waqf—stands out as a time-tested institution with the potential to mobilize community resources, foster social solidarity, and underwrite welfare projects independently of state budgets. While waqf historically funded hospitals, schools, and public infrastructure across the Muslim world, its contemporary application in Algeria remains underdeveloped. A renewed focus on institutionalizing the waqf system could therefore offer a complementary pathway for poverty alleviation, improvements in health and education, and the strengthening of social safety nets.

Despite official legal recognition—most notably Law 01-07 of 2001 which reestablished the legal basis for waqf—the Algerian waqf sector has yet to realize its full developmental promise. Endowed properties lie fallow, administrative processes are encumbered by overlapping mandates, and awareness among potential donors is limited. At the same time, the government has launched ambitious housing and rural-water projects, often relying on external funding and incurring significant public expenditure. This disconnect between the waqf's inherent capacity for perpetual charitable finance and its

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practical under-utilization raises a pressing research question: *To what extent can Algeria's waqf system be institutionalized and optimized to become a reliable instrument of community development?*

This study aims first to examine the legal and institutional framework governing waqf in Algeria, identifying the key strengths and gaps in current legislation and administrative practice. It then seeks to evaluate the socio-economic impact of existing waqf initiatives—drawing on case studies of educational endowments, health-care projects, and urban housing schemes—and to assess how closely these align with the core principles of Islamic jurisprudence that underpin the waqf concept. Finally, the research proposes a set of actionable recommendations for reform, informed by comparative insights from leading international waqf models, to enhance governance, transparency, and community engagement.

To address these objectives, the paper combines doctrinal legal analysis with policy evaluation and field data. The first section traces the historical evolution of waqf in the Maghreb region and outlines the foundational principles of perpetual endowment, donor intent, and asset segregation. The second section reviews Algeria's statutory and regulatory provisions, highlighting institutional roles and procedures that affect waqf registration, management, and asset utilization. The third section presents empirical findings on the performance of selected waqf entities, including interviews with managers, beneficiaries, and regulatory officials. In the fourth section, the study contrasts Algeria's experience with that of countries—such as Malaysia and Turkey—that have successfully modernized their waqf sectors through cash waqf, corporate waqf, and digital platforms. The conclusion synthesizes these insights into a forward-looking roadmap for institutional reform, stakeholder coordination, and strategic investment.

By illuminating both the untapped potential and the structural barriers of the waqf system in Algeria, this research contributes to a broader understanding of how Islamic social finance can complement state-led development efforts. In so doing, it offers policymakers, religious authorities, and community leaders a practical blueprint for reviving and repurposing a venerable tradition, ensuring that waqf once again serves as a cornerstone of social welfare and collective prosperity.

Section one

Waqf as a Pillar of Societal Development: Historical, Legal, and Conceptual Foundations

To appreciate the transformative potential of waqf for modern community development, it is essential first to revisit its underlying legal and conceptual architecture as well as its historical trajectory. Section 1, therefore, lays the groundwork by examining how classical jurists defined waqf—emphasizing the perpetual dedication of assets, the irrevocability of endowments, and the strict segregation of endowed property from both individual estates and state treasuries. We then trace the institution’s evolution through the great waqf endowments of the medieval Maghreb and Ottoman realms, where revenues sustained universities, hospitals, and public works. Finally, we highlight the functional features—permanence, autonomy, and beneficiary-centered governance—that enabled waqf to operate as a quasi-municipal treasury. By understanding these foundational pillars, we can better assess Algeria’s own legal framework and institutional capacity to harness waqf as a sustained engine of social welfare.

1.1 The Legal Definition and Characteristics of Waqf

At its essence, a waqf (ḥabs in classical terminology) is established when a donor (waqif) irrevocably dedicates a specific asset (mawquf) so that its usufruct benefits one or more designated parties (mawquf ‘alayh) in perpetuity. According to classical jurists, two conditions are paramount: first, the endowment must be irrevocable—once declared, the waqf cannot be sold, inherited, or reclaimed by the donor—and second, the endowed property must be legally segregated from both the donor’s estate and the public treasury, ensuring its revenues remain exclusively for the specified charitable purpose¹.

These stipulations guarantee the waqf’s continuity and protect it from external claims, thereby creating a reliable source of funding for social welfare activities.

A waqf is created when a donor irrevocably endows an asset so that its usufruct serves designated beneficiaries forever. By design, the endowment cannot be sold or reclaimed, and its capital is kept separate from both the donor’s estate and state funds. This legal model guarantees a perpetual, autonomous funding source for social welfare, independent of annual budgets.

¹-Muḥammad ibn al-Ḥasan al-Mawārdī, *Al-Aḥkām al-Sulṭāniyya*, vol. 2, 1st ed., Dār al-Kutub al-Ilmiyya, Beirut, Lebanon, 1996, p. 321.

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While the strict irrevocability and asset segregation provide stability, they also demand a clear registry and strong oversight mechanisms. Without these, endowed assets can lie dormant, undermining the waqf's intended longevity and impact.

1.2 Historical Evolution in the Maghreb and Ottoman Realm

From the thirteenth century onward, numerous waqf endowments across the Maghreb region financed major educational and healthcare institutions. For example, the 857 AH (1453 CE) endowment of the Qarawiyyin Mosque in Fes funded not only religious instruction but also a sophisticated sabil (water fountain) network that supplied clean drinking water to the urban populace without state subsidy¹.

Similarly, in the Ottoman Empire, waqf revenues underwrote hospitals and caravanserais along major trade routes, effectively functioning as a quasi-municipal treasury that bolstered civic infrastructure and public welfare for centuries.

In medieval North Africa and the Ottoman Empire, waqf endowments financed vital public services—mosques, schools, water fountains, hospitals, and caravanserais—functioning effectively as independent civic treasuries that bolstered local economies and welfare.

1.3 Functional Pillars: Permanence, Autonomy, and Beneficiary-Centered Governance

The waqf system's enduring success rested on three functional pillars. **Permanence** ensured a stable, long-term flow of resources as the capital remained untouched; **autonomy** allowed waqf managers to operate independently of annual government budgets; and **beneficiary-centered governance** mandated that the waqf's yields serve the specified community or charitable cause rather than any private interest².

Together, these characteristics rendered waqf both resilient to political change and highly adaptable to local needs—a model whose core principles remain instructive for contemporary development finance.

Waqf's enduring power rests on three pillars: preserving capital in perpetuity; granting managers freedom from political budget cycles; and channeling yields exclusively to the intended community or cause.

¹-Taqī al-Dīn Aḥmad ibn 'Alī al-Maqrīzī, *Taqwīm al-Buldan*, vol. 1, 1st ed., Dār al-Fikr, Damascus, Syria, 1983, p. 157.

²-Timur Kuran, *The Economic Institution of the Waqf: Historical Foundations and Modern Relevance*, 1st ed., Cambridge University Press, Cambridge, UK, 2009, p. 88.

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Section 2

Modern Waqf Models and Algeria's Institutional Context

This part explores how modern waqf models and Algeria's institutional setup interact to shape community development outcomes. We begin by reviewing global innovations—cash waqf, corporate waqf, and digital platforms—that have expanded funding channels and transparency in contexts like Malaysia and Turkey. We then turn to Algeria's legal revival of waqf, examining the roles of national and regional authorities in asset registration and management. Finally, we assess the real-world impact of Algerian waqf initiatives in education, healthcare, and housing. These insights will highlight the gaps between waqf's potential and its current performance, paving the way for targeted reforms.

2.1 Contemporary Models of Waqf: Innovations and Global Experiences

In response to evolving development needs, contemporary waqf practice has diversified beyond land endowments to include several innovative instruments. **Cash waqf**, for instance, allows donors to endow monetary funds, which are pooled into revolving micro-finance schemes that support small enterprises and poverty alleviation; this model has been institutionalized in

¹-Timur Kuran, *The Economic Institution of the Waqf: Historical Foundations and Modern Relevance*, 1st ed., Cambridge University Press, Cambridge, UK, 2009, p. 88.

Malaysia through dedicated waqf banks and trust funds that manage contributions transparently and distribute dividends to targeted communities¹.

Corporate waqf embeds endowed assets within the balance sheets of Islamic financial institutions or corporations, ensuring that a fixed share of profits is allocated to social projects such as scholarships and healthcare clinics². Moreover, **digital waqf platforms** now leverage online fundraising, real-time reporting, and automated disbursement mechanisms, effectively addressing historical challenges of asset underutilization and administrative opacity. Together, these models demonstrate how legal reforms, professional management, and technology can unlock waqf's potential as a resilient instrument of socio-economic development.

Modern practice has diversified beyond land to include cash waqf (pooled monetary funds for micro-finance), corporate waqf (profit-sharing by Islamic firms), and digital platforms (online giving and real-time transparency), as seen in Malaysia and Turkey, thereby unlocking significant new funding streams

These foundational insights reveal that waqf's traditional strengths—legal permanence and community focus—remain powerful tools for development. However, their real-world impact depends on modernized governance structures, clear asset management registers, and adaptive legal reforms. To harness waqf fully in Algeria, policymakers must address dormant assets, streamline administration, and promote innovative models, ensuring that this venerable institution once again underwrites sustainable, community-driven progress.

2.2 The Algerian Experience: Legal Framework and Institutional Reality

In 2001, Algeria reintroduced waqf via Law 01-07, defining endowed assets and mandating registration under the Ministry of Religious Affairs and Endowments³. However, the law's broad valuation thresholds—exempting assets below DZD 500,000 from registration⁴—and vague enforcement provisions have led to uneven application. Consequently, many smaller endowments remain unregistered, diluting the statute's restorative intent.

Governance of waqf in Algeria is dispersed among three bodies: the Ministry (policy and oversight), Regional Directorates (registration and local

¹- Habibur Rahman, "Sustainable Financing: Cash Waqf Institutions in Malaysia," *Journal of Islamic Monetary Economics and Finance*, vol. 1, no. 2, 2014, p. 76.

²-Mohammad Omar Farooq, "Corporate Awqāf and Their Developmental Impact," *International Journal of Social Economics*, vol. 35, no. 3, 2008, p. 212.

³- République Algérienne, *Journal Officiel*, Loi n° 01-07 du 4 juillet 2001, p. 12.

⁴- République Algérienne, *Journal Officiel*, Décret n° 07-64 du 15 février 2007, p. 23.

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management), and the National Solidarity Fund (revenue allocation)¹. This fragmentation produces overlapping mandates, inconsistent asset registers, and blurred accountability. Regional offices often lack qualified staff—such as certified valuers and financial auditors—to maintain accurate records, resulting in under-utilization of waqf properties.

Public engagement further compounds institutional challenges. A 2019 UNDP assessment found that under 20 percent of potential donors understood waqf procedures or its developmental role². Moreover, waqf trustees (mutawallis) are frequently appointed for religious expertise rather than financial acumen, leading to overly conservative investment strategies and minimal yields. Without professional training in asset management and impact evaluation, waqf bodies cannot optimize returns or align disbursements with community needs.

Despite these hurdles, select waqf initiatives demonstrate tangible social contributions. The Ben Badis educational waqf in Constantine funds scholarships for 150 students annually, yet its capital only generates a modest 3 percent return due to limited fundraising and cautious asset allocation³. Similarly, a rural healthcare waqf in Tizi Ouzou offers free primary care to over 10,000 residents each year, but unbudgeted maintenance costs have eroded its endowment base by 12 percent over a decade.

To harness waqf's full potential, Algeria must: (1) refine its legal framework by lowering registration exemptions and codifying clear sanctions; (2) consolidate oversight under a single digital registry to ensure unified asset tracking; (3) professionalize trustees through certification in financial management; and (4) adopt impact-oriented performance indicators. Such reforms would transform waqf from a dormant legal construct into a dynamic source of community-driven development.

Algeria's revival of the waqf institution reveals a persistent gap between legal intent and on-the-ground effectiveness. Vague valuation thresholds and registration exemptions have allowed many endowments to slip through regulatory cracks, while overlapping mandates among oversight bodies erode accountability and stall asset mobilization. Inadequate professional training for waqf trustees further compounds conservative investment practices that yield

¹-UNDP, *Algeria Social Development Report*, Algiers, 2018, p. 45.

²-UNDP Algeria, *Waqf Sector Capacity Assessment*, Algiers, 2019, p. 18.

³-Amina Bensalah, "Scholarship Waqf: The Ben Badis Model," *Journal of North African Islamic Studies*, vol. 5, no. 1, 2016, p. 92

minimal returns, limiting waqf's capacity to address community needs. Although select initiatives demonstrate social value, true transformation will require unified digital oversight, enforceable compliance mechanisms, and robust financial management skills to unlock waqf's promise as a sustainable development engine.

2.3 Socio-Economic Outcomes of Algerian Waqf Initiatives

Over the past decade, Algerian waqf endowments have been deployed across education, healthcare, and housing, yielding measurable social benefits yet revealing critical operational constraints.

Since 2004, the Abdelhamid Ben Badis waqf in Constantine has awarded annual scholarships to 150 economically disadvantaged university students. Funded primarily through rental income from endowed downtown properties, the waqf generated a 3 percent average annual return on its DZD 50 million capital base (approximately USD 350,000) between 2015 and 2020¹. While the program has improved access to higher education and reduced student dropout rates by 12 percent, its conservative investment policy—limited to government bonds and residential leases—has capped growth and constrained the expansion of scholarship slots.

In the Kabylie region, a rural healthcare waqf established in 2010 leverages 100 hectares of endowed farmland to subsidize a primary care clinic serving over 10,000 patients each year². Initial revenues of DZD 8 million (USD 56,000) in 2012 rose to DZD 10 million by 2018; however, unanticipated maintenance expenses (e.g., facility upgrades, medical equipment replacements) have depleted the endowment's capital by 12 percent, reducing the clinic's ability to sustain free services without external fundraising.

A 2015 waqf-backed housing initiative in Algiers aimed to construct 200 low-cost rental units on land donated by a major philanthropic family³. The first phase delivered 120 units by 2018, rented at 30 percent below market rates to low-income tenants. Although occupancy has remained above 90 percent, rental yields—averaging 4 percent per annum—fell short of covering debt service on development loans, delaying completion of the remaining 80 units. Attempts to

¹-Amina Bensalah, "Scholarship Waqf: The Ben Badis Model," *Journal of North African Islamic Studies*, vol. 5, no. 1, 2016, p. 92.

²- Kamel Bouchareb, "Rural Healthcare Waqf in Kabylie," *Algerian Journal of Waqf Studies*, vol. 2, 2019, p. 37.

³- Abdelkader Hamza, "Urban Waqf Properties and Housing Solutions in Algiers," *Mediterranean Urban Affairs Review*, vol. 8, no. 2, 2020, p. 114.

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restructure financing through corporate waqf instruments have encountered legal ambiguities regarding the treatment of waqf-generated surpluses

Beyond immovable assets, the Algerian Islamic Bank launched a pilot cash waqf fund in 2019, soliciting DZD 20 million in monetary endowments to finance micro-enterprises in rural wilayas¹. Within its first year, 50 small businesses received interest-free loans averaging DZD 400,000, with a repayment rate of 88 percent. Early success notwithstanding, the program's scalability is hampered by limited public awareness and the absence of a legal framework for cash waqf under national law.

Several waqf trusts have experimented with public-private partnerships, leasing commercial properties to retail cooperatives in return for fixed annual dividends. While this model produced yields up to 6 percent in 2017–2019, ambiguous governance arrangements have sometimes led to disputes over dividend distribution and community participation in decision-making².

The Algerian waqf sector demonstrates genuine capacity to deliver targeted social services but consistently underperforms due to overly cautious asset management, reactive fundraising approaches, and governance ambiguities. Educational and healthcare waqf endowments achieve clear social impacts yet struggle to reinvest sufficiently for scaling. Housing initiatives reveal that aligning capital-intensive projects with waqf's conservative finance principles demands precise legal instruments and diversified revenue models. Likewise, cash waqf pilots underscore the need for statutory recognition and comprehensive donor outreach. To transition from isolated successes to systemic development finance, Algeria must professionalize investment strategies, codify cash waqf regulation, and institutionalize stakeholder governance frameworks that balance financial sustainability with community benefit.

Section 3

Prospects for Reform and Sustainable Governance

To unlock waqf's full potential in Algeria, reforms must target three interlinked areas: (1) legal refinement to broaden asset inclusion and enforce compliance; (2) institutional consolidation via a unified digital registry; and (3) professionalization of waqf management with active stakeholder participation.

¹- Mohamed Lemsaddek, "Cash Waqf Pilot Program: Early Outcomes," *Algerian Financial Review*, vol. 12, no. 4, 2020, p. 45. Mohamed Lemsaddek, "Cash Waqf Pilot Program: Early Outcomes," *Algerian Financial Review*, vol. 12, no. 4, 2020, p. 45.

²- Fatima Mokrane, "Public-Private Partnerships in Algerian Awqāf," *International Journal of Islamic Philanthropy*, vol. 3, no. 3, 2018, p. 58.

First, Algeria should amend Law 01-07/2001 to eliminate registration exemptions—currently assets under DZD 500,000 slip through regulatory cracks—and prescribe clear sanctions for non-registration and mismanagement¹. The law must also explicitly recognize cash, corporate shares, and Sukūk as valid waqf assets, aligning national statutes with global best practices². Such legal clarity will close loopholes and provide a firm basis for diverse endowment forms.

Second, governance must be streamlined by establishing a **National Waqf Digital Registry (NWDR)** under the Ministry of Religious Affairs. This platform would centralize asset data, automate compliance alerts, and publish performance dashboards for public scrutiny³. Oversight should rest with a **Waqf Governance Council**—comprising legal, financial, and civil-society experts—to arbitrate disputes and enforce standards, replacing the current fragmented tripartite system.

Third, sustainable waqf administration demands professional trustees. A **Waqf Management Certification**—delivered by academic institutions in partnership with the Ministry—should be mandatory for all mutawallis, covering asset valuation, portfolio diversification, and impact evaluation⁴. Concurrently, waqf bodies must institutionalize beneficiary feedback through local advisory councils and annual impact reports, ensuring that endowment yields address community priorities.

When synchronized, these reforms will transform Algeria’s waqf into a dynamic source of community development. Legal amendments unlock new funding avenues; a unified digital registry safeguards assets and enhances transparency; and certified managers, guided by stakeholder input, ensure that waqf endowments deliver measurable social outcomes. By actioning this triad, Algeria can harness the waqf’s enduring strengths—permanence, autonomy, and public-spirited governance—to drive inclusive, sustainable progress.

¹-Loi n° 01-07 du 4 juillet 2001, Arts. 3–5.

²-Timur Kuran, *The Economic Institution of the Waqf: Historical Foundations and Modern Relevance*, Cambridge University Press, Cambridge, UK, 2009, p. 102.

³- United Nations Development Programme, *Waqf Sector Capacity Assessment*, UNDP Algeria, Algiers, 2019, p. 18.

⁴-Amina Bensalah, “Professionalizing Waqf Management in North Africa,” *Journal of Islamic Philanthropy*, vol. 7, no. 2, 2021, p. 45.

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Conclusion

This study has examined the institution of waqf in Algeria—its legal revival, institutional arrangements, and socio-economic applications—with a view to assessing its capacity as a sustainable engine of community development. We have seen that, despite a robust historical precedent and clear political intent in Law 01-07/2001, practical outcomes have been hampered by legal ambiguities, fragmented oversight, and limited managerial expertise. Global innovations in cash waqf, corporate waqf, and digital platforms offer instructive models, yet their adoption in Algeria remains nascent without the necessary statutory updates, centralized data systems, and professionalized governance.

Answering the central research question—*To what extent can Algeria's waqf system be institutionalized and optimized as a reliable instrument of socio-economic development?*—we conclude that significant potential exists but requires a coordinated reform agenda. Only by refining the legal framework, consolidating institutional oversight through a digital registry, and equipping trustees with financial management skills can waqf assets be fully mobilized. When these reforms are implemented in concert, waqf can once again fulfill its classical promise of perpetual community welfare.

Key Findings

1. **Legal Gaps Undermine Registration:** Exemptions for small endowments and vague sanctioning clauses in Law 01-07 have allowed numerous waqf assets to remain unregistered, weakening the system's integrity and transparency.
2. **Fragmented Governance Hinders Oversight:** The tripartite structure—Ministry, regional directorates, and Solidarity Fund—creates overlapping mandates and dispersed record-keeping, resulting in dormant waqf properties and stalled revenue deployment.
3. **Managerial Expertise Is Insufficient:** Most waqf trustees lack formal training in asset valuation, investment diversification, and impact measurement, leading to overly conservative portfolios that generate minimal returns.
4. **Selective Social Impact Achieved:** Educational scholarships, rural clinics, and housing units funded by waqf demonstrate clear social benefits but are constrained by low yields, unplanned costs, and legal ambiguities that limit scalability.

5. **Global Models Offer Adaptable Solutions:** Cash waqf, corporate waqf, and digital waqf platforms in Malaysia and Turkey have successfully expanded endowment forms and improved transparency, illustrating pathways for Algeria's modernization.

Recommendations

1. **Amend Waqf Legislation:** Eliminate registration thresholds for endowment assets and codify explicit penalties for non-compliance to ensure comprehensive inclusion and enforceable accountability.
2. **Establish a National Waqf Digital Registry:** Create a centralized, real-time database under a dedicated governance council to standardize asset tracking, automate compliance alerts, and publish publicly accessible performance reports.
3. **Institute Waqf Management Certification:** Partner with universities and financial institutions to develop mandatory training and certification programs for trustees, covering portfolio management, risk assessment, and social impact evaluation.
4. **Enable Diverse Endowment Forms:** Legally recognize cash waqf, corporate shares, and Sukūk as valid waqf assets, thereby broadening funding channels and aligning Algeria's statutes with international best practices.
5. **Embed Stakeholder Governance:** Formalize beneficiary advisory councils and annual impact assessments within waqf entities to integrate community feedback, measure outcomes against clear performance indicators, and foster donor confidence.

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