The Importance Of Islamic Endowment Sukuk In Supporting Development Projects

- A Study Of The Experiences In several Arab and Islamic countries -

HAMADI Mourad*

LPIEEM, Ferhat Abbas University -Algeria

mourad.hamadi@univ-setif.dz

FERDJALLAH Ahlem

LPIEEM, Ferhat Abbas University -Algeria

ahlem.ferdjallah@univ-setif.dz

Received: 10/02/2024 Accepted: 14/03/2024 Published:02/05/2024

Abstract:

Islamic endowments Sukuk are considered a modern unconventional means that enhances the developmental contributions of the endowment sector. This is achieved through their capability to mobilize endowment funds, preserve them, and develop them to support various sustainable development fields. Therefore, it was necessary to study a modern Islamic mechanism that contributes to solving the problem of activating the endowment sector's contribution to development, especially given the non-adoption of modern methods and tools by endowment institutions in Algeria to activate the role of endowment in development. This has materialized through the idea of issuing endowment Sukuk, as outlined in this research paper. We also review contemporary models and experiences in several Arab and Islamic countries, aiming to reach a set of perceptions and recommendations regarding policies and measures aimed at revitalizing endowments in Algerian society and supporting their participation in social, political, and economic development in the country.

Keywords: Islamic Sukuk; Endowment Sector; Development Projects; Sustainable Development; Arab and Islamic countries.

Jel Classification Codes:E44,G29.

*Correspondingauthor.

1. Introduction:

Endowments are among the most important pillars of the Islamic economy and a source for achieving social solidarity and the development process. Their importance has increased in the current era amidst the developments across all aspects of our lives. They stand out as distinguished institutions with voluntary resources and expenditure areas primarily directed towards deprived segments of society, including the poor and needy. Given the potential role that Islamic endowment funds can play in economic development if managed and invested properly, there has been a need to introduce systems that allow for more effectiveness, flexibility, and encouragement to invest these funds and assets. This necessitates a reconsideration of endowment management methods. To activate the role of these institutions in Algerian society, it is imperative to study, research, and work on developing all investment tools to enable the development of endowment assets, diversify their investments, increase their returns, and improve their management methods according to an institutional strategy that enables them to actively contribute to driving economic and social development. This transformation involves shifting from merely providing consumptive aids or predominantly religious, educational, and health services towards financing projects that yield regular and sustainable returns to their beneficiaries. One of the most significant innovative methods is the issuance of endowment investment Sukuk, which have begun to spread in many Islamic and Arab countries.

Endowment Sukuk are among the innovative mechanisms and formulas through which endowments can contribute to driving sustainable development. They represent the broader framework for practicing endowment work within a participatory framework. This allows for participation in the development process by offering developmental projects according to Islamic formulas to meet the society's needs, in addition to proper spending of the revenues from endowment funds to meet social and developmental needs in the country.

Through this article, we will attempt to present Endowment Investment Sukuk as an innovative model and a new product suitable for endowment institutions, which have been adopted in some Gulf countries and also in Malaysia. This will be achieved by demonstrating their importance and impact on the development of endowments and the achievement of the desired goals of this sector. We will also evaluate the experience of their adoption in many countries so as to diversify endowment projects, organize them within an institutional and investment framework that adopts modern management methods and effective governance.

The study revolves around attempting to answer the following question:

What is the extent of the ability of Endowment Sukuk to support development projects?.

1.1. Study hypothesis:

The study assumes that if Endowment Sukuk are implemented and managed using innovative and modern methods, they will enable the activation and enhancement of the endowment's role in contemporary Islamic societies, thereby contributing to achieving sustainable development in its various social, economic, and environmental components.

1.2. Significance of the study:

The importance of this study lies in the need to examine a modern Islamic mechanism that contributes to solving the problem of activating investment in the endowment sector through the issuance of Endowment Sukuk. These Sukuk are considered an innovative financing formula that allows for more effectiveness, flexibility, and encouragement to invest funds in endowment projects, representing one of the most prominent products of innovative Islamic finance. Additionally, the study aims to present models of these Sukuk with the goal of reaching a set of perceptions and recommendations regarding policies, the procedures for their issuance, management methods, and extinguishment, aiming to revive endowments in Algerian society, disseminate their culture, and support their participation in the social and economic revival of the country.

1.3. Study objectives:

This research aims to achieve the following objectives:

- Define the concept of Endowment Sukuk, their Shariah standards, advantages, forms, and issuance methods.
- Highlight the role and importance of activating the endowment's role to be one of the fundamental pillars for achieving comprehensive development through the issuance of Endowment Sukuk.
- Identify mechanisms for endowment investment, maximizing their benefits, directing their funds towards developmental needs, and achieving optimal utilization and maximum benefit.
- Present models of Endowment Sukuk with the aim of reaching a set of perceptions and recommendations regarding policies, issuance procedures, management, and extinguishment methods.
- Provide some practical proposals that, if adopted in our country, will increase the effectiveness of the endowment sector and its contribution to achieving sustainable development.

2. Endowment Sukuk and their importance in achieving development:

2.1. Definition of Endowment Sukuk:

According to Shariah Standard No. 17 of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Endowment Sukuk are : "documents of equal value representing common shares in the ownership of assets, benefits, services, or in a specific project or investment activity, after the collection of the Sukuk value, closing the subscription, and commencing their use for which they were issued" (AAOIFI, 2017, p. 467). Endowment Sukuk are written certificates of equal value that are tradable and represent the endowed money based on the endowment contract. The concept of "Sukukization" of endowment resources refers to dividing the money required to establish a new endowment into equal parts and inviting benefactors to subscribe to it. Subscription here means that the benefactor specifies the amount of money they want to contribute for a specified charitable purpose defined in the subscription prospectus, by determining the number of charitable endowment Sukuk they wish to subscribe to (Al-Sabahani, 2013, p. 20). The purpose of this procedure is to generalize and facilitate endowment practices. Historically, endowments have been associated with the affluent and wealthy members of society. However, contemporary financial engineering has introduced new frameworks for participation through investment or "Sukukization", allowing for broad public involvement in endowment financing.

The International Islamic Fiqh Academy Council, a subsidiary of the Organization of Islamic Cooperation, has decided regarding the endowment of stocks, Sukuk, intellectual rights, benefits, and investment fund units as follows (IFC, 2009):

- The Shariah texts regarding endowment are absolute and include both perpetual and temporary endowments, individual and joint endowments, assets and benefits, money, real estate, etc., as it is considered an expansive and desirable form of donation.
- Endowing permissible shares owned by companies, Sukuk, intellectual rights, benefits, and investment units is permissible because they are considered Shariah-compliant funds.
- Endowing stocks, Sukuk, rights, benefits, and others entail certain rules, the most important of which are:
    - Endowment stocks are intended to be preserved, and their proceeds are to be used for the purposes of the endowment, not for trading in the financial market. The administrator cannot dispose of them except for a compelling reason or with the condition set by the endower, subject to the known Shariah rules for substitution.
    - If the company is liquidated or the value of the Sukuk is redeemed, they can be replaced with other assets such as real estate or other stocks and Sukuk with the consent of the endower or for the prevailing interest of the endowment.
    - If the endowed money is invested in purchasing shares, Sukuk, or others, those stocks and Sukuk do not constitute endowments themselves in place of the money, unless stated by the endower. They can be sold for the most beneficial investment for the endowment's benefit, and the principal amount remains the endowment fund.
    - Endowing benefits, services, and money towards hospital services, universities, scientific institutes, telephone services, electricity, roads, bridges, etc., is permissible.

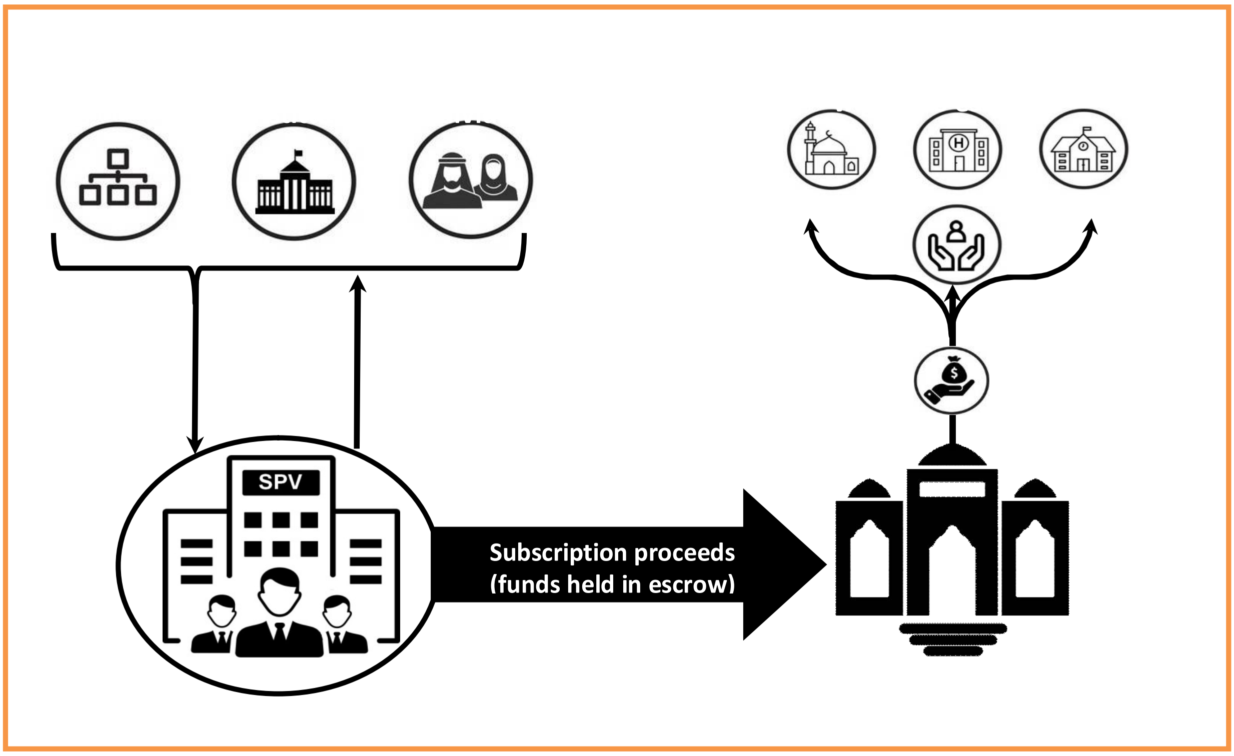
- The endowment of benefits for a specified period does not affect the owner's disposal of the property as long as they maintain the right of the endowment to the benefit.
- Endowment of intellectual rights expires upon the expiry of the legal term.
- Timing refers to the endowment having a specific duration after which it ends. Timing is permissible by the endower's will in all types of endowments.
- Those who acquire suspicious or prohibited funds, the owners of which are unknown, can absolve themselves and dispose of their proceeds by endowing them for general charitable purposes other than worship, such as building mosques or printing Qurans, while considering the prohibition of owning shares of traditional (interest-based) banks and insurance companies.
- Those who acquire funds with prohibited returns can endow their capital, and the returns will be considered distributions for charitable endowments, as long as these returns are directed to the poor, needy, and general public welfare when unable to return them to their owners. The endowment administrator must work as soon as possible to replace these funds with Shariah-compliant ones, even if it contradicts the endower's condition, as the endower's condition is not binding if it conflicts with Shariah texts.

2.2. Steps for Issuing Waqf Sukuk:

The steps of issuing Waqf sukuk include (Nakkasi, 2024, p. 12):

- Study the project that the Waqf institution wishes to establish and/or develop, and determine the necessary capital required to implement the Waqf project, obtaining permission and licensing from the relevant authority.
- Informing people about the project through the media, giving an idea about the project, its objectives, nature, management, and the subscription process, and specifying the entity responsible for receiving subscriptions.
- Issuing Sukuk with nominal values and offering them for public subscription to raise the necessary funds for establishing the Waqf project. Subscribers, as financiers, become the endowors, and the proceeds of the subscription represent the capital of the venture, which is the endowed funds.
- Establishing a Special Purpose Vehicle (SPV) tasked with issuing Waqf Sukuk and managing the Sukuk portfolios and the Waqf project on behalf of the Waqf institution, and preparing the issuance prospectus containing a detailed description of the Waqf Sukuk, their objectives, the endowments, and the subscription terms.
- The SPV issues Waqf Sukuk of equal value equivalent to the required amount for establishing the Waqf project in the primary market for public subscription. The cash proceeds from the Sukuk subscription are collected from the subscribers.

Fig N° 1: Steps for Issuing Waqf Sukuk.



Source: Based on: Ramli Hamza (2014), pp. 9-10 & Nakkasi Mohammed Ibrahim (2024), p. 13.

2.3. Financing and Investment Structures Using Waqf Sukuk:

There are several structures for financing and investing in Waqf through Waqf Sukuk. Despite the variations in their names, they fall within the following structures:

2.3.1. Waqf Shares:

The concept involves transferring the ability to endow to the general Muslim population by participating in a charitable endowment by purchasing one or several shares according to one's capability and the specified categories in a particular project. The proceeds are spent on specified charitable purposes according to the share and the donor's desire. These shares are not traded on stock exchanges but determine the shareholder's stake in a specific endowment project. Shareholders do not have the right to withdraw these shares or interfere in their investment method. Although the idea of Waqf shares officially originated in Gulf countries at the end of the last decade and the beginning of the current one, in Oman in 1999 and Kuwait in 2001, the concept gained momentum in 2004 due to advertising campaigns in the media and intensive awareness campaigns that moved to public places such as sports clubs, shopping centers, and hospitals (Hattab, 2024, p. 5). Another meaning of Waqf shares involves the participation of endowment administrations or supervisors in the shares of various companies as an investment of endowment funds. These shares can generate profits or returns for endowments and can be traded in the stock market. One successful example of Waqf shares is the Sudanese experience (Ramli, 2014, p. 9).

2.3.2. Waqf Bonds:

There are several formats for Waqf bonds, the most important of which are (Ramli, 2014, pp. 9-10):

- **Waqf Participation Bonds:** In this scenario, if the endowment management owns land but lacks the necessary financing for construction, it issues ordinary participation bonds similar to shares in joint-stock companies. The issuance prospectus includes an agency for the endowment management to use the issuance amount for building on the endowment land. After construction, bondholders share ownership of the building according to the proportion of their bonds. The endowment supervisor becomes the building manager for a fixed fee. Similar to shares in ordinary joint-stock companies, net profits from the project are distributed among bondholders. The ownership of the building can remain with bondholders continuously, without the need for liquidation or transfer of ownership to the endowment. The endowment management can gradually acquire ownership of the building by purchasing bonds from the market.
- **Ijarah Sukuk (Lease Bonds):** These are conventional securities representing equal parts of the ownership of a leased endowment building, which was constructed with financing from the Sukuk holders themselves. The endowment supervisor issues these bonds and sells them to the public at a price equivalent to the bond's share of the construction cost. For example, if the construction cost is ten million dinars and it's divided into one million units, then one million lease bonds are issued for sale at ten dinars each during the issuance from the endowment supervisor. The bond gives the holder the authority to lease the endowment land for a specific construction project at a fixed cost, with the supervisor acting on behalf of bondholders. These bonds can be issued with multiple tenors, with long-term renewable lease contracts. They can also be issued with specific tenors that end either with the endowment supervisor buying the fixed asset at market price or converting it into an endowment after, for example, twenty years of leasing.
- **Sukuk Al-Tahkir:** These are shares representing equal stakes in a building constructed on Waqf land leased from the Waqf under a long-term lease contract known as the Tahkir contract, with a specified rent for the entire contract period. The supervisor manages the construction investment on behalf and for the benefit of the owners. They are similar to lease bonds and participation bonds in some aspects. They resemble lease bonds in that they represent equal shares of ownership of a building committed to a long-term lease contract. This construction is carried out through delegation on Waqf land. They resemble participation bonds in that their returns are not predetermined, unlike the returns of leased assets. However, Tahkir shares are linked, on the other hand, to the Waqf through a lease contract on the land, from which the land rent is deducted for the benefit of the Waqf from the project's entire revenues. Tahkir shares can be permanent or limited-term, ending either by their purchase at market price by the Waqf supervisor or by stopping them

through a provision in the contract's principal after exhausting the initial cash capital and the desired return through installment revenues.

- **Murabahah Bonds:** In contemporary Islamic economics, Murabahah bonds are defined as an investment tool based on the division of Mudarabah (investment) capital by issuing ownership certificates for the Mudarabah capital based on equal value units registered in the names of their owners, considering them as owning common shares in the Mudarabah capital and what is transformed into it proportionately to each of them.

2.3.3. Good Loan Sukuk:

These are Sukuk that can be issued by any party, with their returns used for expenditure on various charitable causes, and they do not yield financial returns. Instead, they yield immense rewards in the afterlife to their holders. It is worth mentioning that the Ministry of Endowments can benefit from the proceeds of these Sukuk to finance its own projects or lend to unemployed youth to establish their own small projects. In this case, the Ministry of Endowments acts as the guarantor of the value of these Sukuk. This is done through the following stages (Al-Ani, 2018, pp. 14-15):

- **Issuance Stage:** The Ministry of Endowments, for example, divides the required amount (the loan) into equal-value securities and offers them for subscription to banks and other financial institutions based on a percentage of their current deposit balances at each issuance, as well as offering them to the public.
- **Trading and Liquidation Stage:** Trading faces legal and economic obstacles as trading debts (selling the debt to someone other than the debtor) is subject to disagreement among jurists. Some allow the sale of debt from someone who owes it, with or without compensation, while others do not permit it. However, the Maliki school permits it with conditions that separate it from usury and interest. Regarding liquidation before maturity, it can be done through early settlement of the debt, which is agreed upon if the nominal value is paid. However, if the payment is less than the amount owed, i.e., with a discount for early payment, which is known in jurisprudence as "giving and taking," there is a jurisprudential disagreement about its permissibility.
- **Liquidation Stage:** This involves the issuer settling the value of Good Loan Sukuk at the specified maturity date.

3. the role of Waqf Sukuk in achieving development:

Waqf Sukuk possess several characteristics that make them the optimal alternative for supporting developmental projects, including (Bin Zaid & Bakhla, 2013, pp. 214-215):

3.1.Waqf Sukuk and Social Development:

3.1.1. Unemployment Reduction Fund:

This involves establishing a Waqf fund through which Sukuk are issued to raise capital. The proceeds of this fund are then invested in two ways:

- Assisting the poor with financial amounts to establish small projects, with the borrowed amounts being repaid in installments with interest to preserve the fund's capital from inflation, consumption, and bad debts.
- Involving the unemployed in setting up projects through partnership or Mudarabah, where the fund provides financing while the unemployed individual provides labor. Both parties share in the profits, and the fund bears the loss if it occurs without fault from the unemployed individual. This aims to assist the unemployed in establishing a project while preserving and increasing the fund's capital. Achieving a portion of the profit for the fund contributes to spending it on various charitable activities specified in the subscription prospectus.

Both methods can be combined by lending to the unemployed at the start of the project. When the project succeeds and becomes profitable, the operation transitions to a Mudarabah according to specific Sharia and legal arrangements.

3.1.2. Waqf Fund for Supporting the Poor:

This is achieved through the issuance of Waqf sukuk, the proceeds of which are invested in various forms of investment, such as contributing to successful projects or purchasing real estate or agricultural land for leasing. The fund may contain a combination of all these investments, with an emphasis on real estate investment, such as buildings or land for leasing, as the returns are known and specified. From the returns of these investments, funds are allocated to support the poor.

3.1.3. Social Welfare Fund:

This aims to combat poverty by providing some public services to those who cannot obtain them from the government, such as education, healthcare, clean water, mosques, etc. This can be implemented through two methods:

- Establishing an open fund where subscriptions to its Waqf Sukuk continue to accept new endowments. The proceeds are used to contribute to or fully establish facilities such as schools, hospitals, pharmacies, relief and emergency centers, drug development centers, public libraries, and research centers.
- Investing the subscription proceeds in profitable projects, with the expenditure from their returns directed towards establishing and contributing to these facilities.

3.2. Waqf Sukuk and Economic Development:

There is no doubt that the social role played by Waqf Sukuk contributes significantly to economic development, which can be observed through the following points:

- Providing basic needs for the poor such as shelter, education, and healthcare contributes to developing their capabilities and increasing their productivity, leading to an enhancement in the quality and quantity of the human capital, which is the main axis in the process of economic development.
- Assisting the state in providing basic needs leads to redirecting financial surpluses, which were intended to be spent on non-productive social aspects, towards productive investment projects generating profits.

Furthermore, we can observe the economic role of Waqf Sukuk in the following:

- Waqf contributes to savings development and combats hoarding by employing funds in charitable investment projects.
- Waqf Sukuk help in establishing investment projects that employ a large number of workers.
- Waqf Sukuk contribute to financing small projects, exploiting local resources, increasing production, increasing income, hence increasing savings and investment.
- Enabling access to more goods and services leads to increased welfare, improved living standards, and enhanced export capabilities.
- Contributing to establishing some projects that the state failed to establish.
- Contributing to increasing gross domestic product through the added value achieved by projects established and financed by Waqf Sukuk.

4. Study of the experience of adopting Waqf investment funds and their bonds in some countries

The idea of Waqf stocks has gained popularity in some Gulf countries. It started in the Sultanate of Oman and Kuwait since 1999, and in the United Arab Emirates since 2001. The concept of Waqf stocks has witnessed increasing activity and momentum since 2004 until today.

4.1. Kuwaiti Experience:

Kuwait is the first Arab country to embark on the Waqf funds project. The General Secretariat of Kuwaiti Awqaf issued decisions to establish several Waqf funds since 1999, and then decided to merge some funds in 2001. These funds included (Al-Anni, 2024):

- Waqf Fund for the Care of the Disabled and Special Categories.
- Waqf Fund for Culture and Thought.
- Waqf Fund for the Qur'an and its Sciences.
- Waqf Fund for Scientific Development.

- Waqf Fund for Family Care.
- Waqf Fund for Environmental Conservation.
- Waqf Fund for Health Development.
- Waqf Fund for Mosque Care.
- Waqf Fund for Islamic Cooperation.
- National Waqf Fund for Community Development.

In addition to establishing Waqf funds, the Secretariat also initiates a number of Waqf projects that are synonymous with the funds or are achievements of one of the funds. Each project has its own committee and independent budget. These projects include the Reconstruction of Heritage Mosques project, the Preachers' Waqf project, projects to support activities aimed at introducing and spreading Islam, projects to support orphans, projects to support needy families, projects to care for the needy, the Kuwait Waqf for Islamic Development Studies project, projects to support artisans, projects to support volunteer work, and projects such as the House of Happiness. Donors can contribute the value of the Waqf share either in a lump sum or through monthly deductions.

In response to the requirements of the era, the General Secretariat of Awqaf in Kuwait issues ongoing and evolving projects, with one of the most important being (General Secretariat of Waqf in Kuwait, 2024):

4.1.1. Waqf Fund for Call and Relief:

The Waqf Fund for Call and Relief aims to:

- Activate the role of Waqf in providing relief to the needy peoples and communities wherever they are in times of disasters.
- Add an Islamic civilizational fingerprint to Waqf work and highlight the tolerance of the true religion that urges assistance to the afflicted and fills the gap of the needy without restriction or condition related to religion, creed, or sect.
- Assist countries and communities unable to cope with and bear the burdens of natural disasters and their deadly consequences by providing moral support and material and cash assistance to the poor and needy.
- Support and coordinate the missionary efforts made by various official, private, and charitable institutions.
- Develop missionary mechanisms that align with the requirements of the era we live in.
- Call for the establishment of Waqf for the purposes of the Fund.

4.1.2. Waqf Fund for the Quran and its Sciences:

This is one of the most prominent charitable funds established by the Secretariat. It is dedicated to the sponsorship of the Quran, encouraging its memorization and recitation, promoting research and studies in its sciences, and providing financial support. The objectives of this fund include:

- Developing plans and programs aimed at spreading the memorization, recitation, and mastery of the Quran and studying the sciences associated with it among all segments of society.
- Encouraging studies and research in Quranic sciences and related fields and providing appropriate support.
- Establishing educational centers focused on the memorization, recitation, and mastery of the Quran and its associated sciences, and geographically distributing them in various residential areas.
- Developing study programs and curriculum to achieve speed in memorization, recitation, and mastery of the Quran, and acquiring knowledge derived from it and related sciences.
- Coordinating with official and popular entities working in areas that fall within the objectives of the fund.
- Encouraging students studying the Quran and researchers in its sciences and providing appropriate assistance for their studies.
- Organizing competitions in memorization and mastery of the Quran for all segments of society.
- Organizing specialized courses in some branches of Quranic studies and sciences related to the Quran.
- Meeting the needs of official and popular entities in organizing courses for memorizing the Quran and introducing some of its sciences.
- Implementing adopted plans and programs in the mentioned fields.

4.1.3. Waqf Fund for Health Development:

This fund was established through the merger of three waqf funds: the Waqf Fund for the Care of the Disabled and Special Categories, the Waqf Fund for Environmental Conservation, and the Waqf Fund for Health Development. The Waqf Fund for Health Development focuses on providing support for three main areas:

- Supporting health projects, activities, and services.
- Supporting the disabled and people with special needs.
- Supporting environmental projects and activities.

The fund supports numerous projects and programs since its establishment to improve the level of health services in the country and adopt projects that benefit the largest possible number of individuals in cooperation with government institutions and public benefit associations.

4.1.4. Waqf Fund for Scientific and Social Development:

This fund was established on March 28, 1995, to focus on science and provide means for the practical application of various sciences among members of society, support efforts to develop scientific research in areas that stimulate scientific development and their practical applications. This is achieved through:

- Nurturing innovators in scientific fields.
- Contributing to the development of scientific research requirements.

- Instilling interest in scientific aspects among generations.
- Providing scientific services, organizing conferences, and arranging meetings to achieve this.
- Supporting scientific aspects in educational institutions and other entities.
- Coordinating, cooperating, and exchanging experiences with scientific institutions inside and outside Kuwait.
- Advocating for waqf for scientific purposes.
- Contributing to providing the requirements of scientific research.

4.2. Sharjah Experience:

The Emirate of Sharjah is among the first to undertake the waqf fund project, initiating the waqf shares project in 2001 with the aim of revitalizing the sunnah of waqf, providing an opportunity for those with limited income to participate, and activating the role of developmental waqf as a first step towards renewing and modernizing its mechanism by investing it optimally. Three categories of waqf shares were issued with values of 500 dirhams, 200 dirhams, and 100 dirhams. This diversity in offering waqf shares, and dividing them into three categories, aims to obtain financial resources to finance investments and increase waqf assets in the future for investment in many projects that contribute to providing social services in line with the intentions of the waqf donors. Additionally, the General Secretariat of Waqf in Sharjah has allocated a current account in the bank for each waqf bank, to facilitate the donation process for donors without hassle or effort. In addition to the investment funds, which are called banks, the General Secretariat of Waqf in Sharjah has established a bank for waqf shares to invest in enhancing waqf assets and developing them, and to invest optimally for the benefit of the previous projects and banks. For example, there are several waqf banks in the UAE, the most important of which are as follows (Al-Arabi, 2024):

4.2.1.Waqf Bank for Mosques:

Works to provide worship places in all parts of the country, activate their religious role, contribute to their care, development, and maintenance, revive their message in serving society, and provide appropriate care for preachers, imams, and muezzins, activating their social role.

4.2.2. Waqf Bank for the Quran:

Dedicated to spreading the Quran, caring for its sciences, encouraging its recitation, memorization, and mastery, and there is a waqf bank for education that allocates its proceeds to care for needy students, support and encourage innovators, and contribute to providing the requirements of scientific research, highlighting Islam's interest in sciences.

4.2.3. Waqf Bank for Healthcare:

Contributes to providing special healthcare services for patients who have no one to care for them, caring for cases in need of long-term or emergency medical treatment, spreading health development concepts, supporting entities providing healthcare services, and raising their standards.

4.2.4. Waqf Bank for Orphans:

Dedicated to assisting these orphans and the poor,the mission of the Waqf Bank for Orphans in Sharjah is to provide comprehensive support and care for orphaned children in the emirate, guided by the principles of Islamic finance and philanthropy.

4.2.5. Waqf Bank for Piety and Righteousness:

Its proceeds are spent on spreading concepts of piety and righteousness in society and disbursing funds to cases not specified in other banks.

There are also other types of waqf banks, one of which is specifically for Al-Aqsa Mosque, dedicated to supporting Palestinians, another for serving pilgrims and Umrah performers, and a third for serving the poor and covering their material and social needs.

4.3. Other Experiences with Waqf Bonds:

4.3.1. Malaysia's Experience:

The Malaysian Waqf Fund and Hajj Fund are among the most important waqf funds in the world, established specifically in 1963. The idea of establishing the fund emerged when the Malaysian economist Anku Aziz adopted it in 1959, calling for the creation of a non-interest-based institution to save the money of Malaysians interested in performing Hajj and invest it. The institution received the endorsement of the then Grand Sheikh of Al-Azhar, Imam Mahmoud Shaltout, during his visit to Malaysia in 1962, where he stated that it was a "legitimate plan from which Muslims would benefit greatly". The idea at that time was to consider the plight of Malaysian pilgrims who prepared for the pilgrimage for years, borrowing money and selling part of their property to cover the cost of the pilgrimage and bear its financial burdens. Upon their return, they struggled to repay the significant debts they incurred. The Malaysian government thus embarked on adopting the cooperative fund project to alleviate the suffering of those wishing to perform Hajj, establishing a semi-independent governmental institution called Tabung Haji (Hajj Fund) to help the poor and needy provide the necessary funds to perform Hajj, facilitating its performance without financial burden to the general Malaysian public. The fund operates under the premise that Malaysian families open a savings account for their children at birth in this non-interest-bearing institution with a modest amount, maintaining their monthly contributions not exceeding a few dollars, thus gradually securing the cost of Hajj expenses. The saved funds are invested for the benefit of the savers, and profits are distributed among the contributors based on their participation. This project aimed to meet the desire of Malaysian Muslims to avoid dealing with traditional interest-based banks. This fund served as the nucleus and starting point for Islamic banking, offering Malaysians the opportunity to invest in the "Hajj Savings Fund" with deposits guaranteed 100% by the Malaysian government (ensuring no loss of invested funds). It is managed by a reputable figure in the country to ensure that its funds are invested in Sharia-compliant ventures. As a result, it became one of the most successful investment funds globally, with investments and assets totaling approximately $56 billion worldwide (Al-Muhaydib, 2024).

Additionally, the International Islamic University Malaysia established the Charitable Waqf Fund as part of the university's departments on March 15, 1999. It acts as a legal agent through various activities and events to collect donations and aid for the university's fund to develop educational and cultural operations, provide students with their income, develop academic and scientific activities, provide scholarships, loans, and assistance to students' needs, encourage the receipt of endowments from various tangible and intangible properties, such as cash and shares, inside or outside Malaysia. Its ultimate goal is to create a global network to build the Islamic nation, strengthen the brotherhood among Muslim students, fulfill their needs, highlight the cultural identity of the International Islamic University, and appoint agents for the waqf fund. It's worth mentioning the cooperative Hajj fund in Malaysia, which started with a capital of tens of dollars and now deals with billions of dollars, investing its funds excellently and achieving its objectives ideally.

Without forgetting the Noor Waqf Share project, it is a waqf share worth $120 that is invested in various projects with lucrative returns through licensed and specialized banks and investment companies. It maintains the value of the waqf share and generates continuous revenue used to print and distribute a Quran under the name of the share owner each year until the Day of Reckoning. The Noor Share project is a global project registered with the Labuan Authority in Malaysia. This registration does not mean that it is confined to Malaysia, but the project primarily operates through associations, organizations, and institutions representing it in various countries.

4.3.2. Oman's Experience:

Oman, one of the leading Gulf countries in this field, announced the waqf shares project in November 1999. The Ministry of Endowments and Religious Affairs of Oman specified the value of the waqf share at ten Omani rials (equivalent to 3 US dollars).

The Ministry of Endowments and Religious Affairs of Oman invests this money in fixed waqf projects, spending its proceeds on building and renovating mosques, establishing Quran memorization schools, aiding the needy, serving the Quran, furnishing the homes of needy families, divorced women, widows, and orphans, and contributing to the Ramadan Iftar waqf and benevolent loans.

4.3.3. Qatar's Experience:

Qatar followed Kuwait's lead in establishing waqf funds, under the name of Waqf Banks. Qatar has established multiple banks in this field, including the Scientific and Cultural Development Fund, the Quran and Sunnah Service Fund, the Healthcare Service Fund, the Charity and Piety Fund, the Mosque Care Fund, and the Family and Childhood Care Fund. Each bank has set objectives and means to revive the tradition of waqf and community development.

5. Conclusion:

Islamic bonds (sukuk) represent a good technique for capital development and investment through Sharia-compliant methods, given their high flexibility that enables their use in financing various economic projects (commercial, industrial, agricultural, and service-related). Their adaptability for customization to multiple objectives and timeframes makes them considered as means relied upon to cover financial deficits and their ability to keep pace with the global economic reality. Waqf bonds are among the innovative mechanisms that enable waqf institutions to contribute to driving sustainable development. Waqf bonds represent the broader framework for waqf activities within the context of participating in the development process by offering developmental projects according to Islamic formulas to meet societal needs, in addition to responsibly spending the proceeds of waqf funds to fulfill social and developmental needs.

5.1.Study Results:

The main findings reached by the researchers after addressing the topic can be summarized in the following points:

- Waqf investment bonds are a modern, non-traditional means that enhances the developmental contributions of the waqf sector by mobilizing waqf funds, preserving them, and developing them to support various sustainable development areas.
- Waqf bonds can meet the economic and social developmental needs of the community by investing waqf bond funds and utilizing their returns to finance programs and projects of non-profit entities according to the waqf conditions.
- The process of securitizing waqf aims to develop investment mechanisms, governance, transparency, and disclosure in waqf management based on its commitment to the requirements of the financial market authority regulations.
- The most important tools and methods for waqf development are the issuance of waqf bonds, especially as the Algerian government is currently studying a project to issue Islamic bonds for trading on the Algerian Stock Exchange.

- The most important bonds that may contribute to waqf development are participation (Musharakah) bonds, which are used in various aspects, especially in real estate and agricultural sectors, which are prominent features of waqf in Algeria.
- Lease-based sukuk and waqf shares are two important formulas for funding cash and financial waqf.

5.2.Study Recommendations:

In conclusion, we present a set of recommendations summarized as follows:

- The field of waqf investment still requires a strong and qualitative development, especially since our country has many scattered and semi-dormant waqf assets. Developing and effectively investing these assets requires:
- Doubling efforts, employing expertise, and increasing studies and research on ways to invest and develop the waqf sector.
- Establishing a special legal, legislative, and tax system, as well as internal regulations to regulate the issuance, trading, and redemption of waqf bonds.
- Organizing and allocating judicial courts to protect the rights of bondholders in accordance with the provisions of Sharia law, which necessitates making appropriate amendments.
- Linking the objectives of investing waqf funds with the state's development plans in order to enhance their effectiveness in achieving sustainable development.
- Legislators should introduce new methods for waqf development, and it is also necessary to establish an independent management to manage public waqf assets, such as the General Waqf Authority or the Waqf Council.
- Finding suitable channels to encourage the establishment of new waqf institutions and to present waqf projects to donors.

6. Footnotes and References:

Here are the references cited in the text:

1. Al-Ani Osama Abdel Majeed (2018): "**The Developmental Role of Waqf Sukuk**", Journal of Legal and Social Sciences, Ziane Achour University, Djelfa, Issue Nine, March 2018.
2. Al-Ani Osama Abdel Majeed (2024): "**Reviving the Role of Waqf... to Achieve Development Requirements**", Islam Web Website, Electronic Document available at: (http://islamweb.net), Accessed: 07/01/2024.
3. Al-Arabi Qutb (2024): "**Waqf Stocks: An Investment for the Hereafter**", Electronic Document available at: (www.mawhopon.net), Accessed: 08/01/2024.
4. Al-Muhaydib Khaled bin Hudub (2024): "**Hajj Endowment Fund: Malaysia as a Model**", Electronic Document available at: (http://darfikr.com), Accessed: 08/01/2024.
5. Al-Sabahani Abdul Jabbar (2013): "**Waqf of Sukuk and Sukuk Al-Waqf**", Islamic Sukuk Conference and Islamic Finance Instruments, Yarmouk University, Irbid, November 12-13.

6. Bin Zaid Rabi'a, Bakhla Aisha (2013): "**The Role of Waqf Sukuk in Financing Sustainable Development**", Article published in the Journal of Performance of Algerian Institutions, University of Kasdi Merbah Ouargla, Second Issue, January 2013.
7. Hattab Kamal Tawfiq (2024): "**Waqf Sukuk and Their Role in Achieving Development**", Center for Research on Islamic Transactions Jurisprudence, Electronic Document available at: (www.kantakji.com), Accessed: 07/01/2024.
8. IFC (2009), “**Resolution No. 181 (7/19)**”, The International Islamic Fiqh Council affiliated with the Organization of Islamic Cooperation, held its nineteenth session in Sharjah (United Arab Emirates) from 1 to 5 Jumada al-Awwal 1430 AH, corresponding to April 26-30.
9. Nakkasi Mohammed Ibrahim (2024): "**Waqf Sukuk and Their Role in Economic Development Through Financing Programs for Vocational Training and Craftsmen**", International Islamic Science University, Malaysia, Research Paper available at: (http://conference.qfis.edu.qa), Accessed: 11/01/2024.
10. Ramli Hamza (2014): "**Opportunities for Financing and Investing Algerian Waqf Based on Waqf Sukuk**", International Conference on: Products and Applications of Innovation and Financial Engineering between Traditional Financial Industry and Islamic Financial Industry, May 5-6, 2014, University of Ferhat Abbas Setif-1.
11. Sharia Standard No. 17(2017), "**Encyclopedia of Sharia Standards**," Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain.
12. The General Secretariat of Waqf in Kuwait (2024), Website of the General Secretariat of Waqf in Kuwait, Electronic Document available at: (http://www.awqaf.org.kw), Accessed: 07/01/2024.