

Community endowments as a mechanism for promoting sustainable local development: a vision for Algeria

Melala Imane ¹

University Mohamed El Bachir El Ibrahimi of Bordj Bou Arreridj (Algeria)
imane.melala@univ-bba.dz

Mahdid Fatima Zohra ²

University Mohamed El Bachir El Ibrahimi of Bordj Bou Arreridj (Algeria)
fatimazohra.mahdid@univ-bba.dz

Kram Somia ³

University Mohamed El Bachir El Ibrahimi of Bordj Bou Arreridj (Algeria)
somia.kram@univ-bba.dz

Keffi Meriem ⁴

University Mohamed El Bachir El Ibrahimi of Bordj Bou Arreridj (Algeria)
meriem.keffi@univ-bba.dz

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Abstract:

This article aims to explore the role of community endowments as a strategic model for achieving sustainable local development in light of increasing local financing needs and government funding constraints. This study adopts a descriptive and analytical approach, reviewing the origins and concept of community endowments, analyzing their operating principles and characteristics, and then examining their contribution to local development through the mobilization of local resources, the development of investment activity, and the achievement of impactful investment.

The results of this study demonstrate that community endowments are a sustainable model for promoting local development by establishing permanent endowments, initiating development initiatives, fostering community trust, cultivating a culture of giving and shared responsibility, and effectively directing resources towards the most pressing needs. This study recommends that this model be localized in Algeria through the adoption of supportive legislative frameworks, the provision of tax incentives, capacity building, and the strengthening of partnerships with various actors in line with the local endowment heritage to maximize the impact of community endowments in achieving sustainable local development.

Keywords: community waqfs, sustainable local development, local financing, own resources, Algeria.

Introduction:

The financing needs for local community development are increasing day by day due to the expansion of public needs and services and the growing economic and social challenges facing communities at the global and local levels. Given the state's limited capacity to mobilize local financial resources and meet these needs, it has become necessary to seek new sources of financing and own resources capable of supporting local development efforts. This highlights the importance of endowment-based voluntary financing, not only as a tried and tested historical mechanism, but also as a renewable model that can offer innovative solutions.

Historical waqf institutions have achieved great success in meeting the financing needs of local communities by funding local waqf projects and service facilities. This success points to the waqf's great ability to adapt to different community needs throughout the ages, making it a sustainable model for local development. Recent history over the past two centuries has also seen the emergence of Western charitable institutions in America and Europe, which have brought about a qualitative shift in charitable work based on donation-based financing through institutional channels, most notably community endowments and charitable institutions. The convergence of the success of both experiences, Islamic waqf and Western charitable institutions, confirms the universal need for community financing mechanisms and opens the door to drawing inspiration from pioneering experiences and adapting them to local contexts to maximize their developmental impact.

In the context of the search for self-sustaining and effective financing resources to support local development efforts, this study raises a fundamental question:

How can community endowments be used to achieve local development?

This study addresses a fundamental challenge facing many developing countries, including Algeria, particularly in light of increasing pressure on government budgets and the urgent need to diversify sources of development financing. This study aims to:

- Analyze the concept of community endowments, their basic principles, and their role in promoting local development;
- Explore the mechanisms used by community endowments to mobilize internal resources, support philanthropic funding, and achieve impactful investment;
- Evaluate practical recommendations to maximize the impact of community endowments in the local context and provide applicable insights for Algeria.

This study adopts a descriptive and analytical approach through an analysis of the literature on community endowments and their impact on local development.

1. What are community endowments?

1.1. The emergence and concept of community endowments

The first traces of the idea of community endowments can be found in American sources represented by American community institutions. These community institutions emerged in the United States in the early 20th century and were created to solve the social and economic problems of society in a scientific manner by addressing the root causes rather than providing charity. This phenomenon then grew to become part of American community culture and a fundamental component of the non-profit sector in support of charitable infrastructure. Community foundations emerged as strategic development entities in American society as a result of their focus on root causes rather than temporary solutions, moving from simply

providing assistance to building capacity and empowering communities to effectively address their challenges.

The number of community foundations in the United States has doubled in the past 20 years and spread beyond the United States, quickly crossing into Canada. Community foundations began expanding across the Atlantic in the 1970s and 1980s. This innovation has been adapted to different philanthropic traditions and cultures to a large extent, with the experience being successfully replicated in the United Kingdom in the last two decades of the last century, giving local and international funders confidence that this form of community philanthropy can succeed outside its original context. Since then, community foundations have been established in other parts of Western Europe, particularly in Germany, Italy, Spain, Ireland, and Belgium(Earnor, 2014).

This spread is clear evidence of the model's global applicability, as multiple cultures have absorbed its basic principles and adapted it to suit their local characteristics. In Germany, community foundations contributed to rebuilding communities after World War II, and in the United Kingdom, the Community Foundations for Britain contributed to promoting local charitable work and supporting thousands of small project (CAF, 2020). These experiences confirm the strength of the model in building social capital and promoting community cohesion.

A community foundation is defined as an organization that raises money and makes grants, is committed to creating permanent endowments, and operates in a specific geographic area. A community foundation is also a charitable association that raises money for the community, or a distinct organization that works to meet the needs of people in a specific area from the resources of that area. Its activities rely on donations and gifts from many donors to benefit a specific geographic area(Diana, 2004). These definitions highlight two fundamental aspects of community foundations: The first is financial sustainability through the establishment of a permanent endowment, and the second is geographical focus, which ensures that local needs are met effectively. These endowments are not limited to raising funds, but also serve as platforms for directing resources towards the most pressing priorities based on a deep understanding of the local reality(Bielefeld & Steinberg, 2007)

Community foundations are independent, locally owned and managed organizations with multiple stakeholders. They are not owned by a single person or entity. They are established to be sustainable, capable of adopting a long-term approach, building social capital and trust, and creating assets and capacities in the community. They are also known as private institutions whose main goal is to mobilize resources and raise funds for specific projects, assist people, public bodies, and companies that support interventions that benefit society, connect donors with the needs of civil society, remove bureaucratic administrative obstacles, and ensure information about the use of resources and reporting of results(Carola, 2018). Community foundations are a powerful institutional model that combines financial sustainability, transparency, and the ability to mobilize community resources to achieve tangible development goals, encouraging greater community participation in charitable work. They also contribute to strengthening the social fabric by connecting donors with the needs of their communities(Sagar, 2009)

1.2. Characteristics of community endowments

Community endowments are characterized by a set of features, which are:

A. Charitable activity and promotion of a culture of giving: Community endowments are committed to charitable activities by supporting a variety of charitable activities in their region,

primarily through the provision of grants. They are charitable entities rooted in their region that encourage the development of a culture of giving and promote community growth with a focus on social integration. Community endowments focus on two main activities: the first is raising funds to create permanent assets and support projects in their areas of focus, The second is engaging in ongoing dialogue with all components of society and acting as a point of reference for the various needs of the population, which underscores the pivotal role of community endowments in promoting a spirit of giving and building bridges of communication between members of society to identify and effectively address needs(Carola, 2018).

B. Community awareness: The administrative body (Board of Trustees) of the endowment works to understand the conditions of its local community, as the primary mission of the community institution is to be a professional accelerator and amplifier of charitable work, making everyone feel more involved in community life.

A deep understanding of the local reality is what distinguishes community foundations from other charitable institutions. Through surveys, community workshops, and ongoing dialogue with community members, foundations are able to identify real needs and direct resources towards them. In the United States, the Seattle Community Foundation conducts periodic research on community needs and publishes detailed reports on them, which enhances community awareness of local issues(seattle community foundation, 2022)

C. Community leadership: Community endowments can be leading organizations in the community because they can take a long-term perspective and do not rely on annual fundraising campaigns. Thanks to their independence and freedom, they are well positioned to address thorny issues and take risks. Community leadership allows endowments to tackle complex development challenges with courage and innovation, without being constrained by short-term political or financial considerations(Carola, 2018).

D. Disclosure and accountability: The principle of governance requires the endowment to commit to disclosure and accountability. In the United States, disclosure of information is considered a source of public credibility, including disclosure of information on funding sources, expenditures, investments, loans, salaries, donations, income-generating activities, and a list of grants. Disclosure and accountability are the cornerstones of building trust between community foundations and stakeholders by publishing transparent financial and administrative reports and showing how resources are used and the impact they have(Eearnor, 2014). In Canada, all community foundations undergo annual audits by independent auditors, and financial reports are published on their websites(community foundation of canada, 2023). This commitment to transparency enhances the credibility of foundations and encourages increased support for them.

E. Community representation: Representing the community and advocating for equal opportunities in employment and grant-making. This representation ensures that endowment decisions are informed by the needs and aspirations of community members, promoting social justice and ensuring the equitable distribution of resources. In the United Kingdom, community endowment boards are made up of representatives from different social groups, including young people, older people, and ethnic minorities(UK community foundations, 2023). This diversity in representation ensures that endowments are responsive to the needs of all segments of society.

1.3. Principles of community endowments

The work and activities of community endowments are based on a set of fundamental principles, which we summarize in the following points:

A. Building a permanent waqf: This is achieved by raising a specific amount of capital that allows the waqf to operate continuously based on the income generated from the exploitation of the waqf's assets. This income is used in the form of charitable grants. This principle is the basis for financial sustainability, as it ensures the continuity and independence of the waqf, enabling long-term project planning. This principle is the backbone of community endowments, as it ensures a continuous flow of financial resources without the need to rely solely on periodic donations. For example, by adopting this principle, the Chicago Community Trust has accumulated billions of dollars in assets, enabling it to provide annual support with a stable budget(the chicago community trust, 2023). Long-term investment ensures that endowments can strategically plan projects that span years or even decades, generating sustainable development impact.

B. Leadership and social impact: Community endowments' commitment to leading local causes, by increasing their ability to grant funding to a range of voluntary organizations and supporting a wide range of local community issues, qualifies them to take the lead in charitable work in their local communities. It has also helped donors to achieve the desired impact. Community endowments offer individuals and institutions the opportunity to engage in charitable work. Furthermore, through community endowments, anyone can contribute to the area where they were born, lived, or moved to. Through them, donors can also provide assistance to members of their community and see the impact of their donations (Carola, 2018). The leadership of these endowments is reflected in their ability to identify development gaps in society and formulate innovative solutions to them, thereby maximizing social impact and enhancing a sense of community responsibility. For example, in the Netherlands, the Amsterdam Community Foundation has played a leading role in supporting cultural and social initiatives aimed at promoting social integration(Amsterdam community foundation, 2022).

C. Community mediation: Community endowments focus on community mediation by acting as intermediaries between local donors and local organizations. They can also encourage change for the benefit of the community by managing charitable giving by donors. This intermediary role builds trust between different parties and ensures that donations reach their intended recipients efficiently, reducing waste and increasing the effectiveness of charitable work. In Canada, the Toronto Community Foundation acts as an effective intermediary between donors and non-profit organizations, advising them on how to direct their donations for maximum impact(Toronto community foundation, 2023). This role is not limited to connecting donors with beneficiaries, but extends to providing technical and advisory support to local organizations, thereby strengthening their institutional capacities.

D. Local focus: The content and activities of community foundations have local dimensions that involve local residents and local donors. Focusing on the local community enables the actual needs of each community to be met, with projects and programs tailored to meet the unique needs of each community, thereby maximizing their impact and effectiveness. In rural areas of Romania, community endowments focus on supporting small agricultural projects and providing vocational education opportunities for local youth(Partnership for community development, 2020). This focus on local specificity ensures that endowments are an integral part of the fabric of the community they serve.

E. Circular philanthropy: Community foundations do not provide direct services to individuals or run community programs directly, but rather raise funds and make grants to

nonprofit organizations in order to support local philanthropic infrastructure and address the changing needs of the community. An exception to this is the awarding of scholarships to provide individuals with educational opportunities in some countries.

This model contributes to building the capacities of local organizations and strengthening their role in development, rather than the endowment being the sole implementer of projects. In Ireland, The Community Foundation for Ireland works to fund hundreds of local organizations that provide a variety of services, thereby strengthening their ability to meet the needs of the community (the community foundation for Ireland, 2023).

2. The role of community endowments in achieving local development

Community endowments cover a specific geographical area and aim to meet the needs of all citizens in that area and provide grants. They also play a wide range of roles at the local community level, seeking to educate and promote charitable work and to make an effective contribution to the development of the local community by developing their financial resources.

2.1. Community endowments and mobilizing local resources

Community endowments vary in form and size, but they all share a commitment to making a difference in the lives of individuals and communities in which they operate. These endowments rely on donations and gifts from various sources, in addition to establishing their own endowments and optimizing their investments.

A. Fundraising, receiving donations, and financial support: Community endowments rely primarily on various donations from donors in the local community in which they operate. For example, The Poppleton Community Trust relies on a variety of sources for its resources, such as various commercial activities worth approximately £173, followed by donations, investments, and other sources of income worth £33, £39, and £35, respectively. In Germany, the Community Foundation Berlin relies on a combination of donations, investment income, and even the sale of some charitable products, providing it with a solid financial base to support its programs (community foundation Berlin, 2023). This diversity reflects a deep understanding of financial sustainability and the need to build a diversified funding portfolio.

The diversity of funding sources is an indicator of the endowment's flexibility and ability to withstand economic challenges. In addition to donations and grants from individuals and companies, many endowments seek to diversify their sources of income through commercial activities and investments. This diversity ensures the continuity of resource flows and reduces dependence on a single source, thereby enhancing their financial independence. This diversity also reflects a deep understanding of financial sustainability and the need to build a diversified financing portfolio.

B. Investment activities of community endowments: In order to achieve the desired goal for which they were established, community endowments invest their resources in many areas that are tailored to the specificities of each community and the strategy of each endowment. For example, Fairfield County's Community Foundation invests its resources in a long-term investment portfolio. This diversified portfolio includes stocks, bonds, and alternative investments such as hedge funds, private equity, and private real estate. The long-term strategy of this endowment is to generate returns for the community endowment while minimizing volatility. For this reason, it has opted to invest in a long-term investment portfolio and focused on long-term performance. This institution has net assets estimated at \$203 million and \$18.4 million in contributions. It offers a variety of investment options to meet charitable goals:

- In the long term, the investment aims to increase the foundation's capital, and therefore the investment portfolio invests in a diversified portfolio (53% equity, 32% alternative investments, 15% fixed income).
- The VBIAX fund invests in a diversified portfolio of passive index funds with a target asset allocation of 60% equities and 40% fixed income. The fund provides access to a range of sector funds, offering broad diversification across multiple asset classes. This balanced fund is designed for investors seeking a balance between income and capital growth.
- Money Market: This option provides donors with liquidity and capital protection, investing in money market securities and CDARs insured by the Federal Deposit Insurance Corporation.
- For funds exceeding \$250,000, the Community Foundation works with the investor's financial advisor to manage the investment fund. This approach reflects flexibility in dealing with large donors and allows for the customization of investment strategies that align with their goals and philanthropic vision.
- For larger charitable funds, the Community Foundation can help investors create a social impact investment portfolio that aligns with their values and philanthropic goals. This option highlights an evolution in the concept of endowment investing, where the goal is not limited to financial returns but extends to include sustainable social and environmental impact. This opens up new horizons for donors interested in social responsibility.

The investment activity of community waqfs is the cornerstone of long-term financial sustainability, which distinguishes them from charitable models that rely on short-term donations. By investing endowment assets in diversified and balanced portfolios, endowments can generate consistent returns that ensure the financing of their projects and programs without compromising their principal capital(O'Connor, 2012). This investment approach focuses not only on financial returns, but also extends to impact investing, which aims to achieve positive social and environmental impact in addition to financial returns. Many community endowments invest in renewable energy projects, affordable housing, and social enterprises that provide solutions to societal problems. This shift toward impact investing reflects an evolution in endowment thinking, where money becomes a tool for social change rather than merely a means of preserving value(Freireich & Fulton, 2009).

This flexibility in investment options allows waqfs to meet the needs and preferences of a wide range of donors, from those seeking capital protection to those seeking significant social impact. For example, a small donor may prefer to invest their money in a money market fund that offers liquidity and security, while a large donor may prefer to allocate part of their funds to an investment portfolio with a social impact in the field of education or health. These diverse options enhance the appeal of endowments to donors and allow them to tailor their giving strategies to their values and goals. The ability to adapt to the different requirements of donors is key to the success of community endowments in mobilizing resources and achieving their development goals.

2.2. Community endowments and local funding support

Community foundations support local infrastructure and address the changing needs of the community by offering a variety of grants that may include education, health, and other areas

related to the community and the environment in which they operate. They also finance local development activities and make impactful investments.

A. Providing grants:

Community endowments provide grants in various areas related to the lives of individuals in the places where they operate, such as providing scholarships to give individuals access to quality education, as is the case in some countries such as Germany, providing grants to poor children, and providing healthcare grants. These examples demonstrate the great diversity of community foundations' areas of work and their ability to meet the multiple needs of society, making them essential partners in achieving local development.

In the field of childcare, the project "With the Children: Against neonatal poverty" was launched by The Community Foundation of Brescia and The Community Foundation of Messina. This project, which began in October 2017 and involves a partnership between these two foundations, local authorities, and civil society organizations in these two regions, will continue for two years and aims to eliminate poverty among newborns in the two regions. through a model of poverty reduction in which local authorities and communities collaborate and which can be replicated in other areas. The project operates on three levels:(Carola, 2018)

- Promoting the health and early cognitive development of all newborns in the areas concerned;
- Strengthening the community and developing social and economic systems capable of providing alternatives for all newborns and their families in key areas of human well-being (housing, employment, education, etc.);
- At the individual level, it aims to care for children living in poverty and their families.

This project reflects an integrated model of development, addressing the root causes of the problem at different levels and emphasizing the importance of partnership between different actors to achieve local development goals.

In the field of education and preventing school dropouts, The Como Region Community Onlus Foundation launched the "Nonunodimeno" project, which aims to prevent school dropouts in the Como region. This project was launched in 2014 and was born out of the realization that children in this region were leaving school early and entering the world of work. The project began with a series of extracurricular workshops in suburban schools with the aim of helping children with learning or integration difficulties to improve their approach to learning. Thanks to this opportunity and with the help of affiliated partners, a number of theatrical, artistic, and musical workshops were held, in which 150 children participated over three years. This project has become a permanent featurepermanent fixture in the foundation's activities and now includes various types of activities and courses, including some related to technology and innovation, such as coding and financial education(Carola, 2018). This project confirms that community endowments can provide innovative solutions to complex social problems such as school dropout through non-traditional programs that focus on skills development and alternative education opportunities.

In light of the COVID-19 pandemic and the urgent needs that have emerged around the world, community foundations have sought to alleviate the crisis. Fairfield County's Community Foundation sought to alleviate the severity of this crisis by raising and distributing more than \$11 million in less than four months, reaching 150 nonprofit organizations in 23 towns and cities and helping more than a quarter of the region's diverse population. It also established The

Connecticut COVID-19 Charity Connection in early April 2020 in response to the pandemic. It raised \$10 million at its inception and grew to more than \$18 million by the end of summer 2020. It was created to help mitigate the social and economic consequences of this global pandemic. The fund's primary mission is to coordinate charitable work across the state to quickly deliver funds to those who need them most. It has provided support to more than 260,000 of the county's most vulnerable residents and has reached more than 25% of the region's population. The foundation plans to transition from emergency funding and rapid response to the fallout of the coronavirus to recovery and planning, focusing subsequent funding on meeting the medium- and long-term needs of the local community in each of the foundation's target areas of impact.

The transition from rapid and effective response to community needs during the COVID-19 crisis to planning for medium- and long-term recovery demonstrates the Foundation's flexibility and ability to mobilize resources and direct them toward the most urgent needs, reinforcing its role as a key partner in crisis and disaster management and community recovery.

B. Impact investing:

Similar to the grants provided by community endowments, impact investing also aims to achieve social benefits. Impact investing is any type of investment that aims to generate measurable financial and social returns. It includes capital used by all types of investors, whether individuals, commercial investors, or investment institutions. Impact investing represents an important development in charitable work, combining financial and social objectives to enable endowments to achieve sustainable returns that contribute to a positive impact on society.

Impact investments made by community institutions primarily aim to promote positive social, economic, and environmental change. Impact investing includes a variety of tools used by these institutions to make a difference in communities and sectors through investments that achieve targeted social or environmental benefits while also generating financial returns.

Impact investments come in many forms; they can be deposits in community banks, affordable housing loans, equity investments in small businesses and local development projects, and they may be investments targeting capital returns only. or they may be investments that aim to have some social impact. This flexibility in impact investment tools demonstrates the ability of community endowments to adapt to various investment opportunities that serve local development goals, whether the focus is on financial or social returns, or both.

Impact investing represents a paradigm shift in the philosophy of philanthropy, going beyond mere aid to become a tool for achieving sustainable local development by generating financial and social returns(Edward M. Kennedy community foundation, 2012). In the United States, many community foundations are creating "impact investment funds" that invest in start-ups and projects aimed at solving social or environmental problems, such as developing clean energy technologies or providing affordable housing solutions(the rockefeller foundation, 2011). This approach ensures that foundations continue to achieve their charitable goals while maintaining and even enhancing their financial sustainability over the long term.

One of the most significant impact investments was made by the Grand Rapids Community Foundation, which provided a loan to Dwelling Place Inc. to acquire properties for redevelopment. The project was located in Wealthy Heights, a low-income area, and aimed to invest nearly \$3 million in rehabilitating housing in a low-income neighborhood. Loans of \$460,000 were granted at 2% interest, payable over three years (2006-2009), and then extended to the until 2012. As a result of this project, home ownership rose from 29% to 44%. In order to

achieve a financial return, the developers committed to creating a commercial area in the neighborhood. This project is a living example of how impact investing can contribute to tangible improvements in the quality of life for low-income residents while generating financial returns that ensure the sustainability of community endowments.

In the field of education, one of the most significant impact investments was made by The Community Foundation of Jackson County. When local leaders in Jackson County realized that post-secondary education was not at the level required for economic development, they established the Jackson County Education Coalition as a non-profit organization to support the Jackson County Community Foundation in its mission to address the educational needs of the community. The \$2.4 million Jackson County Education Center opened in 2010 and is a comprehensive site for two- and four-year college classes and short job-related courses. The center was built through a partnership between the Community Foundation, the Seymour Chamber of Commerce, and the City of Seymour. The center's mission is to provide an appropriate, up-to-date learning environment and post-secondary educational opportunities for the Jackson County community. The center provides classrooms and laboratory facilities for Indiana University Purdue University, Columbus; and other post-secondary educational institutions. In addition, the center provides industry workforce training and meets the needs of various county school districts.

This educational project is a wonderful example of a partnership between the public and private sectors and civil society to achieve common development goals. By establishing a comprehensive educational center, the foundation has not only contributed to raising the level of education, but also to meeting the needs of the local labor market, thereby promoting the economic development of the county (the community foundation of jackson county, 2010). This investment in human capital is an investment in the future of society, ensuring that future generations are equipped with the skills necessary to meet the challenges of the future. The focus on vocational education also ensures that educational outcomes are aligned with the needs of the labor market.

C. Funding local community development activities:

Community endowments contribute to the financing of various activities that contribute to the development of the local community in the areas where they operate. For example, the Eureka3.0 business incubator, established by the Val di Noto Foundation to support entrepreneurship, saw the birth of four new companies in its first year. This incubator provides support services to new companies operating at the regional level in collaboration with various institutions in the area. In the second edition of the program, four new business ideas will also be selected, each of which will receive contributions to cover the costs of starting activities involving the production of goods and services. In addition, the selected companies will have free access to the incubator's facilities and services. The training courses offered by the project cover the basics of marketing, management, commercial law, accounting, tax law, etc. Other services include consulting on business idea development, choosing the most appropriate legal form for the enterprise, and assistance in the formation and management of the company.

The Eureka3.0 business incubator emphasizes the effective role of community endowments in stimulating local economic development. By supporting entrepreneurship and providing an incubator environment for start-ups, the institution contributes to creating new job opportunities, diversifying the local economy, and promoting innovation (Val di Noto foundation, 2022). This

approach is not limited to financing projects, but extends to providing technical and advisory support, which increases the chances of success for start-ups.

3. Prospects for Algeria to benefit from community endowments Challenges and opportunities

Adopting the community endowment model in Algeria represents a promising opportunity to promote local development and diversify sources of financing. However, this adoption requires a deep understanding of the specificities of the Algerian environment and adaptation of the model to suit its cultural, legal, and social context. To benefit from these international experiences, it is necessary to preserve the essence of the model while taking local conditions into account.

3.1. Legal and regulatory framework

- **Developing a specific law on community endowments:** A flexible and clear legal framework must be developed that defines the concept of community endowments, their objectives and organizational structure, powers and responsibilities. This legal framework will facilitate the establishment and operation of community endowments and give them the necessary legitimacy to operate. This law should also ensure sufficient flexibility to enable endowments to innovate and adapt to changing needs, while providing the necessary guarantees for transparency and accountability. The experiences of some countries, such as Canada, which has a Community Foundations Act which provides a comprehensive framework for the work of these institutions (Community foundation of Canada, 2023). In addition, the legal framework should include mechanisms for good governance and community involvement in decision-making, and clarify the relationship between these foundations and traditional endowments to ensure complementarity rather than competition.

- **Facilitate establishment procedures:** Simplify the administrative procedures for establishing community endowments, away from bureaucratic complexities, to encourage individual and collective initiatives for more endowment initiatives. Algeria can draw inspiration from the experiences of countries that have adopted "one-stop shops" for registering charitable institutions, which reduces the time and effort required (World bank, 2018); while ensuring that the registration process is clear and transparent, requires a minimum of documentation, and provides support and guidance to potential founders.

- **Provide tax incentives:** Grant tax exemptions to donors and waqfs to encourage individuals and companies to contribute to these waqfs. By offering tax exemptions to donors, the government can encourage individuals and companies to direct part of their funds to support community waqfs. For example, in the United States, donors can deduct charitable contributions from their taxable income, which encourages increased giving (Internal revenue service, 2023). Algeria could study internationally applied tax incentive models and adapt them to its tax system to ensure maximum incentive impact.

3.2. Capacity building and awareness raising

- **National awareness campaigns:** Launching awareness campaigns to explain the concept of community endowments, their importance in achieving local development, and how to contribute to them. Community awareness is the cornerstone of the success of these endowments. Therefore, these campaigns should target different segments of society and focus on highlighting the tangible benefits of these endowments in local communities and how individuals and companies can contribute to them. Various media outlets, such as television, radio, and social media, can be used to reach the widest possible audience. Success stories of community

endowments around the world can be used to inspire the Algerian public and demonstrate the potential of this model(council on foundations, 2021).

- **Training of personnel:** Through the provision of specialized training programs to prepare qualified personnel to manage community endowments in the areas of financial management, social marketing, investment, and project evaluation. Professionalism in management is key to the sustainability and effectiveness of community endowments and ensures the optimal use of resources. International expertise can be leveraged in developing training programs, such as the European Community Foundation Initiative, which offers training programs and workshops for community endowments across Europe(European community foundation initiative, 2023)

- **Leveraging international expertise:** By organizing workshops and conferences in collaboration with international community endowment institutions to exchange experiences and best practices, learning from successful experiences saves time and effort and contributes to building effective community endowment models in Algeria. Algeria can host international conferences and workshops, inviting experts from leading endowment institutions to present their experiences and best practices. Algerian delegations can also be sent to visit these endowments and learn about their working models firsthand.

3.3. Financing and investment mechanisms

- **Encouraging small and medium-sized donations:** Design mechanisms to attract donations of various sizes from individuals and small businesses, emphasizing the importance of local giving. A broad donor base ensures stable funding and makes endowments more relevant to community needs. Simple and innovative donation programs can be designed, such as small monthly donations or online fundraising campaigns.

- **Developing innovative waqf investment products:** Creating waqf investment funds tailored to the Algerian market and focused on investments with social and environmental impact, such as renewable energy and rural development. Innovation in investment products opens up new avenues for waqf growth and attracts new categories of investors. Algeria can develop Sharia-compliant investment funds focused on sectors such as renewable energy, sustainable agriculture, social housing, and education. It can also draw on the experiences of Islamic banks in Malaysia and Indonesia, which have developed innovative waqf investment products that combine financial returns with social impact(El-Gamal, 2006)

- **Partnership with Islamic banks:** Cooperate with Islamic banks and financial institutions to develop Sharia-compliant waqf financing mechanisms and benefit from their expertise in asset management. Islamic banks play a vital role in the development of waqf and the provision of innovative financing solutions. Islamic banks can provide advisory services in waqf asset management, develop Islamic investment products, and facilitate the process of collecting donations from individuals and companies.

- **Linking waqfs to government programs for local development:** By integrating community waqf efforts into the state's local development plans to avoid duplication and maximize impact, coordination between government and community efforts ensures project integration and maximizes the use of available community resources. Endowments can act as partners to the government in mobilizing endowment resources and implementing development projects at the local level, ensuring that efforts are not duplicated, resources are directed towards the most pressing priorities, and sustainable local development is achieved.

3.4. Localizing the concept and the specificity of Algerian society:

- **Building on Algeria's endowment heritage:** Drawing on Algeria's history of endowments and focusing on the successful experiences of older endowments, linking the concept of community endowments to Algeria's historical endowment heritage will give these institutions authenticity and broad social acceptance. By highlighting the successful experiences of Algerian waqfs throughout history and how they contributed to the construction of mosques, schools, and hospitals, the concept of community waqfs can be instilled in the community's consciousness. This link between the present and the past gives modern waqfs authenticity and social acceptance, making them an integral part of Algeria's cultural and religious fabric.
- **Focus on urgent local needs:** By conducting surveys to identify development priorities in each region and directing waqf efforts towards them, such as literacy, supporting small businesses, improving health facilities, and providing water in remote areas. Responding to the real needs of the community is key to the success of community waqfs and ensures that their projects have a tangible impact. This focus on local needs ensures that waqf projects have a tangible impact on people's lives and contribute to improving the quality of life throughout Algeria.

- **Strengthening the role of imams and religious leaders:** Imams and religious leaders can play an important role in raising awareness of the importance of waqf in Islam and encouraging the community to contribute to community waqfs, especially since religious leaders have a significant influence in Algerian society and can be effective partners in promoting the culture of waqf. Through Friday sermons, religious lessons, and discussion groups, imams can highlight the importance of waqf in Islam as a tool for social solidarity and sustainable development. They can also encourage the community to contribute to community waqfs and highlight the positive impact these waqfs have on people's lives.

Conclusion:

Community endowments represent a unique and promising institutional model for financing local development by mobilizing the community's own resources and directing them towards meeting its growing needs and achieving a sustainable impact. This study has reached a number of conclusions, the most important of which are:

- Community endowments are based on the principle of building permanent endowments and diversified investment activities, which provides a sustainable source of funding, reduces dependence on intermittent donations, and enhances their ability to achieve impactful investment.
- Community endowments have the ability to lead development initiatives, set priorities, and direct resources to achieve tangible and measurable social impact, thanks to their proximity to local communities and their deep understanding of their needs.
- Transparency and good governance mechanisms foster trust between donors and beneficiaries and ensure the optimal use of endowment resources.
- Community waqfs contribute to building social capital and encouraging individuals and institutions to engage effectively in local development needs, thereby fostering a sense of belonging and shared social responsibility.

- Community waqfs can adapt to changing circumstances, respond quickly to emergency needs, and adopt innovative solutions to complex development problems, such as impact investing and entrepreneurship support.

In light of these findings, this study recommends the adoption and localization of the community endowment model in Algeria through:

- Drafting a comprehensive and flexible law for community endowments that facilitates the procedures for their establishment and operation and grants them sufficient independence, while providing tax incentives for donors and endowments, drawing on leading international experiences in this field;
- Launching large-scale media campaigns to raise public awareness of community endowments and their role in achieving local development and encouraging a culture of giving and social responsibility, with a focus on linking them to the Islamic endowment heritage in Algeria;
- Investing in training and qualification programs for human resources specializing in the management of community endowments and providing technical and advisory support to start-ups;
- Encourage cooperation between community endowments, the government sector, civil society organizations, and the private sector to achieve integration in development efforts and avoid duplication;
- Developing innovative endowment financial products and encouraging impact investing that combines financial returns with social impact;
- Support studies and research related to community endowments to evaluate and develop the experience in line with the specificities of Algerian society, with a focus on continuously measuring impact and effectiveness.

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