

The role of zakat in financing emerging enterprises (presenting the experience of financing projects with zakat funds in a number of Algerian provinces)

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Abstract : In this research paper we dealt with the study of zakat from an economic perspective, by shedding light on the role of Zakat in financing emerging enterprises, achieving economic balance through its role in both the redistribution of income and in combating hoarding, and the importance of this research is highlighted by our approach to the experience of a number of From the Algerian wilayats in financing projects with zakat money, as investment of zakat money is one of the most important ways to achieve economic growth and activate commercial movement among the poor and middle classes in society, and in the end we drew a set of recommendations .

Key words: Zakat, Zakat Fund, Good Loan, Emerging Enterprises, Islamic Finance.

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I. Introduction :

Interest in emerging institutions has increased in the last three decades of the last century, and they play an important role in economic activity, whether at the level of developed countries or emerging countries alike. The problem of financing is considered one of the most important problems facing small enterprises, as their activities are limited and their own resources are not Sufficient to meet their requirements, and this reflects on the transactions of the micro-enterprises. In view of the main role that emerging institutions have become in contemporary economies, and because of the vulnerability of these institutions to facing sharp international competition, governments have intended to provide a number of support mechanisms Including zakat, which is an important source of financing for emerging enterprises through investment in zakat funds.

The Islamic Caliphate used to take great care of the Zakat, manage its affairs, and take care of its affairs so that the rights of those who are entitled are given. Zakat has had an effective impact in alleviating the manifestations of poverty in Islamic societies throughout history, in the periods when Zakat was applied and given to those who deserve it. In the present era, we find that a number of Islamic countries have had a keen interest in zakat, so they created institutions and homes for them based on zakat collection, performance and organization because there is a need for that, and zakat funds have financed the emerging institutions in many diverse projects.

research importance :

The importance of the research is shown by proving that the application of Zakat in the Muslim community supports investment in emerging enterprises. Great support in order to achieve sustainable development, which is not achieved for any specific financial deduction, regardless of the degree of its perfection and superiority, and the importance of this research is confirmed by reviewing the components of Zakat supported by national experiences of investing Zakat funds. Through zakat funds

research assumes :

- ✓ The study assumes that applying Zakat on money in society leads to investment for the purpose of development.
- ✓ The study assumes that Zakat has economic and social benefits that benefit society.
- ✓ The study assumes that the investment of zakat funds leads to an improvement in the standard of living of poor investors;
- ✓ The study assumes that Zakat has a direct and indirect contribution to encouraging investment in emerging enterprises.

The Problem: We will try, through this research, to answer the following problems:

- ❖ To what extent does Zakat contribute to financing projects in emerging institutions? What are the most important actual results from investing zakat funds in the Algerian provinces?

II. Definitions and importance of Zakat

2.1 Zakat in the terminology:

There are many definitions of zakat and they all revolve around the obligation of money on which zakat is due, in addition to the time of zakat, and to whom zakat is to be paid. For a specific sect, at a special time (Persuasion in the Fiqh of Imam IbnHanbal,242). " According to the economic concept: Zakat is the alternative offered by the Islamic system to tax, as many studies and historical

evidence have confirmed that zakat achieves the required balance and stability that the tax was unable to achieve (Shuaib H , Ghalib. O, 2013,02).

2.2 The importance of Zakat:

Zakat is considered one of the pillars of the Islamic economic system. Islam has established its fixed rules and defined practical measures necessary to implement them in practical life, and obliges governments in Islamic countries to undertake the affairs of zakat, both in collection and disbursement. (J. Lamara, D. Bin Tabi, 2006, 15).

Zakat has an economic, social, cultural and political function, in addition to that it is a helpful and complementary tool for monetary policy tools, as it is a means to provide the necessary liquidity to finance development, and we summarize the importance of Zakat in a few points:

- ✓ Zakat is a financial tool that contributes to monetary stability (A. Bin Thabit , M. Fatni , 2013, 5), (S. Salehi, 2006, 616);
- ✓ Zakat as a tool to provide the necessary liquidity in financing development;
- ✓ Zakat contributes to macroeconomic stability;
- ✓ Zakat contributes to the positive economic movement related to employment and employment;
- ✓ Zakat contributes through its positive effects related to the redistribution of income;
- ✓ Zakat contributes to solving the problem of poverty;
- ✓ Zakat contributes to achieving social solidarity.

2.3 The economic and social benefits of the zakat system (A. bin Abdul Rahman Al-Jibreen 2018, 420)

- ✓ Increase job opportunities and stability: Zakat moves money from the rich to the poor, thus bridging the gap and reducing the inequality between them, which leads to social security, and by operating the wealth of the saved money, the wheel of economic growth increases, and zakat provides opportunities for soft loans. To the poor by giving them capital to trade or by financing small industries;
- ✓ Equitable distribution and increase in national income and investment: Zakat is comprehensive and broad in application. When Zakat transfers purchasing power from the rich to the poor, it works in the long term to equal national income rates, and it also works to fight recession to revitalize it and move it to the spending cycle Between the poor and the rich, which drives the economy and drives it, which in turn ensures incentives for investors to enter the production process;

- ✓ Supporting the fiscal policy: Zakat plays an important role in the compensatory financial policy when its surpluses are carried over for years to come after its banks are satisfied.
- ✓ Recommendation of the individual, the family and society: one of the benefits of the zakat system is that it achieves a kind of economic balance and social stability, and it allows every member of society a decent level of decent life in which people converge in terms of the standard of living even if their income varies
- ✓ Creating hearts and developing minorities: Zakat seeks to develop human beings and fight poverty in various parts of the world.

III. Definition and goals of startups:

3.1 difinitions

He defined the startup "startup" as a term according to the English dictionary: as a small project that has just started, the word "startup" consists of two parts, "start" which refers to the idea of starting and "up", which refers to the idea of strong growth. And the term began to be used immediately after the Second World War, with the beginning of the emergence of risque-capital companies, so that the term became popular after that.(S.Bou-El-Shaher ,2018,420)

It is also defined as “those establishments in which the number of workers is less than 500, and the contribution to its capital by agents outside the owner of the establishment does not exceed 30 percent. (R. Usmaniye ,2001,38)

3.2Goals of financing startups:

To finance institutions in general and emerging institutions in particular, has several goals, and through them the importance and role of microfinance in reviving the economic and social development movement is evident, as follows (R.Khouni, R. Hassani ,2006,375) (Finance et développement au Maghreb,16)

- Providing the necessary liquidity for the investment project by supplying the necessary equipment;
- Facilitating the various cash and financial flows between the various economic agents by ensuring the employment of resources, especially among financial institutions and other economic agents;
- Covering part of the costs of the investment project;
- The trade finance industry requires the presence of parties that regulate and control risk (banks) (insurance agents against deficit on payment and guarantee of accounts);

- These parties cooperate with the commercial banking sector and other financial institutions to provide international trade products;
- Moving the economy wheel, improving production, raising productivity, and upgrading to the global level
- Diversifying banking activities and responding better and faster to customers' requests;
- Raise the export capabilities of enterprises by supporting and financing these institutions;
- Financing helps to expand, open new units or production lines for these enterprises, and increase the volume of their activities, including the increase in employment.
- Leasing financing helps institutions, especially emerging ones, obtain modern equipment, machinery and equipment, given their limited financial capabilities and the inability to borrow from banks, and it also contributes to obtaining hard currency;
- Reducing leverage;
- Activating the participation system through Islamic finance;
- Working on solidarity and financing activities for training and training in order to raise the efficiency and effectiveness to qualify this type of institution;
- Helping emerging enterprises away from the pressures of the ocean in the stage of launching through the mechanism of business incubation

3.3 Sources of financing emerging institutions from the point of view of Islamic financing formulas and new methods

Contemporary emerging institutions are presented with various means and sources to finance their growing activities, which puts them in front of a comparison between the available financing alternatives, and in this regard there are some sources that are related to the specificity of the objectives of Sharia, namely Islamic finance, and there is what is new as a result of the development of the external environment and the acceleration of the development of institutions as a result For the changing world and its dictates of events (risk, competition, ... etc), which is known as new financing, so the previous two financing will be reviewed as follows:

-Financing in terms of Islamic financing formulas: Among the most important problems facing the owners of new projects, which limit their demand for investment, we find the problem of bank financing costs represented in pre-determined benefits and other legal official costs and informal and illegal costs, which have become in most developing countries. Algeria is an additional cost, and it increases as the mechanisms of economic corruption and lack of transparency develop. All this limits the demand for bank financing among a large segment of society, especially those who are about to establish institutions, because on the one hand they feel unable to achieve returns that guarantee

coverage of loan services and the recovery of guarantees, and on the other hand the bank's decisions to finance depend mainly on the existence of guarantees that are not available Usually with the owners of these institutions as required by the banks. (K. Khaldi , 2004,147).

IV. The investment role of Zakat:

The investment of Zakat is meant by: working to develop zakat funds for any period and in any legitimate way of development to achieve the benefits of those who are entitled to it.

The Islamic economy gives great importance to financing and realizing investment, and this is evidenced by imposing zakat on funds, whether in-kind or in cash, in order to reduce hoarding, and thus not to disrupt the resources and means to push the pace of investment. (C. Zayoush, R.N. Boumediene, 2013,5)

The jurists differed on the issue of investing zakat money, as a group of scholars and jurists believe that zakat is not permissible to invest, and they based that on the seven zakat expenditures that God Almighty has determined, and a second group believes that it is permissible to invest zakat funds, but with limited controls. This team believes that if the zakat funds overflow from the immediate needs of the beneficiaries, then the guardian may establish projects if he sees an interest in that, so that the proceeds of them return to the beneficiaries, taking into account the controls, which include (W.Naamoun , A. Sassia, 2012,212):

- ❖ That there are no urgent disbursement conditions requiring immediate distribution of zakat funds;
- ❖ That the Zakat funds be invested in legitimate ways;
- ❖ To take measures to ensure that the invested assets remain on the basis of the Zakat ruling, as well as the proceeds of those assets;
- ❖ The initiative to liquidate the invested assets if the need for zakat deserves to be spent on them.
- ❖ Make an effort to verify that the investments in which the zakat money will be placed are feasible and safe;
- ❖ Supervising investment to those with experience, efficiency and profession.

- And if we take the opinion that it is permissible to invest zakat money, there are many areas in which zakat money can be invested, and they are:

4.1 Investing zakat funds in group subsistence projects to generate periodic income for the beneficiaries, examples of which are:

- In the agricultural field, it is possible to import non-traditional agricultural tools that enable the beneficiaries to increase their production;

- It is also possible to support scientific research centers in the fields of seed multiplication and animal species development, thus effectively contributing to the ownership of those who are entitled to excellent productive agricultural investments.
- Zakat funds can also be invested in supporting the capabilities of vocational training centers and expanding opportunities for admission to them to accommodate, prepare and train large numbers of young people, thus contributing effectively to support small industries.

4.2 Zakat funds can also be invested in investment and service projects, the return from which is allocated to the beneficiaries, after preparing a precise study feasibility, so that they can satisfy their urgent needs and desires, such as establishing treatment and health centers that provide their services free of charge to the beneficiaries, and for those who are valued at a nominal fee to be provided to a fund. Zakat for the neighborhood or village.

4.3 Temporary investment, and it is intended to place some zakat money in Islamic banks and Islamic companies for a period of one or two years to benefit from their profits, and the advantage of this matter is the ease of retrieving the zakat money at any time it is needed, as it does not freeze the zakat money, and this matter was taken By the legitimate body of the House of Money in Kuwait.

4.4 Investing zakat money by giving some poor families an amount of money with which small projects are created, and the authority responsible for zakat supervises the stages of establishing the project and following it up after that, in a way that ensures the legitimacy of the work and its feasibility, and the value of the project is a full debt owed by the beneficiary so that He shall repay it in nominal installments. (WNaamoun , A. Sassia, 2012,21).

V. An overview of local experiences in investing Zakat funds

The project of establishing the Zakat Fund in some Arab countries is considered a pioneering experience in the field of collecting funds and disbursing them in a rational manner and within the framework of the provisions of Islamic Sharia in order for the beneficiaries to benefit from them, such as the poor and the needy. A phenomenon that the international financial institutions were unable to combat.(Y.Qasi , K.Faidi , 2013,1).

5.1 The role of zakat funds to finance investment projects for a number of Algerian states

When talking about the Zakat Fund in Algeria, many questions arise, and this is usual in new projects. Among the questions that arise strongly are the idea of investing zakat funds and the formulas on the basis of which investment can be made. Because investment is a legitimate purpose in the financial system in Islam,

the Zakat Foundation seeks from Through the good loan mechanism, part of the zakat money is invested in projects that contribute to increasing livelihood by following the method of participation in project financing. On the other hand, this mechanism in lending is better than charity, as it saves face and preserves human dignity and self-esteem, and for the use of zakat funds for the benefit of the beneficiaries.

5.1.1 What is the Algerian Zakat Fund:

It is a body operating under the supervision of the Ministry of Religious Affairs and Endowments. It started its activities in 2003 CE. It works on organizing the collection of Zakat funds and distributing them to those who deserve it. The collection process takes place at the level of mosques and also through state current mail accounts, and it uses three types of committees at different levels. It is the National Committee, the State Committee, and the Base Committee at the level of the departments that carry out the collection, search and distribution processes among the beneficiaries, headed by the imam accredited in the department, and the fund allocates a percentage of the collected amount that is provided as good loans without interest, the value of these loans ranges between 5000 AD 300,000 DZD will be repaid within four years (S.Ammari , D.Belhassin, 2013,2).

5.1.2 Zakat fund resources: The Zakat fund resources consist of(F.Mahlab,3) :

The money that Muslims wish to pay;

- the state's general budget;

Donations, Donations and Subsidies;

Returns from the fund's practice of activities that do not conflict with its objectives.

5.1.3 The process of distributing Zakat: the money collected from the zakat is spent as follows:

The first case: If the national outcome does not exceed 5 million, it shall be distributed as follows:

87.5% distributed to the poor and needy;

12.5% went to the Zakat Fund expenses.

The second case: if the national outcome exceeds 5 million, as follows:

50% to be distributed to the poor and needy;

12.5% went to the Zakat Fund expenses

37.5% went to invest.

Regarding the investment of zakat funds, to whom the slogan was given - We do not give him to remain poor, but rather to become a Zakat - where the Ministry of Religious Affairs and Endowments allocated 37.5 percent of the Zakat proceeds for investment, and an agreement was concluded with Al Baraka Bank to be a technical agent in the field of investing zakat funds and Which was translated into what was termed the Zakat Fund Investment Fund, which finances the following projects (W.Naamoun , A. Sassia, 2012,15) :

Funding projects of the National Agency for Support and Employment of Youth;

- Financing projects of the National Unemployment Insurance Fund;

Financing the micro-projects, helping the rampant institutions that are able to recover;

Supporting projects guaranteed by the Loan Guarantee Fund of the Ministry of Small and Medium Enterprises;

- Establishing companies between the Zakat investment fund and the Algerian Al Baraka Bank (W.Naamoun , A. Sassia, 2012 ,15)

5.2 The effects of investing zakat funds in the Algerian Zakat Fund:

The Zakat Fund adopts a formula for granting (good loans) for the benefit of the poor of young people with degrees and who are able to work: merchants, farmers, craftsmen, university graduates ... as they do not have financial means that allow them to establish a project, but at the same time their knowledge abilities qualify them Physical work and production, so that projects are funded according to various sectors and economic activities. The funded projects during the period (2003-2011) were mentioned according to sectors as shown in the table(JAmoura ,R. Daghmim , 2013,11):

Table 1. Statistics of the distribution of projects by sectors

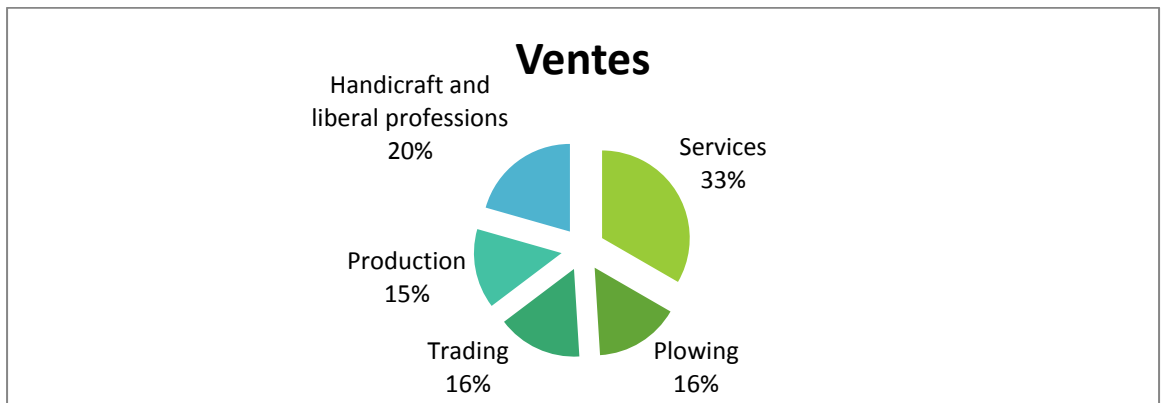
Sectors	Number of funded projects	The total amount	Percentages compared to the total amount
Services	1331	261.861.981.26	%34
Plowing	506	119.348.107.61	%16
Trading	570	116.907.648.47	%16
Production	712	114.502.667.19	%15
Traditional industries and liberal professions	501	93.655.850.38	%21
Industry	328	55.954.098.98	%08
Total	4047	762.230.353.80	%100

Source :Amoura Jamal, DaghmimRawiah, The Funding and Investment Role of Zakat for the Period 2003-2011: Intervention presented to the Second International Scientific Conference on the Role of Non-profit Islamic Finance (Zakat and Waqf) in Achieving Sustainable Development, on

May 20 and 21, 2013, Economic Development Laboratory and Humanity in Algeria, SaadDahleb University in Blida, Algeria, p. 11

Through the table, it becomes clear that the percentage of projects in the service sector occupies the forefront by 34% among the rest of the funded projects, and perhaps this reflects the sector's dependence on the technical balance and qualifications as well as human competence more than the material resources needed for the service activity, the most prominent of which is the place of activity. To the operation of a number of specialized manpower, followed by projects of the traditional industry and liberal professions at a rate of 21%, as this sector depends on the individual competence of the beneficiary, and includes in particular the category of those with university and professional degrees, which represent a wide and active segment in our society While the percentages vary in each of the industry, agriculture and trade sectors between 8 to 16% of the total funded projects, due to the enormous material resource requirements for these activities, which cannot be accommodated by the sums financed by the Zakat Fund, which do not exceed 500,000 AD And the following figure shows what was previously explained.

Fig1. Statistics of project distribution by sectors

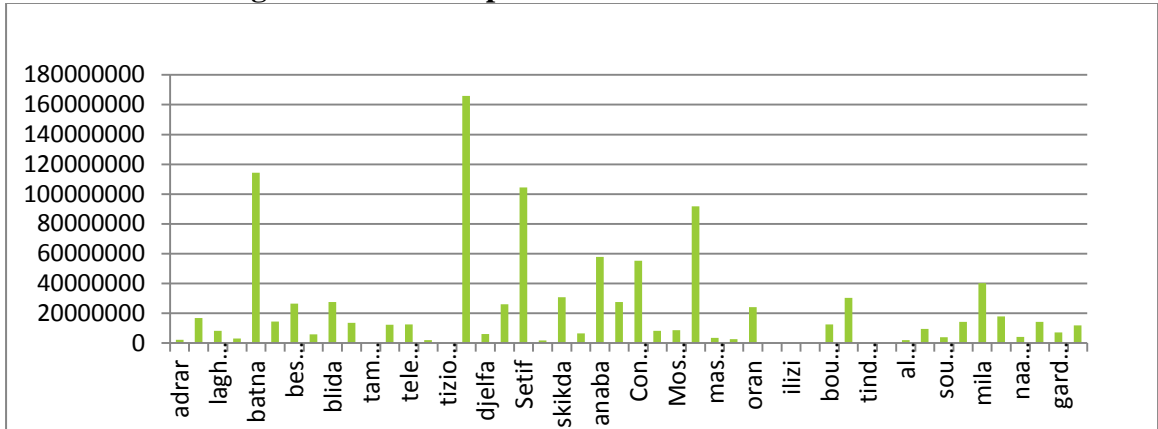


Source: Prepared by the researcher based on the study data

The figure reflects the effects of investing zakat funds on advancing economic development by supporting investment and exploiting human competencies, as the philosophy on which zakat is based in Algeria aims to allocate a portion of the Zakat Fund funds to finance small enterprises that benefit unemployed youth in the form of good loans without interest they return while After to the fund to be an endowment that is used as a tool for investment and development continuously. Consequently, raising awareness and encouraging a culture of investing zakat funds will inevitably increase the proceeds of zakat, and from it the disbursement of those revenues in sufficient support for projects of all sectors to achieve comprehensive

development in all economic fields, whether commercial, industrial or service(JAmoura ,R. Daghmim , 2013,11).

Fig2. The amount specified for the Good Loan



Source :Amoura Jamal, DaghmimRawiah, The Funding and Investment Role of Zakat for the Period 2003-2011: Intervention presented to the Second International Scientific Conference on the Role of Non-profit Islamic Finance (Zakat and Waqf) in Achieving Sustainable Development, on May 20 and 21, 2013, Economic Development Laboratory and Humanity in Algeria, SaadDahleb University in Blida, Algeria, p10.

Through the figure, we notice a variation in the distribution of the Zakat proceeds during the period (2003-2011), as we notice a difference in the distribution from one state to another, for example, we find that the governorate of Batna granted 558 good loans with a value of 114,260000.00 DZD, which is equivalent to 48.37% of the value The total value of Zakat, while we find that the state of Setif granted 465 good loans, with a value of 104478865.31 AD, which is equivalent to 23.34% of the total value of zakat collected in the wilaya of Setif, although it is high compared to the collection of zakat in the governorate of Batna, and perhaps this is mainly due to the extent to which the idea of Fund pursued to invest zakat money from state to state(J.Amoura ,R. Daghmim , 2013,9)

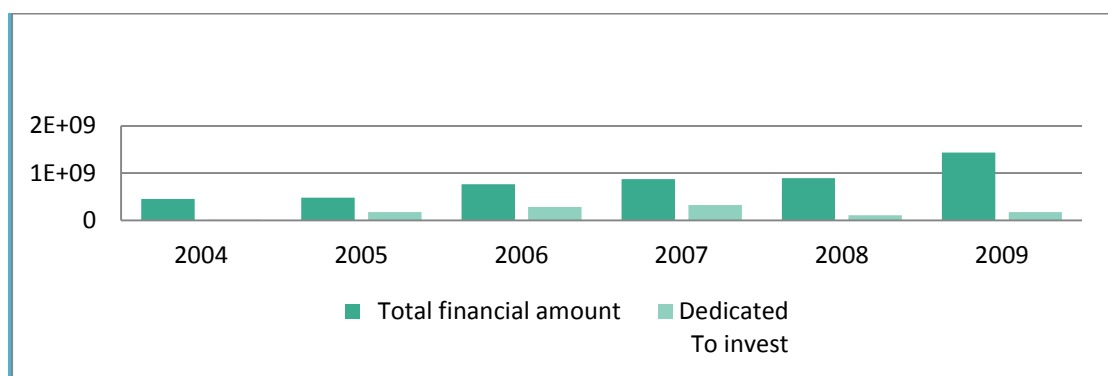
- ❖ Statistics of the Zakat Fund for the Wilayat of Blida in financing investment projects: They appear in Table No. 04 the income statistics of the Zakat Fund, while in Figure No. 05 the total amount of Zakat and the amount allocated to Zakat for the Wilayat of Blida in the period between 2004-2009 are as follows:

Table 2. A table showing the distribution of the income of the Zakat Fund for the Wilayat of Blida

	2004	2005	2006	2007	2008	2009
Total financial amount	4.533.333.00	4.800.000.00	7.628.679.00	8.763.841.50	8.937.739.63	14.370.000.00
Dedicated To invest	1.699.999.80	1.800.000.00	2.860.754.63	3.286.440.19	1.117.217.45	1.796.250.00

Source: The Ministry of Religious Affairs and Endowments website

Fig 3. The Zakat Fund for the Wilayat of Blida



source : Prepared by the researcher based on the study data

Through the table, we notice that the number of beneficiaries of good loans is 10 in 2004, and the amount granted to each beneficiary is 170,000.00 DZD, while in 2005 the number of beneficiaries of good loans reached 11 people, and the amount granted to each beneficiary was estimated at 180,000.00 DZD. That is, the increase was in the number of beneficiaries, as well as the increase in the amount granted. As for the year 2006, those in charge of the Zakat Fund for the Wilayat of Blida preferred to increase the amount granted to each beneficiary and it was estimated at 285,000.00 DZD over the increase in the number of beneficiaries. However, in 2007 the number of beneficiaries increased to 15, and the amount granted to each beneficiary decreased to 200,000.00 DZD, as for the year 2008, the number of beneficiaries remained constant and the amount granted to each beneficiary increased, the same for the year 2009 (A.Aalash, Z.Qarmatiya, 16).

- ❖ Statistics of the Zakat Fund for the State of Annaba in financing investment projects: The number of beneficiaries of good loans in Annaba in the period between 2004-2012 appears in Table No. 05, while in Figure No. 06 the distribution of the fund's revenues is shown by the number of beneficiaries as follows:

Table 3. The number of beneficiaries of good loans in Annaba, 2004-2012

the year	The amount of the investment	The number of beneficiaries
2004	3.750.000,00	33
2005	770.000,00	11
2006	7.630.000,00	72
2007	11.278.757,04	96
2008	6.739.567,11	62
2009	6.990.625,00	63
2010	10.508.292,37	111
2011	10.242.031,50	48
2012	13.278.997,23	60
Total	71.188.270,25	556

Source: The Ministry of Religious Affairs and Endowments website.

We note from the table that the distribution of the income of the fund is distributed in an organized manner, despite the increase in the proceeds of zakat, but the Zakat Fund for the State of Annaba allocates every year what represents 37.5% of the Zakat proceeds for investments made through the good loan. With 50% of it allocated to the poor and needy, and only 2% to the fund. In spite of this considerable proportion of investment, but if compared to the outcome shown in the figure below, the good loan will hardly appear. With his retreat in the years 2008 and 2009 to emergency conditions to help the people of Gaza in Palestine. It can be seen that this policy is fixed, since 2004 the fund allocates the aforementioned percentages regardless of the development of the needs of society, which requires at the present time to encourage investment in all Islamic formulas and not good credit, and the fund attributes this to the recent experience in Algeria, which did not exceed ten years compared to other countries (A.Bin Thabit , M.Fatni ,2013,14).

Table 4. Number of beneficiaries of good loans

the year	The number of beneficiaries of good loans
2004	0
2005	34
2006	100
2007	75
2008	22
2009	30
2010	50
2011	100
2012	133
Total	544

Source: Prepared by the researcher based on the study data

Through the table, we notice that there is fluctuation from year to year in the number of beneficiaries of subsidies directed towards consumption, as well as the same thing with respect to good loans, and the main reason for this is the disparity in the income collected, which corresponds to each year, but the total number of beneficiaries of good loans during the nine years Combined from 2004 to 2012 is very small, amounting to 544 beneficiaries, due to(S.Ammari, D.Belhussain,7) :

- Misunderstanding and lack of awareness on the part of the Zakat payer of the new organized method of collecting zakat represented in the Zakat funds;
- The absence of awareness-raising campaigns to demonstrate the effective role that zakat funds play in reducing the unemployment problem;
- The absence of voluntary association work in the field of introductory campaigns to contribute to developing the resources of the Zakat Fund by organizing lectures and awareness seminars;
- The absence of media planning for the Zakat Fund, as the Zakat funds suffer from a lack of resources due to the traditional distribution of Zakat by their donors, hence the role of planning for these institutions.
- The weakness of the Zakat promotional program, which is an act of communication with the public in order to exchange information and joint interaction with the problems of society in order to influence the behaviors

and attitudes of individuals and groups in the direction of developing the Zakat spirit and advancing the values of society;

- Not using modern technology in collecting zakat and simplifying payment methods, as simplifying payment methods would facilitate the payment of zakat and alms to the fund.(S.Ammari, D.Belhussain,7)

❖ Zakat Fund statistics for the state of Medea in financing investment projects

The Zakat Fund is based on the principle of local zakat according to the rules of jurisprudence, meaning that the money collected in the state is not distributed except to the people of the state, and from this standpoint the Zakat Fund for the State of Medea works to find mechanisms to educate citizens about the importance of the Zakat Fund through lessons and sermons in mosques , In order to increase the amount of zakat funds in a manner that enables them to perform their assigned role.

As for the disbursement of funds, the Zakat Fund allocates a percentage of the funds for the benefit of the poor by helping them finance their investments through a good loan.

As part of its awareness campaign, the Zakat Fund participated in presenting the various achievements of the investment projects that it financed in the Zakat exhibition held on the sidelines of the International Book Fair in the 2012 edition (E. Yahyaoui, M. Jabara,2013 ,10).

Table 5 .The proceeds of the mandate of Medea for zakat on funds

the year	State proceeds in Algerian dinars	The proceeds directed to the investment
2010/1431	9.561.431.49	3.585.356.81
2011/1432	12.015.384.75	4.505.769.28
2012/1433	15.322.924.37	5.746.096.64

source: The Ministry of Religious Affairs and Endowments website

Table 6. Growing investment in the Zakat Fund

the year	Number of open projects	The loan amount
2010/1431	23	150.000.00
2011/1432	15	300.000.00

2012/1433

19

300.000.00

source: The Ministry of Religious Affairs and Endowments website

Through the two tables, we note that the Zakat Fund has succeeded to some extent in developing the proceeds of zakat between 2010 and 2011, as for projects, there is a qualitative development in projects, despite the decrease in the number of projects between 2010 and 2011 until the increase was qualitative as the loan amount was raised to 300,000 00 DZD, and if the loan was granted with the same amount, ie 150,000.00 DZD, the number of projects for the year 2011 would have been estimated at 30 projects.

Table 7. The growth of investment in the Zakat Fund by sectors

the year	Trading	Plowing	Industry	Free professions and services
2010/1431	05	06	0	12
2011/1432	01	09	0	05
2012/1433	02	10	1	06
Total	08	25	1	23

source: The Ministry of Religious Affairs and Endowments website

Through the table, we note that the largest share of the projects was the share of the agricultural sector due to the agricultural character of the state of Medea, noting that funding is almost non-existent for the industrial sector, so the fund must encourage individuals to invest in this vital and important sector, especially the food industry. Which suits the specifics of the region.

VI. Conclusion

At the conclusion of this research paper, we can say that Zakat is an important financial resource if it is well organized and controlled in the process of collecting it, collecting it, and then distributing it, taking into account a set of priorities and investing a part of it, in order to enable the beneficiaries to obtain a permanent financial resource during the process. Investing in emerging institutions. Zakat funds have proven to be an effective tool that deserves recognition and appreciation, given the great role they play, and no matter how it is called the Zakat Fund or the Zakat Bureau, it has achieved tangible results on the ground in a number of Islamic countries, in addition to this, the obligation Zakat as one of the pillars of the Islamic economic system in treating most forms of economic and social corruption, and also contributes to achieving reform and economic development according to strategies of Islamic reference, as it contributes to treating the problem of poverty, unemployment,

hoarding, monopoly, differences between classes and high prices, and Extravagance and wastefulness, and balancing the economic and social aspects.

Results: The study concluded the following results:

- ❖ The Zakat Fund provides significant financial resources that can be employed in local development, as Zakat resources contribute to rationalizing wealth distribution and social incomes, in addition to allocating part of individuals' savings to activities and areas that contribute to the development of investment from Zakat financial sources, and accordingly, saving increases And the investment increases, and they have positive effects in their association with the development of economic activity;
- ❖ The importance of expanding research on many issues of Zakat to renew contemporary forms of money and its banks, which makes it difficult to comprehend it in specific researches;
- ❖ The obligation of Zakat as one of the pillars of the Islamic economic system contributes to treating most forms of economic corruption. It also contributes to achieving reform and economic development in accordance with strategies of Islamic reference, as it contributes to treating the problem of poverty, unemployment, hoarding, monopoly, differences between classes, high prices and extravagance Wastefulness and balancing the economic and social aspects to reach sustainable development.
- ❖ Zakat does not affect the productive and investment capacity of the community because it concerns only developmental assets and does not affect the financial energy of society, with the continued flow of financial resources in the state, even in the event of a lack of income, so that it works on the circulation of wealth and income, which provides a continuous and continuous outcome on Year-round;
- ❖ There is a legal necessity to develop strategic plans and programs for the contemporary implementation of Zakat in order to contribute, along with other Islamic systems, to economic reform and development.

Recommendations:

- ✓ Taking care of the existence of joint research among scholars and economists in the disciplines related to zakat funds to produce integrated applied results.

- ✓ The need to benefit from the pioneering experiences of some other institutions for Zakat, such as investing zakat funds in development projects, including the experience of Malaysia and Sudan;
- ✓ Restructuring the map of investment distribution of zakat funds, taking into account both the qualifying and financing support for the establishment and promotion of projects, in order to ensure the best possible rotation of invested funds and reduce the risks associated with those projects;
- ✓ The importance of creating a scientific encyclopedia of Zakat, containing contemporary heritage issues, while including the edited research on the jurisprudence of Zakat in the past and the present, and publishing it on paper and on CD-ROM.
- ✓ Work to invest Zakat funds to develop them according to legitimate formulas to enable groups of society entitled to Zakat to set up projects that contribute to the development process;
- ✓ Conducting awareness-raising operations continuously to introduce the fund and its goals to the citizens, to gain the trust of citizens and to attract their zakat, as well as to introduce the fund's achievements;
- ✓ The necessity of applying national accounting, financial accounting and public accounting to the funds of zakat funds in order to preserve them and gain the confidence of the Zakat payers and citizens;
- ✓ The necessity of using various Islamic financing formulas to invest zakat funds by the Algerian Zakat Fund, due to the advantages they enjoy, and not relying solely on the good loan formula;
- ✓ The importance of highlighting the rules and regulations of Zakat, linking them to jurisprudential applications, and basing them on legal evidence and objectives;
- ✓ Re-adjust the organizational structure of the Zakat Fund to match the Algerian environment and its geography;
- ✓ Encouraging large merchants, investors and contractors to pay zakat, through administrative facilities, and to raise or reduce taxes on them;
- ✓ Work to instill confidence between the Zakat payers, the collectors and the distributors;
- ✓ Promoting religious and cultural awareness among the community and urging them to activate the role of the Zakat Fund, and to involve them in how the fund works, as society is the circle that brings together the parties to Zakat, whether Zakat payers or beneficiaries.

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