

# **The Effectiveness of Educational Endowments in Rationalizing Public Spending: A Case Study of the United Arab Emirates**

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## **Abstract**

This study aims to analyze the efficiency of educational endowments and their role in rationalizing public spending, through an examination of the United Arab Emirates' experience as a contemporary model for repurposing endowments within a modern financial management system. The study stems from the central problem that the increasing reliance on direct government spending to finance education is no longer sufficient to guarantee financial sustainability and quality outcomes, given the growing pressures on public budgets and rising education costs. The study employs a descriptive-analytical approach, addressing the conceptual framework of educational endowments, analyzing their efficiency from a financial management perspective, and demonstrating their role in alleviating the burden on the public budget. It also reviews the legislative and regulatory framework governing educational endowments in the UAE, analyzes the Emirati model of endowment management. The study concludes that educational endowments represent a strategic financial tool capable of transforming educational funding from a short-term expenditure model to a long-term investment model that achieves financial sustainability and enhances value for money. The results also showed that the efficiency of educational endowments is closely linked to the level of governance, professional management, clear educational objectives, and the existence of effective impact measurement mechanisms. The study confirmed that the UAE experience has successfully integrated educational endowments into the country's development policies through flexible legislative frameworks, disciplined institutional management, and balanced investment strategies. Conversely, the study highlighted several challenges, such as weak professional management in some models, inadequate impact measurement, investment risks, and the effect of public trust on endowment sustainability. The study concludes that developing educational endowments requires strengthening institutional and digital transformation, expanding partnerships with

the private sector, and linking endowment returns to clear educational indicators, thereby enhancing their role in rationalizing public spending and supporting sustainable development.

**Keywords:** Educational Endowment, Public Spending, Uae, Charitable Finance, Endowment Sustainability

### **Introduction**

The contemporary world is witnessing rapid transformations in public financial management models, driven by increasing pressure on government budgets and the rising costs of essential public services, foremost among them education. Traditional public expenditure models, which rely on continuous expansion in spending, have become increasingly incapable of efficiently meeting the requirements of sustainable development. This reality has prompted governments to seek innovative financial instruments that balance quality, cost efficiency, and long-term sustainability. Within this context, educational waqf emerges as one of the oldest financing mechanisms in Islamic history and among the most adaptable to modern administrative and financial practices, given its integrated economic, social, and investment dimensions (Abu Jreiban & Al-Sakaranah, 2022).

Educational waqf represents a strategic mechanism for transforming resources from recurrent expenditure into productive assets that generate sustainable returns directed toward supporting the educational process at all levels. Its role extends beyond financing educational institutions to include support for scientific research, scholarships, human capital development, innovation, and educational infrastructure (Nazali, Laashab, & Mezghiche, 2021). From this perspective, educational waqf becomes an effective instrument for rationalizing public expenditure by alleviating the burden on government budgets, enhancing efficiency in resource allocation, and ensuring continuity and quality of funding (Al-Yadak, 2018).

However, despite the conceptual importance of this mechanism, previous studies have largely failed to address the practical metrics of its impact. Existing literature remains heavily focused on the historical and jurisprudential aspects of waqf, leaving a significant gap in empirical evidence that links waqf assets to actual savings in public spending. Furthermore, there is a notable absence of measurable efficiency criteria and standardized indicators to evaluate the performance of waqf as a modern financial instrument. Most previous research has overlooked the rigorous financial modeling required to demonstrate how waqf governance directly influences the optimization of government resource allocation.

The efficiency of educational waqf acquires particular significance amid global economic challenges such as revenue volatility, rising education costs, and the accelerating transition toward a knowledge-based economy. Efficiency in this context does not merely refer to the availability of resources, but rather to the quality of their management and investment, as well as their ability to generate measurable financial and social returns. The higher the standards of governance and transparency applied in waqf management, the greater its capacity to fulfill its developmental role, transforming it from a traditional charitable framework into an institutional financial instrument that actively supports public policy objectives (Al-Sharafat, 2022).

In this regard, the United Arab Emirates presents a pioneering model in reactivating the concept of waqf—particularly educational waqf—within a modern development vision that harmonizes authenticity with innovation. The UAE has successfully integrated waqf into its national development framework by establishing advanced legislative and regulatory structures, adopting professional investment practices, and linking waqf returns to clearly defined strategic objectives in the education sector. This approach has contributed to improving the efficiency of public expenditure by reducing total reliance on direct government funding and strengthening partnerships between the public sector, private sector, and civil society (Abu Jreiban & Al-Sakaranah, 2022).

The Emirati model is further distinguished by its long-term impact orientation. Educational waqf is no longer managed solely to address immediate needs, but rather as an investment portfolio supporting human capital and serving as a catalyst for knowledge-based economic growth. This orientation is reflected in directing waqf revenues toward priority areas such as scientific research, innovation, higher education, and specialized training, in alignment with national development priorities and in support of the country's competitiveness (Nazali et al., 2021).

Based on the foregoing, the study of educational waqf efficiency and its role in rationalizing public expenditure becomes critically important through analyzing the UAE experience as a contemporary applied model. This study goes beyond highlighting the financial role of waqf to examine its administrative and strategic dimensions, aiming to bridge the aforementioned gap by establishing measurable criteria for financial sustainability and resource management. Accordingly, this introduction serves as a gateway to understanding the relationship between educational waqf and modern fiscal policies, in light of states' pursuit of balanced development that respects historical heritage while responding to present and future challenges (Nazali et al., 2021).

### **Conceptual Framework of Educational Waqf**

Educational waqf is one of the most significant financing instruments with deep historical roots, having demonstrated a remarkable capacity for continuity and adaptation to economic and administrative transformations over time. Conceptually, educational waqf is based on the allocation of fixed or movable assets whose corpus is preserved while their returns are invested on a permanent or long-term basis to support educational activities at various levels and forms. This concept integrates value-based principles of social solidarity with an economic dimension rooted in sustainable investment, granting educational waqf a distinctive position among public financing instruments (Al-Hadrami et al., 2021).

From a conceptual standpoint, educational waqf is no longer confined to the construction of schools or universities, as was common in traditional models. Rather, it encompasses funding scientific research, scholarships, endowed research chairs, curriculum development, teacher training, and digital transformation in education. This expansion reflects a fundamental shift in the philosophy of waqf from a limited charitable activity to a strategic instrument for knowledge production and human capital development.

Educational waqf is distinguished from other forms of educational financing by its sustainability and relative independence from short-term financial cycles and economic

fluctuations. While conventional government spending depends on public revenues susceptible to external shocks, educational waqf provides relatively stable financial flows generated through efficiently managed endowed assets. Hence, its economic value lies in transforming idle resources into productive assets that support education without placing continuous strain on public budgets (Abdulhadi, 2023).

The concept of educational waqf is closely linked to efficiency, understood as achieving the maximum possible educational benefit at the lowest economic and social cost. Efficiency here is not determined by the size of the endowment alone, but by the quality of its management, the level of governance applied, and its ability to generate sustainable financial returns and tangible educational impact. As professionalism in waqf management increases, its effectiveness in supporting education and rationalizing public expenditure correspondingly improves (Al-Khawlani & Al-Mulaiki, 2020).

From the perspective of modern financial management, educational waqf is viewed as a socially oriented investment portfolio requiring a delicate balance between return maximization and capital preservation. This necessitates prudent investment policies based on diversification, risk mitigation, and alignment of returns with clearly defined and measurable educational objectives. In this sense, waqf evolves from a static entity into an active economic-development institution (Al-Khawlani & Al-Mulaiki, 2020).

Moreover, educational waqf reinforces the principle of community partnership in financing education by engaging individuals and institutions in an organized and sustainable manner. This contribution reduces total dependence on the state while promoting a more equitable distribution of responsibility for education financing, without undermining the government's regulatory and supervisory role (Al-Hadrami et al., 2021).

In summary, the conceptual framework of educational waqf integrates value-based and economic dimensions, transforming educational financing from a short-term expenditure model into a long-term investment paradigm. This framework constitutes the theoretical foundation for understanding the role of educational waqf in rationalizing public expenditure and achieving financial sustainability in education, particularly in countries seeking to build balanced knowledge-based economies that honor historical heritage while addressing modern development demands (Abdulhadi, 2023).

### **Educational Waqf Efficiency from a Financial Management Perspective**

From a financial management perspective, the efficiency of educational waqf is a decisive criterion for evaluating its developmental effectiveness rather than its mere institutional survival. Efficiency here denotes the optimal utilization of endowed resources to achieve the highest possible financial and educational returns within a disciplined framework of governance and risk management. In business terms, educational waqf is an asset that must generate value, not a static container whose revenues are consumed without strategy (Al-Sanbani, 2022).

Financial efficiency begins with designing a clear investment structure that balances return maximization with capital preservation. This requires portfolio diversification, risk appetite definition, and aligning investment decisions with a long-term horizon consistent with the

nature of waqf. Sound financial management does not pursue short-term profits but builds stable and predictable cash flows that ensure sustainable funding for educational programs (Bint Razzaq & Al-Saifi, 2024).

Educational waqf efficiency is measured through a set of financial and non-financial indicators, such as return on endowed assets, management costs relative to total revenues, sustainability of cash flows, and educational impact achieved per unit of expenditure. These indicators shift waqf from a value-driven discourse to an accountable performance system. Without measurement, management is absent; without management, value erodes over time (Al-Sanbani, 2022).

Governance plays a central role in enhancing educational waqf efficiency. Qualified boards of trustees, independent investment committees, and transparent disclosure policies reduce misallocation risks and enhance stakeholder confidence. From a modern financial management standpoint, good governance is a prerequisite for return maximization rather than an administrative burden, as every undisciplined decision directly translates into educational opportunity costs (Al-Sanbani, 2022).

Professional financial management also ensures alignment between waqf returns and educational priorities. Instead of fragmented revenue distribution, funds are directed toward high-impact programs such as scientific research, targeted scholarships, and capacity building. This strategic allocation enhances spending efficiency and prevents resource dispersion a common flaw in traditional models.

Risk management is no less important than return management. Given its long-term nature, educational waqf is exposed to market volatility and economic shifts. Financial efficiency therefore requires hedging tools, diversification strategies, periodic performance reviews, and continuous updating of investment policies. Neglecting risk management jeopardizes endowed capital and undermines sustainability (Bint Razzaq & Al-Saifi, 2024).

In essence, educational waqf efficiency is measured by its ability to function as a productive financial asset serving a clear social mission. When waqf is managed with financial discipline, it transforms from an administrative burden into a powerful financing lever capable of supporting education efficiently, sustainably, and at minimal cost to public funds (Al-Sanbani, 2022).

### **Educational Waqf and the Rationalization of Public Expenditure**

Educational waqf is among the most effective instruments for rationalizing public expenditure, as it redefines the state's role from a direct financier of all educational activities to a regulator and strategic partner in funding. From a fiscal policy perspective, rationalization does not imply a mere reduction in education spending; rather, it focuses on maximizing the social and academic return on each unit of expenditure. In this context, efficiency is defined by the ability of waqf to achieve specific, measurable benchmarks, such as a high Return on Assets (ROA) and a minimized Cost-to-Impact Ratio, ensuring that endowed capital generates the highest possible utility for the educational sector (Abdulhadi, 2023).

Educational waqf alleviates pressure on public budgets by providing alternative and sustainable funding sources that are less vulnerable to revenue fluctuations and periodic economic crises. This alleviation is quantifiable through the percentage reduction in public expenditure required for specific educational services. When scholarships, research funding, or infrastructure development are financed through waqf returns, the need for direct public budget allocations diminishes. This allows governments to redirect resources toward other priority sectors while maintaining clear performance benchmarks for educational accessibility and quality (Al-Khawlani & Al-Mulaiki, 2020).

From a purely financial standpoint, educational waqf transforms part of current expenditure into indirect investment spending. Rather than allocating public funds annually to cover recurring costs, endowed assets are invested once, and their returns are used to finance education on an ongoing basis. This shift enhances spending efficiency by lowering the long-term marginal cost of education and reduces waste associated with short-term financing models. The efficiency of this model is evidenced when the growth rate of the waqf's principal exceeds the inflation rate of educational costs, ensuring perpetual financial coverage (Abdulhadi, 2023).

Educational waqf also strengthens the principle of shared financial responsibility between the state and society. By encouraging individuals and institutions to contribute via waqf, the burden on government finances is reduced without compromising the state's sovereign role in planning and oversight. This balance directly improves public financial management efficiency, which can be measured by the ratio of private-to-public contribution in the national education budget.

Furthermore, educational waqf helps mitigate duplication in public spending. Governments often allocate significant resources to areas that waqf can support more efficiently, such as research funding or merit-based student support. When professionally managed waqf exists—utilizing standardized efficiency indicators to track operational overhead—governments can reallocate expenditures without harming educational outcomes (Al-Khawlani & Al-Mulaiki, 2020).

From a medium- and long-term financial planning perspective, educational waqf provides funding stability that enables policymakers to prepare more accurate budgets. Predictable waqf cash flows—monitored through annual yield stability metrics—reduce financial uncertainty and limit reliance on temporary solutions or unplanned expenditure expansions (Abdulhadi, 2023).

In sum, educational waqf constitutes a practical mechanism for rationalizing public expenditure without sacrificing quality. When integrated into state fiscal policies, it evolves from a charitable initiative into a strategic financial instrument. Its success is no longer judged by the volume of donations alone, but by measurable efficiency criteria, including the sustainability of funding streams and the demonstrable reduction in government fiscal liability, thereby supporting development objectives through an economically grounded approach (Al-Khawlani & Al-Mulaiki, 2020).

*Legislative and Regulatory Framework for Educational Waqf in the United Arab Emirates*

The legislative and regulatory framework represents the cornerstone of any successful waqf experience, as it defines governance rules and regulates the relationship between endowed assets and their developmental objectives. In this context, the United Arab Emirates has developed a modern legislative framework for waqf that shifts it from a traditional, individually driven model to a disciplined institutional system aligned with contemporary financial management requirements (Bint Razzaq & Al-Saifi, 2024).

The legal regulation of educational waqf in the UAE is based on a clear separation between ownership, management, and investment of endowed assets. While the asset itself is preserved for a specific educational purpose, its management and investment are conducted according to defined investment rules subject to oversight and accountability. This separation has protected endowed funds from misuse and ensured that returns are directed toward their designated purposes, thereby enhancing transparency and trust (Al-Hadrami et al., 2021).

The Emirati legislative framework is also characterized by flexibility, allowing multiple forms of educational waqf, including cash waqf, real estate waqf, investment waqf, and waqf dedicated to research and innovation. This legal flexibility has expanded participation in waqf and linked educational endowments to a dynamic economic environment rather than confining them to rigid traditional models that no longer meet contemporary needs (Al-Khawlani & Al-Mulaiki, 2020).

From an organizational perspective, the UAE has adopted an institutionalized approach to waqf management through the establishment of specialized entities responsible for registration, investment regulation, and performance monitoring. This represents a clear departure from traditional models reliant on individual trustees without standardized performance criteria. Institutional regulation has enabled policy harmonization, governance standards implementation, and performance measurement integration (Al-Sanbani, 2022).

The regulatory framework also places strong emphasis on financial oversight both internal and external to ensure sound investment decisions and risk mitigation. Accountability is not treated as a procedural formality, but as a tool for protecting endowed capital and maximizing its impact. This regulatory discipline integrates educational waqf into the national financial system rather than isolating it as a peripheral entity (Al-Hadrami et al., 2021).

Accordingly, it can be concluded that the UAE's legislative and regulatory framework has not only provided legal protection for educational waqf but has also enhanced its economic efficiency, transforming it into an instrument aligned with public expenditure rationalization policies and capable of operating within the logic of modern financial management (Bint Razzaq & Al-Saifi, 2024).

*The Emirati Model for Managing Educational Endowments*

The Emirati model for managing educational endowments represents a deliberate transition from traditional charitable practices to professional, investment driven management. The core of this model does not merely focus on fundraising, but rather on the effective management of endowed assets and the maximization of their educational and economic impact simultaneously. From a business perspective, the United Arab Emirates has

approached educational endowments as long term strategic assets rather than temporary or ad hoc financial resources (Al Sanbani, 2022).

This model is based on managing educational endowments in accordance with institutional investment principles, including diversification, risk management, and asset allocation. Endowed funds are not invested randomly, but are instead managed through carefully structured investment portfolios designed to generate stable returns that ensure the financial sustainability of educational programs. This approach has reduced reliance on irregular donations and provided more predictable cash flows, thereby enhancing financial planning and stability (Al Khawlani & Al Maliki, 2020).

A defining feature of the Emirati model is the clarity of educational objectives linked to endowment revenues. Returns are not distributed broadly or indiscriminately, but are instead allocated to specific programs aligned with national priorities, such as higher education support, research funding, and human capital development. This strategic alignment prevents resource dispersion, improves allocation efficiency, and strengthens long term impact (Al Sanbani, 2022).

Governance constitutes a central pillar of this model. Educational endowments are managed through specialized boards and committees that include financial, legal, and educational expertise. This diversity of professional backgrounds ensures balanced decision making, reduces bias and inefficiency, and enhances accountability. It also contributes to strengthening public trust, which in turn encourages the expansion of the donor base.

In addition, the Emirati model has benefited from the adoption of modern technologies in endowment management, particularly in documentation, monitoring, and impact measurement. Digital transformation has improved operational efficiency, reduced administrative costs, and enhanced transparency. These improvements have positively affected the net returns directed toward education (Nazali, Laashab, & Mezghiche, 2021).

In summary, the Emirati model for managing educational endowments is grounded in a disciplined investment mindset that respects the ethical foundations of waqf while fully embracing the requirements of efficiency and governance. This balance has rendered the model replicable for countries seeking to achieve sustainable financing for education (Al Hadrami et al., 2021).

#### *The Economic and Developmental Impact of Educational Endowments in the UAE*

Educational endowments in the UAE serve as a significant driver of economic and developmental impact, extending beyond support for educational institutions to influence the broader knowledge-based economy. From an economic perspective, endowments contribute to enhancing the efficiency of public spending by financing education through sustainable sources, thereby reducing pressure on the public budget and improving resource allocation (Abu Jriban & Al Sakarneh, 2022).

At the educational level, endowments have contributed to improving education quality through supporting scientific research, funding scholarships, and developing educational infrastructure. These investments should not be viewed as consumptive spending, but rather

as investments in human capital, which is widely recognized as the most influential factor in long term economic growth. Each monetary unit invested in high quality education generates multiplied returns for the economy (Al Sharafat, 2022).

Educational endowments have also supported innovation by financing applied research and endowed academic chairs, thereby strengthening the linkage between education and labor market needs. This alignment reduces the gap between educational outputs and economic demand, minimizes inefficiencies in educational spending, and constitutes an indirect form of public expenditure rationalization.

From a developmental perspective, educational endowments promote equity in access to education by providing opportunities for individuals who are unable to afford educational costs. This social dimension contributes to societal stability and enhances long term productivity, which positively affects overall economic growth (Al Sanbani, 2022).

Moreover, educational endowments generate a multiplier effect within the economy. Their assets are invested across various sectors, supporting economic activity and job creation in addition to their educational role. Consequently, endowments evolve from purely social support instruments into integrated drivers of development (Al Sharafat, 2022).

In conclusion, the economic and developmental impact of educational endowments in the UAE lies in their ability to combine financial sustainability, education quality, and rationalization of public spending. This positions them as silent pillars of development, delivering tangible outcomes without imposing additional burdens on the public treasury (Abu Jriban & Al Sakarneh, 2022).

### **Challenges Facing the Efficiency of Educational Endowments**

Despite the substantial potential of educational endowments as sustainable financial and developmental tools, achieving efficiency in their management remains contingent upon overcoming a range of structural, administrative, and investment related challenges. Efficiency does not arise automatically from the mere existence of endowed assets, but rather requires an integrated system of governance, planning, and performance measurement, making these challenges a decisive factor in determining the effectiveness of educational endowments (Abu Jriban & Al Sakarneh, 2022).

The first major challenge is the lack of professional management in some educational endowments. Certain models continue to operate under a traditional mindset that prioritizes capital preservation over return maximization, or rely on individual judgments that are not grounded in rigorous financial or investment analysis. Such practices lead to diminished real returns and gradual erosion of endowment value over time, particularly in the presence of inflation and market volatility (Abdulhadi, 2023).

A second challenge relates to limited institutional governance in some endowment experiences. The absence of clear accountability frameworks or weak separation between executive management and oversight creates opportunities for misallocation and imprudent investment decisions. From a financial management perspective, governance deficiencies

directly undermine efficiency and transform endowments from tools of rationalization into indirect sources of waste (Al Sanbani, 2022).

A third challenge lies in weak impact measurement. In many cases, emphasis is placed on asset size or return value without linking these metrics to measurable educational outcomes. This shortcoming hinders the evaluation of whether endowments are achieving their intended objectives or how their efficiency compares with alternative financing mechanisms. Without clear performance indicators, management loses the capacity for correction and continuous improvement.

In addition, investment risk management represents a significant challenge. Educational endowments are inherently long term, rendering them vulnerable to financial and real estate market fluctuations. In the absence of effective diversification policies, endowed assets may face risks that threaten return sustainability. Neglecting this dimension exposes endowments to potential capital loss, which contradicts the fundamental purpose of waqf itself (Nazali, Laashab, & Mezghiche, 2021).

Another challenge concerns weak alignment between endowment objectives and the needs of the education sector. In some cases, returns are allocated to programs with limited impact or misaligned with educational development priorities, thereby reducing the social return on endowment investment. This issue stems not from resource scarcity, but from inadequate strategic planning (Bent Razzak & Al Saifi, 2024).

Finally, public trust emerges as a critical challenge. Any ambiguity in management or deficiency in disclosure may negatively affect individuals' and institutions' willingness to participate in endowments. A decline in trust narrows the donor base, constrains the growth of educational endowments, and undermines their long-term efficiency (Bent Razzak & Al Saifi, 2024).

### **Prospects for Developing Educational Endowments in the United Arab Emirates**

The United Arab Emirates possesses promising opportunities to further develop educational endowments, supported by an advanced legislative environment, a diversified economy, and a development vision that places education at the forefront of national priorities. These prospects reflect a transition from the establishment phase to a phase focused on maximizing impact and efficiency through more innovative administrative and investment instruments (Al Hadrami et al., 2021).

One key prospect lies in deepening the institutional transformation of educational endowment management. Strengthening the role of specialized boards and expanding the participation of financial and investment experts can enhance decision quality and reduce risk exposure. Moreover, adopting performance-based management models and linking incentives to the achievement of educational objectives can improve efficiency and limit bureaucratic inefficiencies (Bent Razzak & Al Saifi, 2024).

A second prospect relates to digital transformation in endowment management. Employing modern technologies in documentation, portfolio management, and impact measurement enhances transparency and reduces administrative costs. Digital tools also enable precise

tracking of returns and targeted allocation to high impact educational programs, thereby improving value for money (Al Sharafat, 2022).

Public private partnerships represent another critical avenue for development. Engaging financial institutions and large corporations in managing or supporting educational endowments facilitates the transfer of investment expertise and expands funding sources without imposing additional burdens on the state. Such partnerships transform endowments into platforms for social investment with dual financial and educational returns (Abu Jriban & Al Sakarneh, 2022).

Diversifying educational endowment instruments, including cash endowments, investment endowments, and innovation linked endowments, also constitutes an important development path. Diversification enhances adaptability to economic changes, reduces reliance on a single asset class, and strengthens financial sustainability (Abdulhadi, 2023).

Furthermore, developing robust impact measurement systems is a strategic priority. Linking endowment returns to clear educational indicators, such as output quality improvement or applied research support, transforms endowments into effective financial planning tools and facilitates their deeper integration into educational and fiscal policies (Abu Jriban & Al Sakarneh, 2022).

Overall, the future development of educational endowments in the UAE depends on shifting from viewing endowments as supportive activities to recognizing them as strategic assets within the national development framework. When managed with a modern investment mindset and governed by rigorous accountability structures, educational endowments become capable of achieving sustainability, rationalizing public spending, and supporting education as a long term investment in the nation's future (Al Khawlani & Al Maliki, 2020).

#### *The Relationship between the Efficiency of Educational Endowments and the Rationalization of Public Spending*

The relationship between the efficiency of educational endowments and the rationalization of public spending is grounded in a clear economic logic, namely that improving the management of alternative resources directly reduces pressure on government finances. Educational endowments do not contribute to spending rationalization merely by existing; their effectiveness depends on administrative and financial efficiency and their ability to generate sustainable returns that match or surpass traditional government spending in terms of impact and quality (Al Sanbani, 2022).

From a financial management perspective, efficiency is a prerequisite for transforming educational endowments from secondary support tools into genuine financing levers. When endowed assets are managed efficiently through sound investment strategies, effective governance, and precise allocation of returns, endowments can finance substantial portions of educational needs, including scholarships, research, and infrastructure development. This sustainable financing alleviates pressure on public budgets and limits unplanned expansion of government expenditure (Bent Razzak & Al Saifi, 2024).

The link between efficiency and rationalization is further reflected in the higher value for money achieved by efficient educational endowments compared to direct public spending. Government expenditure is often constrained by annual budget cycles and influenced by economic and political conditions, leading to funding volatility or short-term inefficiencies. In contrast, efficiently managed endowments provide stable long term funding streams without requiring additional public allocations (Al Sanbani, 2022).

Efficient educational endowments also contribute to restructuring the state's role in education financing. Rather than serving as the sole funder, the state becomes a regulator and policy coordinator, while endowments finance high impact qualitative initiatives. This transformation enhances rather than diminishes the state's role by enabling resource reallocation toward other strategic sectors while maintaining education quality and sustainability (Al Hadrami et al., 2021).

The UAE experience demonstrates that the relationship between efficient educational endowments and public spending rationalization is complementary rather than competitive. Through clear legislative frameworks and professional institutional management, educational endowments have been integrated into the national development system, allowing them to support education effectively without becoming administrative or financial burdens (Al Khawlani & Al Maliki, 2020).

Efficient educational endowments also reduce duplication in public spending. In the absence of effective endowments, governments may fully finance educational and research programs that could otherwise be partially or entirely supported by endowment resources. When efficient endowments are available, public spending can be reduced or redirected while maintaining or even enhancing program quality, which lies at the core of fiscal rationalization (Bent Razzak & Al Saifi, 2024).

From a long-term financial planning perspective, efficient educational endowments provide greater fiscal stability and enable more accurate and realistic budget preparation. Stable endowment resources reduce uncertainty in education financing and limit reliance on temporary or unsustainable expenditure solutions (Abu Jriban & Al Sakarneh, 2022).

In conclusion, the relationship between the efficiency of educational endowments and public spending rationalization is a direct causal one. As endowment management efficiency increases, its role in easing the burden on public finances expands. The UAE experience confirms that when educational endowments are managed with a disciplined investment mindset, they evolve from traditional charitable frameworks into strategic financial instruments that contribute effectively to sustainable education financing and fiscal rationalization within a balanced development vision (Al Sanbani, 2022).

## **Conclusion**

This study confirms that educational endowments are no longer merely traditional charitable practices, but have evolved into strategic financial and developmental instruments capable of contributing effectively to public spending rationalization and sustainable education financing. Through prudent investment management of endowed assets, dormant resources can be transformed into stable financial flows that support education without imposing

increasing burdens on government budgets, in line with the principles of modern financial management.

The applied experience of the United Arab Emirates demonstrates that the success of educational endowments depends primarily on administrative and financial efficiency rather than asset size alone. Clear legislative and regulatory frameworks, adherence to governance and transparency principles, and the adoption of well-designed investment strategies have transformed educational endowments into effective financing levers within the national development system. This has enabled the state to strike a practical balance between maintaining its planning and oversight role and expanding societal and private sector participation in education financing.

The study also shows that the true impact of educational endowments extends beyond direct financial support to encompass broader economic and developmental dimensions, most notably investment in human capital, support for research and innovation, and promotion of equitable access to education. These dimensions enhance long term economic efficiency and reduce waste associated with short term, outcome detached spending. Consequently, educational endowments emerge as dual impact instruments that combine financial sustainability with social returns.

At the same time, the study identifies challenges that may constrain endowment efficiency if left unaddressed, including weak professional management, inadequate impact measurement, investment risks, and erosion of public trust in the absence of transparency. These challenges do not undermine the value of endowments, but rather underscore the need for continuous development, modernization of management tools, and deeper integration into fiscal and educational policies.

In conclusion, as reflected in the Emirati experience, educational endowments constitute a practical and applicable instrument within contemporary financial management. By combining respect for the waqf tradition with the requirements of modern economic efficiency, and when managed with a disciplined investment mindset and clear strategic vision, educational endowments become silent pillars of educational sustainability, public spending rationalization, and the development of a resilient knowledge economy capable of confronting future challenges with stability and efficiency.

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