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Strengthening Governance of *Waqf* in the Kingdom of Saudi Arabia: Status, Obstacles, and Institutional Transformation

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ABSTRACT

Waqf is considered as an important institution in the Islamic world for enhancing socio-economic development and increasingly attracting public interest with respect to accountability and transparency in its governance. Thus, the public has continued to demand greater clarity and best services from the institutions of waqf, especially when it comes from a country like Saudi Arabia, which possesses the most valuable waqf industry in the world. As 74% of the endowments of Waqf entities in Saudi Arabia are unknown with missing information and reports, there are many accusations about the efficiency and inability of the current waqf regulations and standards to control. The Saudi Vision 2030 asserts the importance of Waqf in financing and enhancing the socio-economic projects with a prediction growth plan to reach SR 350B by 2030. This paper explores the existing regulations and standards used by the Saudi Waqf Authority to manage and control local waqf institutions. A qualitative approach has been used to assess the obstacles, investment channels, the emergence of a new awqaf system, and the way forward for the new waqf Authority in Saudi Arabia through appraisal of documents and publications and in-depth interviews of key stakeholders. Based on the findings, several recommendations have been made to adopt the best Waqf practices, regulations, and governance.

Keywords: Saudi Arabia, Waqf Authority, Regulations, Obstacles, Endowments, Saudi Vision 2030

INTRODUCTION

One of the leading Islamic economic system pillars is the institution of *infaq,* which gives way for the betterment of the society, including the giver and their family' (Kahf, 1998, p.1). The term *infaq* is attached to the word *'Fi Sabil Allah*, which means giving for the pleasure of Allah for a charitable purpose (Kahf, 1998). It is similar to *sadaqah,* which is voluntary spending to gain Allah's consent (Aziz et al., 2009). According to Kahf (1998), *infaq* can be categorized in two ways: one-shot spending and running-stream spending. A single expenditure such as helping the poor by giving them cash to buy a portion of food is known as one-shot spending, whereas the *infaq* running-stream targets revenues or services continuously and is known as *Waqf*. *Waqf* (plural *awqaf*) has driven from the word *Waqafa*. In Arabic, *Waqf* has various meanings such as *Sakana* "become still and not move", *Habasa* "to retain" (Akramah, 2008:24), and *Mana'a* "detention" (Al-Sarakhsi, 1406). While the word *awqafa*, which has the same meaning as *Waqafa,* it's very rare in the Arabic language (Ibn Manzur, 1956). *Waqf and Habous* have the same purpose, which is inalienable property (Wehr, 1980). Thus, *Waqf* is similar to *Habs*, and in some North African countries, like Morocco, where are they are using the Minister

of *Habas* instead of *Waqf* (Zuhaili, 1987). Awqaf have a sign for the progress of Muslim society globally (Alam et al., 2018; Haneef, 2018).

Awqaf promote support system and solidarity among Muslims at the individual as well as the institutional level that lead to the social development of the Muslim society and country in term of economic development (Raissouni, 2001). In the Islamic world, the Waqf system is significant for the development of a human capital number of other non-Islamic countries also develop similar kind of system (Çizakça, 2015). There is a various categorization of waqf Kahf (1999) classify based on nature and output while Raissouni (2001) classified the waqf based on functions and role such as facilities for worship rites, development of educational institutions, providing health and other public facilities. But presently waqf system is not using as a tool for the development of society even in some Muslim majority countries like Pakistan, Maldives, and Bangladesh (Rashid, 2002). While in the case of Malaysia, there have been mismanagement issues in waqf property, and managers of waqf do not have proper financial knowledge (Rokyah, 2005 and Abdul Rahim et al 1999). There is a significant requirement of transformation of the management of waqf assets in general while especially there is need to pay special attention to the property located at a less important location and have no economic values (Isamail et al., 2015). Waqf land is not consolidated, it is spread across the country in the case of Malaysia (Muhamat et al., 2011). The situation is similar is the case with other countries too.

During the Ottoman period, the development and construction of public facilities were generously supported by the well-to-do Muslim people especially rich people and statesmen, which in other contemporary systems had been the sole responsibility of the state. Almost all states services, religious, scientific, social, and modern life requirements were managed and financed by waqf facilities at no cost whatsoever to the government (Saduman & Aysun, 2009). “Even until the 20th century, a significant spectrum of public or municipal services in many Muslim communities was set up, financed and maintained almost exclusively by Waqf” (Baskan, 2002). Furthermore, Tabakoglu (1996) revealed the share of waqf revenues in total public revenues in the Ottoman was around 12 percent in the sixteenth century.

AWQAF SECTOR IN SAUDI ARABIA

The Awqaf sector in Saudi Arabia is an important tributary of the national economy and a building block of sustainable development in the country with its various legislative, regulatory, and investment components. This sector meeting the basic needs such as health, housing, services, education, and others of society and alleviating the burden on the state in many areas. One of the main benefits for those who give their money in various aspects of goodwill is to get the reward from Allah.

The General Authority runs the *Awqaf* sector in Saudi Arabia for *Waqfs*, a governmental public body with an independent legal, financial, and administrative system. It was established by the Council of Ministers resolution on 12 Jumada I 1431H. This resolution abolishes the agency of the Ministry of Islamic Affairs, Endowments, *Da'wa,* and Guidance for *Awqaf* Affairs. *i.e.* with this decision, all tasks related to *Awqafs* shall be transferred from the Ministry, the Supreme *Awqafs* Council, and the sub-councils to the General Authority of *Awqafs.* According to the resolution details the main tasks of the Authority: proposing plans, policies, and regulations related to the endowment activity, implementing them after their approval, review, evaluation,

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development and updating them, managing the *awqaf's* that the Authority is looking at, and investing them on economic bases, and enumerating the suspended funds and recording them using the best methods (General Authority for *Awqaf*, 2018).

There are about five types of *Waqf* in Saudi Arabia, namely "General Endowments", belong to the General Authority of *Awqaf* after formerly belonging to the Ministry of Islamic Affairs and Endowments. The second type is the "atomic endowments", where the endowment owner appoints whom he sees as the preservation of wealth for the offspring for fear of being lost ignorantly or neglect the heirs. The third type of endowment falls under the name of "civil charitable endowments" established by the owners, and the glasses on them and those who see it worthy, while the fourth type of endowments called "endowments charitable societies of various purposes", the fifth type is the endowment funds, which is the fund that initiates from different state institutions. As well, the Authority is linked to a number of the goals set out in Vision 2030, with a vital aim to maximize the social impact of the nonprofit sector whose contribution does not exceed 0.3% of GDP and raise that contribution to 5% through a package of reforms for the development of this sector, including review and development of regulations. In addition, direct government support for social impact programs, train nonprofit sector workers, motivate volunteers, and encourage endowments to ensure sustainable sources of funding for nonprofits (General Authority for *Awqaf*, 2018). The most important reason for establishing the *awqaf* Authority is the conflict between several bodies to manage the endowments in Saudi Arabia. The Ministry of Islamic Affairs, the judiciary on the one hand, and some governmental agencies on the other. Combining the parties of the *awqaf's* in one system is a solution to the problem, and therefore the General Authority for *Awqafs* was established. The method of this body is precisely where its work is to follow up and control the endowments and raise the investment efficiency of public endowments. The General Authority for *Awqafs* was found to answer an important question that citizens always ask, where are the public endowments? And where is money?

LITERATURE REVIEW AND RESEARCH QUESTIONS

Waqf is not a part of government expenditure or income; it is a charity given voluntarily by a financially stable Muslim to serve the interests of the public and to enhance their welfare. Accordingly, when the government, financed by waqf fund, so they can, therefore, save a good amount of its budget and expenditure, which earlier planned for public interests. This budget could be effectively guided to other vital development activities. Hence waqf institutions can take over the government's burden and responsibility, and reduce government participation in the economy (Nik Hassan, 2008). However, Waqf institutions are encountering the problem of inefficiency issues (Sapuan, & Zeni, 2021). Haneef (2018) stated that countries have initiated the reforms for waqf development creating a system that waqf can be developed as alternative sources of funds and social goods. Further, he suggested that political will can play a key role in waqf development, they suggested that religious waqf should is separated from socio-economic waqf and the latter one should have professionals on waqf board. In other words, the government's involvement in a particular project to serve society will be lesser. However, Iman et al., (2020) expressed that government faces obstacles in accesses the information regarding waqf data which management by waqf institutions while the government own system is easy to access. Waqf institutions are encountering the problem of inefficiency issues (Sapuan, & Zeni, 2021).

Cizakca (1998: 44) appointed another vital function of *Waqf* that it can significantly contribute to a massive reduction in government expenditure, which leads to a reduction in the budget deficit that will decrease the need for government borrowing. Since it can do a better distribution of income in the economy, which is one of the common economic goals that Waqf can achieve, it is eventually reducing the rate of interest, which constitutes a primary impediment for private investment and growth. *Waqf* can also lower interest rates by providing essential social services without any cost to Cizakca (1998: 45). At the same time, Nik Hassan (2008: 13) asserted that *Waqf* plays a vital role to achieve an adequate distribution of income and wealth in the economy, which is made through voluntary contributions of the rich for the public purpose, which in a way leads to a favourable implication on the redistribution of wealth. Such an approach has a better result than the redistribution through taxes and government transfer expenditure as the instrument of taxes has a more significant cost implication for its implementation. There are further implications, as a lower tax burden means an enhancement in the consumers' and producers' surpluses and a reduction in the cost of the tax, which leads to a positive impact on aggregate production. Therefore, avoiding inflationary growth and reducing consumer's prices.

As mentioned previously, the *waqf* sector's importance is a mainstay of the national economy for strengthening community development. However, the economic growth of *Waqf* did not keep pace with the growth of the Saudi economy. Therefore, there is a strong need for the General Authority of *Waqf* to overcome obstacles, accelerate the procedures, expand the concepts of investment in the *awqaf*, and create legislation and regulations that contribute to the development of *awqaf* to support the national economy. It's pretty important to mention that this sector's advancement and development is a shared responsibility of all relevant stakeholders such as government, private and charitable.

The Islamic Ummah with its scholars, intellectuals, public and private, including the land of the Two Holy Mosques, Saudi Arabia, should call for rectifying the reality of the *waqfs* from the bureaucracy of the official administrations and their crimes against them in order to restore the independence, status, value, effectiveness, and interaction of society with it (Al-Husayn, 2012). There is a significant research gap in the literature, highlighting the accountability and development of *Awqaf* Authorities in Saudi Arabia throughout the past years. Further, it's been noticed that *Waqf* no longer serves the needs of the ummah due to problems, such as mismanagement, *waqf* laws, and awareness of *Waqf* in society. The need of this study becoming vital especially with the intrusion of the Saudi Vision 2030, which urged the importance of the nonprofit sector, including the *awqaf* sector, in promoting the Kingdom's development and raising the country GDP. It's been noticed that empirical research is lacking thus contributing to the need for new knowledge in this area. Studies focusing on the efficiency of *Awqaf* Authority in Saudi Arabia were limited and rare. This study will contribute to the shortage of empirical studies on *Waqf*, especially on the efficiency *awqaf* Authority in Saudi Arabia. The findings would provide the best recommendations for the improvement of the *awqaf* Authority in Saudi Arabia.

To avoid the unsustainability issues of waqf institutions, various strategies have been introduced (Sapuan et al., 2021) such development of corporate waqf (Azmi et al., 2016 and Mohsin, 2014) waqf share (Rahim et a., 2016). Aziza et al., (2021) suggested two types of model (1) Waqf Trustee-Anchor Company and (2) Waqf Trustee-Anchor Company-Community

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Farmers) for using waqf land for agribusiness. Iman et al., (2020) presented an information-based transparent waqf management system. Waqf property has been increasing with time there is a burning need for the institution that can be administered the waqf. Inefficiency has been reported in waqf system which is mainly associated with the internal waqf management, therefore it is imperative to examine the present waqf management system and design the appropriate waqf system which can provide a sustainable framework for waqf property (Sapuan, & Zeni, 2021). In the context of Saudi Arabia, to transform the waqf system into a productive system, it is imperative to analyse the present waqf system carefully and explore the obstacles in the development of waqf. As various studies suggested that the waqf system is not properly managed so it is important to know the investment channel of the waqf fund to design an appropriate channel. Therefore, a new waqf system should be initiated in Saudi Arabia for the better performance of the system and it should be compared with the oil waqf system. In last for hassle-free applicability for the waqf system challenges associated with the new waqf system should be identified. Present research identified the solution of these problems from expert opinion. The specific research questions of the study are as follows:

Q1. What are the obstacles to the development of the *Waqf* in Saudi Arabia?

Q2. Do the official *waqf* bodies have the appropriate investment channels for the general *waqf* fund in Saudi Arabia?

Q3. What will be the new *awqaf* system in Saudi Arabia, and will it differ from the old one?

Q4: What is the way forward for the new waqf Authority in Saudi Arabia?

RESEARCH METHODOLOGY

This study aims at analyzing the *Waqf* as a tool for strengthening the development process, the obstacles faced by the *Awqaf* sector, and the emergence of a new *awqaf* system in Saudi Arabia. This study is based on verbal (interview) input, nonparticipant observation and document analysis as these methods allow exploration of the organization within their social context (Baxter and Jack, 2008; Yin, 1994). Accordingly, this research adopts a qualitative approach whereby a case study method has been used. The case study method is argued to be the best method to achieve the research objective (Baxter and Jack, 2008; Cooper and Shindler, 2003; Travers, 2001; Gillham, 2000). The single case study method remains the best option as the selected sample provides maximum access to the research site and documents. The case study approach is being used in prior research on accountability in organizations (Baxter and Jack, 2008).

The respondents were gathered into one session interviewed to discuss the main obstacles and challenges *the waqf* sector faces in Saudi Arabia. Accordingly, four persons who work closely with the *awqaf* business from both government and private sectors were interviewed. These gentlemen preferred to keep their identity anonymous because they occupy a sensitive position associated with the *waqf* sector in Saudi Arabia. However, they did not mind disclosing their job titles to give the readers a sincere feeling. One of them is the Chairman of the National Committee of *Awqaf* in the Council of Saudi Chambers. The second man is an appellate judge at the Ministry of Justice, while the third man is a lawyer and legal advisor, specializing in the organization and organization of endowments for family businesses and vice president of the National Endowments Committee, and the latter man a respected position in the new General Authority of *Awqaf* in Saudi Arabia.

This study aims to explore the obstacles and challenges faces by the Awqaf sector in Saudi Arabia based on expert opinion. The case study method is gaining popularity among qualitative researchers (Hyett et al., 2014). Accordingly, this research adopts a qualitative approach whereby a case study method is used. And a single case study method is argued to be the best method to achieve the research objective (Baxter and Jack, 2008; Cooper and Shindler, 2003; Travers, 2001; Gillham, 2000). The case study approach is being used in prior research on accountability in organizations (Baxter and Jack, 2008). The respondents were gathered into one session interviewed to discuss the main obstacles and challenges faced by the waqf sector in Saudi Arabia.

A panel of experts has been designed to get an insight into awqaf administration, obstacles, and development in Saudi Arabia. Therefore, a panel of four experts has called who have proven work experience with the awqaf system. To unbiased and comprehensive understanding, an expert has been selected government from both government and private sectors were interviewed. These gentlemen preferred to keep their identity anonymous because they occupy a sensitive position associated with the waqf sector in Saudi Arabia. However, they did not mind disclosing their job titles to give the readers a sincere feeling. A detailed discussion on four research questions has been done and findings were taken and consolidated.

Table 1: List of export with designation and organization

Experts	Designation	Organization
Expert 1	Chairman	National Committee of Awqaf in the Council of Saudi Chambers.
Expert 2	Appellate judge	Ministry of Justice
Expert 3	Lawyer and legal advisor,	Organization of endowments for family businesses Vice president of the National Endowments
Expert 4	Respected Position (Not Disclose)	General Authority of Awqaf in Saudi Arabia

RESULTS AND DISCUSSION

As been mentioned previously, this research has adopted a qualitative approach. Data were collected through interviews and document review. At the begging of the meeting, all respondents agreed that the *Awqaf* sector in Saudi Arabia is an important tributary of the national economy and a building block of sustainable development in the country with its various legislative, regulatory, and regulatory issues regulatory investment components. *Awqaf* can benefit the state and citizens by relieving a high cost from the country's shoulders. *In addition, Awqaf* can be a great supporter in terms of health services, education, accommodations, and others. *Awqaf* benefits extend not only to the current life, but it can go beyond to the hereafter for those who stopped their money in various aspects of good. Hence, *Awqaf's* business should come out of the traditional pattern to include everything that serves society utility for the country and the people and the needy. On the majority of points, panel experts had the same opinion however while on few points they had a heterogeneous opinion. Expert opinions on research questions are below.

Obstacles to the development of the *Waqf* in Saudi Arabia

Historically, the management and administration of *awqaf* were in the hands of private individuals and not the government. It remains an unsettled point of disagreement similarly

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between private parties and state-run organizations. It has been observed that data and records have been misplaced in the old archives of local courts. Also, the mismanagement and corruption of *mutawalli* allowed government bodies to take over and supervise *waqf* assets in the 19th and 20th centuries (Ahmed, 2004; Mahamood, 2006). Another reason why government bodies have taken an interest in *awqaf* is their exemption from taxes. As a result, governments incurred huge losses and deficits from such situations, especially in agricultural land management, which was converted to *waqf* property. This urged the government to take over the *waqf* properties, especially in times of financial crisis or in times of war, to overcome the financial losses (Siddiqi, 1991).

In contrast, Sakr (2005) highlights that *Waqf* has come to more harm from the hands of government bodies than any other party during the 19th and the 20th centuries. Muslim governments enforced different acts that either confiscated or abolished *Shariah* courts' power to interfere in Awqaf administration. In general, people are very suspicious of government policies, mainly when it comes to public funds such as *zakat* collection. Mismanagement in the *zakat* funds and other donations was observed by concerned authorities hostile to governmental bodies. In recent times, different practices have been applied to fairly collect the *zakat* and other funds to help the needy and the deserving. They are given legal status to hold a significant role in establishing and administering *waqf* properties. The collected amount for *zakat* is vast in some countries yet fails to meet the needs of the neediest people who are completely excluded from receiving any benefit. Without a doubt, this highlights the poor management and the ineffectiveness of the government and the responsible authorities and is an essential factor leading to the decrease in public participation in *Zakat* and *Awqaf* funds (Hassan, 2010). As Kahf (2007) stressed, governments sometimes fail to accommodate proper management of funds and understand organizations' economics.

Some challenges and obstacles are facing the public endowments, including those related to the organization and activating its role to benefit from them in all areas of development and sustainable development to achieve public benefit by the requirement of the *Waqf*. Other obstacles might include the mechanisms of the official registration of endowments, as well as the duplication of the *waqf* reference between the courts and the ministry or Authority concerned with *Waqf* in cases of disagreement. Some of them are related to the protection of endowments, administrative procedures, and the transparency of the *waqfs'* financial inputs and outputs. The most important aspects of controlling and developing our *Waqf* are strengthening and governing the existence of the waqf legal system and *Sharia'h* laws that deal with *Waqf*. And here comes the role of committees, charitable bodies, and a large family *waqf*, such as the Rajhi *waqf*, Subaie *waqf*, and others, who eventually became the form of associations and organizations. Therefore, the upbringing and strengthening of the legal and *Sharia'h* laws is an essential aspect for a person to see if he/she wants to launch a waqf or not. They asserted that tons of business people want to contribute and build their *awqaf* that can serve as hospitals for the needy; they want to pave a road for the sake of benefiting Muslims. However, they are afraid of the existing waqf regulations that lack innovation in dealing with their money. They continue by saying that we hope to create a unique system of *Waqf* that differs from the subject of the *Waqf* General Authority. This has a unique formulation and formal structure related to the endowments. Still, we want an organizational system that everyone knows, we do not need discretionary powers in all things, this is a bit of ambiguity, which may lead to the reluctance of business people to make a *waqf*. Upgrading the sector requires addressing the bureaucracy of

government performance with a "flexible" executive system and a "catalytic" and participatory strategy between the public and private sectors.

Investment channels for *waqf* fund in Saudi Arabia

Another important aspect of the waqf fund is how awqaf bodies control and invest the waqf recourses and return. The Ministry of Islamic Affairs has some regulations for the management of waqfs. In comparison, the Ministry of Justice has no rules regarding the waqf fund because there is no investment mechanism through justice or the courts. After all, this is not a matter of jurisdiction. All experts agreed that there is a lack of proper channels to invests the waqf returns in these official bodies and no return from the waqf fund. The Ministry of Islamic Affairs is based solely on the preservation and collection of waqf funds; they also stand to prevent financial corruption; they have another job which to deal with charitable projects such as mosques or feeding food or so. Unfortunately, they have no power and vision to invest in the waqf fund. Further, experts express that there should be a clear distinction between private waqf and public endowments. Public endowments whose Authority is under the guardian When the guardian has delegated this Authority to a legitimate authority trusted by the guardian, this is obedient and recognized as it is now in the General Authority of *Waqf*. However, in my view, the subject has not moved so far, as long as the General Authority does not have an investment fund and does not have a clear plan of *waqf* fund. The funds of the *Awqaf*, which is still under the Authority of Islamic affairs, and the courts of financial houses filled with billions of Riyals, and some of them belong to the Ministry of Justice in the homes of money and some of them under the Authority of the Ministry of Islamic Affairs. Importantly it has not been invested, and I think that all these funds need to be raised in a unified fund and a strategic plan to invest.

The purpose and the objective of investment in the *waqf* properties play an essential role in fulfilling the real meaning of a *waqf*. Hence, *waqf* assets may be classified into two categories: direct or secondary investment. Both types can serve to fulfill the purposes of humanitarian services and religious and private offerings Kahf (1998). Direct *waqf* assets generate services that the beneficiaries can consume and utilize, including schools, hospitals, mosques, or orphanages. The main aim of such a *waqf* is maybe for general philanthropy such as providing a new source of water, building a guest house for the needy, or for religious purposes such as building mosques. Secondary *waqf* assets are those assets that are used for investment projects. It includes a cycle of marketable goods and services that can produce a steady income which is then used by the beneficiaries. The beneficiary could be a general charity such as a school or a mosque or private philanthropy consisting of the descendants of the founder. The generated income can be used in different fields and can be used to produce further revenue, which can then be used to fulfill other purposes. Therefore, the first type of *Waqf* offers services straight to the beneficiaries. In comparison, the latter invests in different businesses and generates revenues that are further used for religious, charitable, or private purposes (Ahmed, 2004).

Difference between new and old awqaf system

The Ministry of Islamic Affairs has its regulations and standards to manage *Waqf*, while the Ministry of Justice has not, they also don't have the right to dispose of *Waqf*, which is a very complicated issue. The General Authority of *Awqaf*, on the other hand, has a particular budget and a flexible system. It has a policy similar to the capital market system and a budget that is one of the most significant budgets of the country sectors and will be the third financial sector in the country. It will have the right to deduct a percentage of the *waqf* revenues as an operating

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budget and will not need to refer to the Ministry of Finance, which will make the Authority a vast empire. The Authority, for example, gives 85% to the Ministry of Finance and 15% to the Authority's management of these funds. They also asserted that there is no doubt that the new regime has given the Authority and flexibility to be more vigilant and to tighten control in this regard. The Authority also has the right to legislate, establish a control system, and how to impose fines. Unfortunately, the neglected and uncontrolled endowments are more numerous than the controlled ones. Therefore, we confirm that the presence of the new Authority and its role in its pursuit of the swindlers and fraudsters is an estimated achievement.

An exact number of *Waqf* is one of the main challenges faces the new Authority, that 74 percent of the *Waqf* in Saudi Arabia are not entered in the computer, which is equivalent to 24.659 thousand of the total registered *waqfs*, noting that the number of *waqfs* entered in the computer does not exceed 8.570 *waqfs*. The value of assets received by the General Authority of *Awqafs* amounted to about 54 billion riyals, while the Saudi courts record more than 600 *waqfs* annually. Noting that the value of the *waqfs* assets received by the Authority does not include the *Awqafs* of the atomic waqfs, which constitute an inherent cultural depth in the Hijaz, nor does it include charitable endowments initiated by businessmen. In addition to the *awqaf* of King Abdulaziz of the Two Holy Mosques, and does not include the endowments of Saudi universities that have been active recently for financial sustainability through *waqfs*, and *awqaf's* of charities and advocacy offices for economic sustainability and charitable goals. They also added that the General Authority of *Awqaf* faces another three challenges when it is launched, namely regulations, supervision, and awareness, pointing out that the first challenge lies in the inadequacy of the regulations and legislation that regulate the *Awqaf* sector or the mechanism of establishing or managing the *Waqf* or what guarantees Compliance with this legislation.

According to the official, the second challenge is oversight, noting that the sector is in dire need of its governance and setting clear and specific standards for the supervision of public and private endowments that meet the minimum requirements of financial and administrative reports. It enables the Authority to adequately supervise the management to follow up with the activity of principals and ensure their interests. *Waqf* and its objectives and their commitment to the conditions of the *Waqf*. The third challenge is the low level of awareness of the importance of *Awqaf* and its social and economic role and a negative outlook on the part of country institutions in the management of suspended objects and spending their revenues appropriately.

As Saudi Vision 2030 has an ambition to maximizing the social impact of the non-profit sector and to increase the level of endowments from 54 billion to 350 billion, to increase the size of their participation in the GDP from 0.3 percent in 2030. Were the Saudi vision 2030 relied on three axes: a vibrant society - a thriving economy - an ambitious nation. These three axes complement and are consistent with each other in achieving progress and prosperity. Thus, it is hoped that the endowment and its public body will open the way for the private sector, banks, and commercial companies to contribute to development by innovating and preparing endowment products, and this is achieved by concluding permanent partnerships between the General Authority for Endowments and between all service sectors such as education, health, housing, social development, and others.

The way forward for the new waqf Authority in Saudi Arabia

Having a clear database of waqf is one of the main challenges faces the new Authority, that 74 percent of the Waqf in Saudi Arabia are not entered in the database, which is equivalent to 24.659 thousand of the total registered waqfs. The value of assets received by the General Authority of Awqafs amounted to about 54 billion riyals, while the Saudi courts record more than 600 waqfs annually. Noting that the value of the waqfs assets received by the Authority does not include the Awqafs of the atomic waqfs, which constitute an inherent cultural depth in the Hijaz, nor does it include charitable endowments initiated by businessmen. In addition to the awqaf of King Abdulaziz of the Two Holy Mosques, and does not include the endowments of Saudi universities that have been active recently for financial sustainability through waqfs, and awqaf's of charities and advocacy offices for the purpose of economic sustainability and charitable goals.

The experts also suggest that the General Authority of Awqaf faces another three challenges when it is launched, namely regulations, supervision, and awareness, first challenge lies in the inadequacy of the regulations and legislation that regulate the Awqaf sector or the mechanism of establishing or managing the waqf or what guarantees Compliance with this legislation. The second challenge, is oversight, noting that the sector is in dire need of its governance and setting clear and specific standards for the supervision of public and private endowments that meet the minimum requirements of financial and administrative reports. The third challenge is the low level of awareness of the importance of Awqaf and its social and economic role, and a negative outlook on the part of country institutions in the management of suspended objects and spending their revenues appropriately. As Saudi Vision 2030 has an ambition to maximizing the social impact of the non-profit sector and to increase the level of endowments from 54 billion to 350 billion, to increase the size of their participation in the GDP from 0.3 percent in 2030. Thus, it is hoped that the endowment and its public body will open the way for the private sector, banks, and commercial companies to contribute to development by innovating and preparing endowment products, and this is achieved by concluding permanent partnerships between the General Authority for Endowments and between all service sectors such as education, health, housing, social development, and others.

The following are some of the practical solutions offered by *Sheikh* Saleh Al-Husayn (2012) that restore the value and benefit to all Muslims. Such solutions can be used as Mechanisms or prominent recommendations to overcome obstacles of government bureaucracy towards the success of the *Awqaf* system in Saudi Arabia:

a) Work for the independence of the *Waqf* in civil body institutions of the public sector linked to the independent judiciary, benefiting from the so-called modern state administration (the third sector), which is not a government sector (the first sector), and not a commercial sector (the second sector), but an independent third sector Endowments and all institutions and associations concerned with civil, charitable and humanitarian work are connected to the two sectors to give significant outputs in the overall development of the state.
b) Utilization of Western administrative systems, which quoted from the Islamic civilization concepts of *Waqf* and worked out, and in this area says hippocampus: Therefore, those who gave wisdom in their pension and learned from the life of the world of what they the developed countries have paid attention to this matter and warned him/her most cautiously. For example: in the United Kingdom, the United

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States of America, and countries where the Anglo-Saxon legal system prevails, there is a system called the Trust. The governments of these countries have been careful not to interfere in this system and confined to the creation of a type of administration concerned with control, assistance, and the collection of information, and to provide information to those concerned and maintained this system of privacy and individuality, and warned to interfere in its management, and not much room to explain the results of this policy-wise. One of the most important is the evolution of this system, the breadth of its scope, and its ability to act and meet the different, multiple, and changing needs of society.

c) Utilization of modern administrative applications related to the privatization of projects and services by applying the concepts of privatization on endowments in order to achieve the requirement of the *Waqf* and the Authority of the judiciary and the independence of endowments.

CONCLUSIONS AND RECOMMENDATIONS

This paper aimed to discuss some of the obstacles and challenges faces by the *Awqaf* sector in Saudi Arabia. This sector still suffers from many challenges and barriers that prevent society and the needy people from benefiting from these funds as required and avoiding more positions in contributing to various *waqf* projects. The sector is still suffering from inadequate regulations, lack of confidence and Trust, random work, diligence, and slow procedures, which sometimes extend for many years. It should be understood that the more we find a precise system, the higher the demand for the *Waqf*. *Waqf* in Saudi Arabia lacks a transparent executive order that precludes discretionary authorities that manage and determine the fate of sums of this magnitude. In addition to the lack of development mechanisms for investment in *Waqf* and expansion of *waqf* resources. Accordingly, several suggestions were introduced by the specialists who were interviewed*. The Waqf's* responsibility should be under one system to overcome encountered obstacles with regulations that guarantee the right of all. They also asserted that the expected role of the *Awqaf* Authority in the first phase should be to focus on the neglected public *waqfs* with an exceed value of countless billions with the primary goal to find a proper investment channel for these funds. It is essential to educate the community about the importance of endowments.

We want to see the community's contributions in supporting hospital endowments, paving roads, and many endowments that benefit and encourage people. Therefore, the issuance of the *waqf* system and nonprofit companies should be accelerated because it will make a substantial leap for the future of the *Waqf*. *Waqf* staff must be qualified so that we can distinguish between secretary and specialist. Another vital recommendation has been made, which to establish clear and disciplined criteria in the selection of *awqaf* departments considering the availability of administrative efficiency, and urged to highlight the successful models of *waqfs* that adopt accounting standards and financial analysis and accounting using ratios, standards and indicators, and activate governance and oversight councils on the *waqfs*, and the adoption of a chartered accountant for each *Waqf*. They also drew attention to the importance of enacting deterrent penalties for aggressors of *waqfs*. Finally, the role of the media is essential because it drives the community to understand the critical role of *waqfs*.

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