CFIIM POSITION PAPER

Waqf's Governance Reckoning

Seven cases across six jurisdictions, and why trust in perpetual capital must become institutional

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Executive summary

Waqf is one of Islam's most powerful institutional ideas: private wealth converted into perpetual community capital. It is also, across jurisdictions, chronically under-governed. This paper examines seven documented cases — from official audits, court judgments, regulatory inquiries, and peer-reviewed research in India, Egypt, Ghana, Pakistan, Singapore, and Morocco — and finds that they converge on a small set of questions: who owns the asset, who controls it, who checks the decision-maker, who monitors the cash, who measures the impact. Two of the seven involve no theft at all; one institution simply died of incompetence, and in another capital never arrived. We argue that Waqf has a capital problem disguised as a governance problem, that perpetual capital requires perpetual governance, and that CFIIM's GETA sequence — Governance, Education, Trust, Allocation — applies to Waqf as directly as to any capital market. The paper sets out a three-layer governance architecture, adds the dimension most Waqf governance omits — beneficiary impact measured against the five Maqasid — and proposes that donors be given evidence rather than assurance.

Trust is the real capital of Waqf

An individual dedicates an asset — land, a building, cash, shares, or another productive property — to a religious, charitable, or social purpose. The asset is meant to remain productive while its benefits flow to designated beneficiaries, often across generations. The concept separates the asset from the donor, creates a continuing social purpose, and at its best converts private wealth into perpetual community capital.

But across jurisdictions, Waqf assets have been subject to alleged illegal transfers, encroachment, weak leasing, poor documentation, cash-control failures, political interference, inadequate investment management, and institutional collapse. Some cases have produced criminal investigations, court

proceedings, or disciplinary action. Others involved no scandal at all; poor management simply caused a Waqf institution to become economically irrelevant or disappear.

The consequence is larger than financial loss. It is the loss of trust — and trust is the real capital of Waqf. That is why the governance challenge deserves to be examined not as a collection of isolated scandals but as a global institutional problem.

> **Waqf has a capital problem disguised as a governance problem.**

The seven cases below are not a ranking of the worst Waqf failures. They are documented cases that illuminate different dimensions of the same problem: what happens when an institution entrusted with perpetual assets lacks the systems to protect them. Where matters remain before the courts, they are described as allegations, not findings. Individuals are not named; the governance question is more important than the personalities.

Seven cases

1. Kolkata, 1996 — when concentrated power meets valuable property

Irregularities involving a Waqf property on Collin Street in Kolkata surfaced in 1996, leading to investigations and a judicial commission. Contemporary reporting described properties occupied, developed, and sold, and leases at deeply discounted rates. The commission recommended stronger controls over property transactions, clearer individual responsibility, restrictions on conflicted participation in Waqf dealings, and better property registration and survey.

That last point should make today's Waqf community uncomfortable. The prescriptions are not exotic; they are what any fiduciary institution would recognize. Do not let one person or small group dominate decisions. Identify who is responsible. Keep conflicted people out of transactions. Document the assets. Make transactions independently reviewable. Waqf governance does not need a new philosophy. It needs the consistent institutionalization of principles known for decades.

2. Appointments and transactions — governance begins with people

Two sets of proceedings in India illustrate vulnerabilities that arise before an asset is ever touched. In one, a court in 2025 framed charges against a former state Waqf board chairman and others over alleged irregularities in recruitment — according to the prosecution, more than thirty people hired in breach of applicable norms. In another, the Central Bureau of Investigation took over inquiries into the alleged illegal sale, purchase, and transfer of Waqf properties under a former board chairman. Both remain subject to judicial determination and are not findings of guilt.

The lessons do not depend on the outcomes. An institution is governed by the people making its decisions; if appointments follow patronage rather than competence and fiduciary responsibility, the

consequences migrate into the asset base. And Waqf property transactions deserve their own architecture. Who sets the price? Who obtains an independent valuation? Who approves? Who verifies consistency with the deed? Who checks for related-party interests? Who records the decision, and who can challenge it? If the answer to those questions is effectively the same person, the institution has created an opportunity for abuse. The question is not “Is this person trusted?” but “What controls exist if this person is wrong?” That is the difference between personal trust and institutional trust.

3. Madhya Pradesh — when cash controls fail

This case matters because the evidence is an official audit. India’s Comptroller and Auditor General reported that ₹45.07 lakh of income from rent, langar, donation boxes, and other sources at Dargah Nahar Shah Wali in Indore had not been deposited in the bank, that recovery had not been achieved despite recovery certificates, and that the irregularities indicated inadequate control by the Waqf Board over the Waqf’s activities.

Cash is inherently vulnerable because it can move outside the banking system. Donation collections require segregation of duties, documented counting, dual custody, prompt deposit, bank reconciliation, independent verification, and surprise audits. There is nothing uniquely Islamic about these controls; the sacred character of a Waqf makes them more important, not less. The donor did not give the institution permission to rely on trust instead of controls. The donor gave it an amanah.

4. Egypt, 2018 — when Waqf becomes an investment institution

Egypt’s prime minister relieved the head of the Egyptian Endowment Authority of his post following concerns over the sale of some of the authority’s shares in the Housing and Development Bank. The Ministry of Awqaf requested an investigation; reporting cited alleged losses of nearly EGP 100 million. The matter was described as an investigation into suspected violations, not a judicial finding.

The significance goes beyond the transaction. If a Waqf becomes an institutional investor — holding shares, real estate, operating businesses, or financial assets — it requires an investment-governance framework: an investment policy, permitted asset classes, risk limits, independent valuation, approval thresholds, conflict rules, and periodic performance reporting. The benchmark is not “Did we make money?” It is “Did we preserve capital, earn an appropriate risk-adjusted return, and advance the Waqf’s purpose?”

5. Ghana — when a Waqf dies without a scandal

The Ahlussunnah Wal-Jamaah Waqf Foundation is the most important counterpoint to the corruption cases. A peer-reviewed study of its demise, based on interviews with twenty-four people involved in collecting and managing cash Waqf across ten of Ghana’s sixteen regions, attributed the collapse to management challenges: misunderstanding Waqf as ordinary sadaqah, no investment initiative, managerial incompetence, and failure to consult or heed voluntary expert advice.

Governance failure does not require theft. A Waqf can fail because leadership lacks expertise, because no one has an investment strategy, because the board does not understand the economics of perpetuity, because good advice is ignored, because no one measures whether the institution is sustainable. That may be more dangerous than an isolated fraud, because institutional failure permanently destroys the donor's intended legacy.

6. Lahore, 2026 — when donation boxes become a governance test

Punjab's Auqaf Department took disciplinary action against former officials and caretakers following an inquiry into irregularities in donations collected at Data Darbar. Reporting stated that more than Rs 20.59 million was ordered for recovery and that major penalties were imposed on five former officials, after a monitoring exercise identified discrepancies in collections.

Even an institution with enormous public visibility is vulnerable to basic control failures. If the same people collect, count, record, transport, and reconcile cash, there is an obvious weakness. Governance must assume that controls will be tested — not because every person is dishonest, but because institutions should never be designed on the assumption that everyone will always remain honest. Amanah needs architecture.

7. Singapore — when records become the issue

In Majlis Ugama Islam Singapura v Saeed Salman and another [2016] SGHC 04, the High Court considered properties subject to a wakaf and ordered the defendants to account for trust proceeds and deliver financial statements and other records, ultimately declaring the properties vested in the plaintiff.

Governance is not only about preventing fraud. It is about an institution's ability to reconstruct its own history. Who owns the property? What did the donor intend? Who managed it? What income did it produce, and where did it go? What decisions were made, and what records support them? When those answers cannot be produced, a governance problem becomes a legal one. Documentation is not bureaucratic overhead. It is institutional memory.

And one non-case: Morocco — the trust problem before the scandal

Research on cash Waqf in Morocco presents no fraud. It identifies an opportunity for cash Waqf to contribute to employment, poverty reduction, and social welfare, and calls for reform — transparency, complete information, governance law, specialist staff, long-term planning — to build confidence among potential contributors. Morocco matters precisely because there does not have to be a scandal for governance to matter. A donor decides not to contribute. A family keeps its wealth outside Waqf. A professional manager decides the environment is too uncertain. Nothing is stolen; no one goes to court; capital does not arrive. This is the silent cost of weak governance, and it may be larger than the visible cost of fraud.

Case	Jurisdiction	Governance failure exposed	Evidence
Collin Street Waqf property	India (West Bengal)	Disposals and leases without documentation, oversight, or accountability	Judicial commission report and recommendations, following 1996 irregularities
State Waqf boards — appointments and transfers	India	Appointment controls; conflicts; unauthorized property transfers	Charges framed (2025); CBI investigation — both pending
Dargah Nahar Shah Wali	India (Madhya Pradesh)	Cash controls; recovery; board supervision	CAG Report No. 9 of 2025
Egyptian Endowment Authority	Egypt	Investment governance; transaction approval	Dismissal of authority head; ministry-requested investigation (2018)
Ahlussunnah Wal-Jamaah Waqf Foundation	Ghana	Leadership expertise; no investment strategy; advice ignored	Peer-reviewed study (2023)
Data Darbar donations	Pakistan (Punjab)	Cash collection; segregation of duties; monitoring	Auqaf Department inquiry, recovery orders, penalties (2026)
MUIS v Saeed Salman	Singapore	Trustee accountability; accounting; documentation	High Court judgment [2016] SGHC 04
Cash Waqf (non-case)	Morocco	Transparency; professionalization; confidence	Academic study (2020)

What the cases have in common

The countries, legal systems, institutional structures, and types of Waqf differ. The failures converge on a small number of questions. Who owns the asset? Who controls it? Who can make a decision? Who benefits? Who checks the decision-maker? Who values the asset? Who monitors cash? Who audits the books? Who manages conflicts? Who measures impact? And, ultimately, who is accountable when something goes wrong?

Historically, Waqf functioned on donor intent, religious norms, family reputation, and the personal integrity of the mutawalli. Those remain important. But the contemporary Waqf may hold commercial real estate, agricultural land, schools, hospitals, shares, cash portfolios, operating businesses, and development projects. That is no longer property administration. It is institutional capital management, and institutional capital requires institutional governance.

The GETA sequence applied to Waqf

CFIIM's GETA sequence — Governance, Education, Trust, Allocation — holds that capital formation follows institutional credibility rather than preceding it. Governance establishes documented accountability, decision rights, and process; education builds understanding; trust emerges from demonstrated institutional quality; allocation follows.

The Waqf sector typically runs the sequence backwards: donation, then asset, then management. It needs to run Governance → Transparency → Trust → Capital → Impact. That is not a change in terminology. It is a change in institutional sequencing, and it is the reason Morocco's missing capital and Ghana's dead foundation belong in the same paper as Lahore's donation boxes.

A governance architecture for Waqf

Structural integrity. Every Waqf should have a documented deed, donor intent, beneficiary definition, permissible purpose, legal title, Shariah parameters, and succession arrangements, and should be able to demonstrate that the assets it claims to manage belong to the Waqf and are administered consistently with the donor's intent.

Fiduciary governance. A properly constituted governing body with defined responsibilities and decision rights; transparent appointment criteria; disclosed conflicts; independent scrutiny of related-party transactions; transparent remuneration; documented investment authority; internal and external audit separated from operations; whistleblower and escalation mechanisms.

Asset-level governance. Every significant asset should have an identifiable chain of accountability from title and valuation through utilization, leasing, development, or investment, to income, maintenance, and distribution. A ten-million-dollar Waqf property cannot simply be described as "income producing." The institution should know its value, occupancy, yield, maintenance requirement, litigation status, comparables, and expected long-term return. A Waqf investment portfolio should be measured against a benchmark with risk disclosed.

The missing dimension: impact against the Maqasid

A Waqf can be perfectly compliant with its documentation and still fail its purpose. The question that most Waqf governance omits is: what happened to the beneficiary? The five higher objectives of Shariah give that question a structure. A healthcare Waqf should demonstrate patients served, affordability, and outcomes — the protection of life (nafs). An education Waqf should demonstrate students supported, completion, and employment — the protection of intellect ('aql). A housing or poverty Waqf should demonstrate households served, affordability, stability, and economic mobility — the protection of wealth (mal) and of future generations (nasl). And every Waqf should be able to show that its administration remains faithful to the purpose for which it was dedicated — the protection of faith (din), which in a Waqf is the integrity of the donor's intent.

This is where Maqasid al-Shariah becomes operational rather than rhetorical. The question moves from “Is this Waqf compliant?” to “Is this Waqf accomplishing what it was created to accomplish?” That is a much higher governance standard.

From “trust us” to “here is the evidence”

Imagine a donor considering a ten-million-dollar Waqf. Instead of a brochure stating that the institution is “Shariah compliant” and “trusted,” the donor receives a governance dashboard: the deed independently verified; all material assets identified and valued; legal title confirmed; board conflicts disclosed; related-party transactions disclosed; the most recent external audit completed; investment policy public; litigation disclosed; beneficiary outcomes measured. The donor can then decide on evidence. The goal is not to eliminate trust. It is to make trust evidence-based.

There is a danger in dwelling on scandals. The purpose of governance reform is not to embarrass Waqf institutions but to unlock them. Properly governed, Waqf is perpetual capital for education, healthcare, housing, entrepreneurship, food security, and social protection across generations. A Waqf can survive its donor, its first mutawalli, changes of government, and economic cycles. It cannot indefinitely survive institutional ambiguity. The sector does not simply need more assets. It needs stronger architecture around the assets it already has.

Amanah is the moral foundation. Governance is its institutional expression. A donor’s intention should not depend on the personality of one administrator; a beneficiary’s rights should not depend on knowing the right person; a Waqf asset should be protected not because everyone assumes everyone is trustworthy, but because the institution is designed so that accountability is unavoidable. That means moving from “Trust us” to “Here is the evidence”; from “We are Shariah compliant” to “Here is how compliance, governance, and impact are demonstrated”; from “The asset generates income” to “Here is its value, return, risk, utilization, and beneficiary impact.”

The ultimate Waqf asset is not land, buildings, cash, or even income. It is trust. The task for the next generation of Waqf leaders is to make that trust institutional, measurable, and durable enough to survive them.

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