

# Tapping Waqf (Endowment) Property Financing into Agribusiness in Nigeria

**Yusuff Jelili Amuda<sup>a</sup>, Nor Azizan Binti Che Embi<sup>b</sup>, Oladapo, Hakeem Babatunde<sup>c</sup>,** <sup>a</sup>Associate Professor at College of Law, Prince Sultan University Riyadh Saudi Arabia, <sup>b</sup>Senior Lecturer at Department of Finance, Kulliyyah of Economics and Management Sciences, IIUM, <sup>c</sup>Lecturer, Faculty of Social and Management Sciences, Southwestern University Nigeria, Email: [yusuffja@psu.edu.sa](mailto:yusuffja@psu.edu.sa), [izanebbm@iium.edu.my](mailto:izanebbm@iium.edu.my), [silifat.oladapo@gmail.com](mailto:silifat.oladapo@gmail.com)

The Nigeria agricultural sector is faced with many predicaments, such as insufficient modern agricultural tools and facilities, loss of focus, abandonment, and inadequate motivation of farmers. In the history of Nigeria, agriculture contributed significantly to national development and poverty reduction. Such was the case before Nigeria found petroleum. The majority of Nigerian tribes were focused, committed and invested in agriculture. Poverty is rampant and common among Muslims in Nigeria especially in the northern parts of the country. Inequality and low productivity have contributed to poor standards of living in the country. The large number of Muslims in Africa, specifically the Nigeria populace, lives below \$2 a day due to their abject and absolute poverty (World Bank Development Report, 2013). The Muslim community accounts for a significant number of poor and less privileged in Nigeria. Waqf assets comprise of movable and immovable properties such as cash and land. Waqf is a form of Islamic endowment that has enormous unexplored potential for its application in fulfilling social needs of the poor. One such need is for the establishment of more effective schemes to alleviate poverty among the less privileged Muslims through agribusiness that would provide enormous advantages. The objective of this paper is to examine how waqf properties can be channelled into agribusiness on cocoa, palm tree oil and cotton farm projects that will assist in empowering the needy Nigerian Muslims. The research applied both qualitative and quantitative to examine the applicability of Cash Waqf funds coupled with land for the aforementioned purpose. The study proposes strategies through which waqf properties can be used for the generation of income and reduction of poverty in Nigeria a highly

populated nation. It is believed that employment opportunities will be enhanced through the proper management of such projects.

**Key words:** *Cash waqf, land, cocoa, palm tree oil, poverty, employment and income.*

## Introduction

The Nigeria agricultural sector is faced with many unprecedented problems including loss of focus, abandonment, and inadequate motivation of farmers. This shocking situation has deprived Nigerians of food at affordable prices due to a lack of food security. In addition, employment in this sector is at an all-time low. The root cause of this problem is the gradual abandonment of the sector by both past and present governments as a result of recovery of petroleum.

Though Nigeria introduced agricultural programs such as ‘Operation Feed the Nation’, the outcome has not been impressive. The purpose of this study is to examine the possibility of projection of waqf property in agribusiness especially on cocoa, palm tree oil and cotton in Nigeria as mentioned earlier. The agribusiness of waqf property in Nigeria would not only ensure food security but also employment, while generating more income and fostering the productive use of idle land.

Nigeria’s abundant natural resources have contributed to the development of the nation. Despite Nigeria’s abundant agricultural resource endowment, statistics reveal that in the 1960s, agriculture contributed 65%-70% to exports, but declined to about 40% in the 1970s and declined significantly to less than 2% in the late 1990s (Fruitful Gleans Limited, 2013). In addition, agriculture provided jobs for approximately 70% of the Nigerian population before the discovery of petroleum in 1970 (Umaru and Zubairu, 2012). Hence, agriculture was a major employer of labour in Nigeria before the 1970s. However, the agricultural sector has been gradually neglected since the advent of petroleum in the early seventies (Umaru and Zubairu, 2012, Amuda, Azizan and Oladapo, 2014). During the said period, when the Nigerian government focused on agriculture, food was sufficient and abundant for both domestic consumption and exports, there was foreign exchange contribution, and lower prices of commodities; prices were relatively stable as well as improved living standards (Olajide, Akinlabi and Tijani, n.d). These conditions were present before the discovery of petroleum in Nigeria, which led to the neglect of the agricultural sector (Izuchukwu, 2011).

The waqf institution was re-established officially in the Northern states due to the failure of the public, private and voluntary sectors to effectively alleviate poverty among the concerned in the country. Nigeria is a Muslim dominated country while the majority of the said Muslim population predominantly lives in the Northern part of the country; where the majority of the

less privileged reside mostly in rural areas (Salinas, 2012, Amuda, Azizan and Oladapo, 2014). The revival of waqf started in the Northern part of Nigeria in the late nineties and is embodied in the Zakat and Endowment Board. As mentioned above, these institutions are common in the Northern parts of the country where the majority of Muslims are dwelling in abject poverty and continuously struggle for their livelihood. Contrarily, in the Southern parts of Nigeria, Zakat institutions are the most common tool for Islamic poverty alleviation. Waqf have been useful in Nigerian in the area of accommodation, health, education, mosques, provision of water and financial assistance among others, yet poverty has not been averted (Ostien, 2007). From the literature, the majority of the states in the North are blessed with abundant land resources which are largely unproductive or ineffective.

To address the issue of poverty, waqf properties can be channelled for agribusiness in Nigeria mainly in cocoa, palm tree oil and cotton. This agribusiness project is expected to boost incomes and reduce the rate of unemployment. Apart from this, it offers an investment outlet for the waqf institution in Nigeria through which income will be rendered to the institution in a non-diminishing form in line with the principle of waqf assets i.e. cash or property (Obaidullah, 2008).

In addition, the projection of waqf property in agribusiness offers employment opportunities for jobless Nigerians, provision of sufficient and abundant food for domestic consumption and export, reduction of poverty among Nigerian Muslims, increase in GDP and is set to improve the living standard of Nigerians. Hence, many of the less privileged can economically graduate from poverty. Waqf property has been vital for the enhancement of social and economic development. The job opportunities will be in the form of labourers that would work on farms while the land owners will be in partnership with the waqf institutions in Nigeria. Nigerian waqf institutions will aspire towards abundant agricultural production of cocoa, palm tree oils and cotton in particular. The aims of the study are to explore the perception of experts on the use of waqf property towards agribusiness in Nigeria. It is also to examine the way waqf properties can be applied to generate income among the poor people in Nigeria. It will also investigate the manner in which waqf properties can be used to reduce poverty in Nigeria.

The Research Questions are:

- 1) Can waqf properties be applied to generate income among the poor farmers in Nigeria?
- 2) Can waqf properties reduce poverty in Nigeria?
- 3) Do Nigerian Muslims financial predicament and meltdown call for re-establishment of waqf across Nigeria?

The study applied both qualitative and quantitative methods with 300 survey questionnaires that were distributed between the months of April and September 2012 to targeted Nigerian respondents. Aside from this, five types of experts were interviewed between the months of September 2013 and February 2014 in person as well as through email in order to get adequate information on the topic of focus. Five purposively selected experts were interviewed on their perception regarding the projection of waqf property on agribusiness in Nigeria for agricultural purposes based on the earlier mentioned three products. The experts were drawn from among practitioners and academicians based on their knowledge and fieldwork experience.

The motivation of the study is that the high level of poverty in Nigeria motivates the present research. Also, another factor that serves as a motivating engine was the gradual neglect and loss of focus on the agricultural sector the moment crude oil was discovered in the country. Equally, the high rate of unemployed is of great concern and hence, motivates this study. The research was conducted in Malaysia and Nigeria. The respondents and interviewees are Nigerians and Malaysians.

#### **Analysis of Interview and questionnaire on projection of Waqf property on Agribusiness in Nigeria**

No	Item	Strongly Agreed	Agreed	Disagreed	None
1	Nigerian Muslims financial predicament and meltdown call for re-establishment of waqf across Nigeria	60%	33%	2.7%	4.3%
2	Waqf immovable properties must be registered legally	59.0%	37.0%	3.3%	.7%
3	Waqf management should engage in profitable transactions in order to generate more income in the interest of needy Muslims	58.3%	34%	4.7%	3%

4	Waqf management should invest in legal business and transactions with cash waqf	63.7%	33%	3%	.3%
5	Appointment of waqf management should be based on merit in order to run it properly.	68%	25.3%	5.7%	1%
6	Waqf needs government support for the security of donated property	52%	35.3%	10%	2.7%
7	Many farmers can be employed on their fertile land for plantation of cocoa, palm tree oil and cotton	53.3%	43.3%	2%	1.3%
8	Business centres can be established by waqf for profitable transactions?	51.0%	42%	4.3%	2.7%
9	Waqf management is capable of employing the less privileged to reduce the percentage of unemployment	66.7%	30.7%	1.3%	1.3%
10	<i>Shariah</i> punishment should be implemented against corrupt waqf staff	59%	29.7%	8%	3.3%

The data from the above Table indicates that an overwhelming 60% (n= 180) of respondents strongly agreed that the financial predicament of Nigerian Muslims calls for the establishment of waqf institutions across Nigerian States, especially the northern part where the majority are in abject poverty. 33% (n=99) agreed, followed by 4.3% respondents (n=13) whose answers were none. While 2.7% (n=8) completely disagreed on the creation of waqf

endowment in Nigeria. On the registration of waqf property, a significant number of respondents representing, 59.0% of (n=177), (being the highest statistical figures in terms of percentage and number) strongly agreed that waqf immovable properties must be legally registered, so as to secure such property whereas, 37.0% representing (n=111) agreed, 3.3% indicating (n=10) disagreed and 0.7% of (n=2) respondents indicated none as their responses to the question respectively.

On the establishment of waqf across Nigeria, 57.3% of respondents (n=172) strongly agreed that the establishment of waqf will help both Muslims and non-Muslims, 36.3% representing (n=109) also agreed but 4.3% indicating (n=13) and 2.0% (n=6) responses revealed none as their respective answers to the question. In addition, for the re-creation of waqf across Nigeria, significant number of respondents 58.3% representing (n=175) strongly agreed that waqf management should undertake profitable transactions to increase the waqf yield, followed by 34.0% indicating (n=102) agreed, 4.7% representing (n=14) disagreed and 3.0% indicating (n=9) respondents respectively said none out of the given options as their responses. Concerning waqf management, majority of the respondents representing 68.0% that represents (n=204) strongly agreed that the appointment of waqf management should be based on merit, 25.3% of respondents representing (n=76) agreed, 5.7% of them indicating (n=17) disagreed and 1.0% of respondents represented by (n=3) preferred none as their responses respectively.

For security and protection of waqf endowment in Nigeria, the above average participants, representing 52.0% of respondents indicating (n=156) strongly agreed that waqf needs government intervention for security of property, 35.3% respondents indicating (n=106) agreed, 10% representing (n=30) disagreed and 2.7% indicating (n=8) respondents opted for none as their responses. Concerning waqf management, the data reveals that 63.7% representing (n=191) strongly agreed that waqf management should engage in lawful business transactions with waqf cash, 33.0% of respondents indicating (n=99) agreed, 3.0% that is (n=9) disagreed and 0.3% indicating (n=1) participant marked none in his response to the question.

Economically, 53.3% representing (n=160) strongly agreed that many farmers can be employed on their fallow and fertile land for waqf farming activities, 43.3% indicating (n=130) agreed, 2.0% revealing (n=6) respondents disagreed to the question while 1.3% represents (n=4) participants considered none as the best response to the questions out of the given options. However, the majority of represents 66.7% representing (n=200) strongly agreed that waqf management is capable of employing the less privileged in order to reduce the rate of unemployment if the cash waqf is commercialized and invested in profitable business, 30.7% of them indicating (n=92) agreed, followed by 1.3% indicating (n=4)

disagreed, equally, the same figure of percentage as shown above considered none as their responses to the question raised.

As regards to the establishment of waqf business centres, 51.0% of respondent equivalent to (n=161) respondents strongly agreed that waqf could be used to establish business centres for various transactions, that would in turn pay those working in the business centres while alleviating poverty in the society as standard of living will be enhanced 42.0% indicating (n=126) of respondents agreed, 4.3% representing (n=13) respondents disagreed while 2.7% of respondents representing (n=8) considered none as the their best option. Finally, in the case of co-operate crime, a substantial number of respondents representing 59.0% equivalent to (n=177) strongly agreed that co-operate criminals must be punished according to *Shariah* laid down rules, 29.7% of the aforementioned respondents indicating (n=89) agreed, 8.0% of them representing (n=24) disagreed and 3.3% of participants indicating (n=10) considered none as their best responses respectively.

### **Qualitative Aspects of Research: Analysis of the Interview**

The interview was used to collect data from the selected interviewees as participants. The interview questions addressed different dimensions of waqf property management in Nigeria. In order to analyse the qualitative data, various themes are extracted from the responses received from the participants. The interview focused on empowerment, farming, waqf bakery, business centres, commercial transportation, halls for rent, and other lawful and profitable investments. As earlier stated the main objective of this study is to examine the projection of waqf properties on framing mainly on to cocoa farming, palm tree oils and cotton as a panacea for poverty alleviation through job creation to unemployed Nigerian Muslims and a way of income generation for the waqf institution in order to enhance its income so as to cater for more needy Muslims across the nation while at the same time becoming sustainable.

### **Summary of Data Analysis**

Based on their experiences, the five respondents agreed that waqf could be used for many things such as mosques, education, health, transaction, and agriculture. All respondents specifically emphasized the agricultural sector as a tool for poverty alleviation and for its other benefits. The majority of the respondents agreed that agriculture is crucial due to its many benefits to Nigerian Muslims. Again, quite a large amount of labour would be absorbed by this sector in Nigeria. In addition, the participants agreed that waqf property should be invested in lawful products and industries at low capital cost. Moreover, two respondents from Nigeria; one academican and a practitioner, opined that waqf organizations should display transparency and accountability towards the waqf property in order to avoid mismanagement, embezzlement and corruption that might truncate the prime objective of

waqf. However, one of them submits that Nigeria could learn from Malaysia waqf advance knowledge. Further to this is the fact that waqf funds can also be used for social welfare, vocational training and bilateral enlightenment. Similarly, the practitioner advised that a grounded committee could be inaugurated with reasonable funds for infrastructural development, which may have a significant effect on the products produced due to ease of transportation to the urban areas. The result suggests that the innovative ways in projection of waqf property in agribusiness in Nigeria will not only improve the quality and standard of living of Muslims across the nation but there are possibilities to help Muslims in other parts of the world through the use of the *mudharabah* (partnership) contract (World Bank, 2013; Amuda, Azizan and Oladapo, 2014).

### Analysis of Agribusiness Plantations in Nigeria

Crops in (South-west)	Economic Importance	Beneficiaries	Crops in (Northern Part)	Economic Importance	Beneficiaries
Cocoa	Consumed raw to minimize stress and for reducing frequencies of health deficiencies,	Benefit economy in terms of foreign reserve, for consumer of raw cocoa (it supplies flavonoids), provides employment, important source of raw materials to industry and for exporting as well.		For food and feeding (the cereal supplies carbohydrate) industrial uses, beverages, sorghum stalks for fuel and building construction.	Consumers, sellers farmers, animals, industries and houses.
Palm oil	Cooking, soap making, lamp oil, as lubricant and the by-product of this crop (kernel	Economy through export, farmers, society in terms of prevention of erosion, sellers		Food (tuwo), stockfeed, local and industrial beers and as steam cooked.	Farmers, consumers sellers and animals

	cake) as livestock feeding. In addition, the midribs and rachis of oil palm are useful for making brooms and roofing materials.	and consumers.			
Cotton	Cotton is essentially produced for its fibre, which is universally used as a textile raw material. Cotton is an important commodity in the world economy.	Benefit economy in terms of foreign reserve, for textile and fibre consumer of cotton raw material (it supplies and traded with over 150 countries), provides employment, important source of raw materials to industry and for Exporting.		Raw material, textile, fibre, import and export values.	Consumers, sellers/marketers, farmers, labourers, industries and companies.

Sources: Okereke and Nwosu (1987), Kolawole and Abdulrahman (2006), Bhat and Otejere (1985), Oladele and Adebayo (2012), Ibitoye, Akinsorotan, Meludu and Ibitoye (2011), Taylor (n.d), and Obilana (n.d), (Amuda, Azizan and Oladapo, 2014).

### **Summary of the Analysis**

The above Table indicates how waqf property can be channelled and invested in agribusiness in Nigeria. Investment and projection of waqf property in agribusiness will enhance the raw products of cocoa, palm oil and cotton in country and beyond, for transaction within the nation and for exportation to other countries. It will also improve people's knowledge and skills especially of the unemployed Nigerian Muslims. Agribusiness activities of the aforementioned crops, either perennial or cash crops, will be able to sustain the livelihoods of the poor. Furthermore, land will be fully used as opposed to it being left idle. Again, social vices will be minimised to a greater extent since the majority of the population will be absorbed into the agricultural sector.

Additionally, apart from the fact that cocoa has been one of the major cash crops through which agriculture contributes to the Nigerian economy (Oladosu and Yekinni, 2008), the consumption of pure cocoa according to experts boosts individual health because of the presence of the contents such as flavonoids (anti-oxidants) and micronutrient-magnesium, a deficiency of which could be linked to hypertension, heart diseases, diabetes and joint problems (Ibirogbra, 2013). It will pave the way for creation of jobs, income generation for the waqf institutions, utilization of fertile land and transformation of many lives economically, socially and religiously. From this, the general well-being of Nigerians can become better off than it was initially if the farmers are encouraged to imbibe in cultivation of cocoa. This will positively affect the general situation of the nation in terms of increase in revenue and the GDP. It will also enhance employment (Ibirogbra, 2013, Amuda, Azizan and Oladapo, 2014). Additionally, rural communities could compete with urban cities. Since the products will be transferred from the rural areas to the urban areas in exchange for money, hence those that will be involved in the project will be paid for their labour and use the money for improving their living standards including quality education for their children, live in a decent environment, have a balanced diet and prompt medical attention, among others benefits.

### **Conclusion**

It can be concluded that projection of waqf property in agribusiness will contribute to the human development physically, mentally, socially, morally and religiously. In the context of this research, apart from land that would be made productive through agribusiness in cocoa, palm tree oil and cotton as mentioned earlier, the able bodied, both old and young will be made productive through practices of farming and youth skill development as well as transforming the concern economically, graduating them from poverty. Agribusiness renders



them relevant in society and capable of providing adequate provisions for themselves and their entire family. On the other hand, this agribusiness will bring employment opportunities to the majority of Nigerians, provide abundant food that would enable domestic consumption and exports, reduction of poverty among Nigerian Muslims in particular, increase in GDP and improve living standards of Nigerians especially those involved in cocoa, palm tree oil and cotton farming activities as earlier stated. Finally, successful agribusiness can only be achieved in Nigeria if the government provides adequate security, electricity, good roads, and other related facilities across the nation inclusive of enabling laws to facilitate the attempt. Suffice to say that with the achievement agribusiness coupled with the associated factors, poverty will not only be alleviated but also social vices characterised by poverty will drastically reduce in the society.



## REFERENCES

- Aminuzzaman, S. (n.d). Institutional framework of poverty alleviation: an overview of Bangladesh experiences pp.1-22.
- Audu, E.B. (2012). A Descriptive analysis of rainfall for agricultural planning in Locoja local government area of Kogi State, Nigeria. *International Journal of Science and Technology* Vol.2, No.12, pp.850-855.
- Bhat, R.B., and Otejere, E.O. (1985). Traditional preparation and uses of cassava in Nigeria, *Journal of Economic Botany*, Vol. 39, No.2 pp.157-164.
- economic development. *World Review of Business Research* Vol.1, No. 1, pp.191-200.
- Harris, Frances. (1999). Nutrient management strategies of small-holder farmers in a short-fallow farming system in North-East Nigeria. *The Geographical Journal* Vol.165 Issue 3 pp. 275-85.
- Ibitoye, B.O. et al. (2011). Factors affecting oil palm production in Ondo State of Nigeria. *Journal of Agriculture and Social Research (JASR)* Vol.11, No.1 pp.97-105.
- Ibrahim, H., Nor, E., and Muhammad, J. (2013). Cash waqf and its development in the northern region of Malaysia. 4<sup>th</sup> International Conference on Business and Economic Research pp. 276-284
- Izuchukwu, O. O. (2011). Analysis of the contribution of agricultural sector on the Nigerian
- Karim, A. (2010). Contemporary Shari'a Compliance Structuring for Development and Management of Waqf Assets in Singapore. *Kyoto Bullenting of Islamic Areas Studies* (No.3-4); pp.143-164.
- Kolawole, O. M., and Abdulrahman, A.A. (2006). Traditional preparations and uses of maize in Nigeria. *Ethnobotanical Leaflet* issue 10, pp. 219-227.
- National Bureau of Statistics. (2012). *The Nigeria poverty profile 2010 report: Press briefing by the Statistician-General of Nigeria Held at the Conference room 5<sup>th</sup> floor, NBS Headquarters, Central Business District Abuja, Nigeria* pp. 1-12.
- NBS. (2012). Agriculture retrieved from [www.nigeriastat.gov.ng/sector](http://www.nigeriastat.gov.ng/sector) on 20<sup>th</sup> November, 2013. Nigeria Population. (2013). retrieved from [www.indexmundi.com](http://www.indexmundi.com) on 24<sup>th</sup> November, 2013.



Nkang , NM, Ajah, EA, Abang, SO, Edet, EO (2009). Investment in cocoa production in Nigeria: A cost and return analysis of three cocoa production management systems in the Cross River State cocoa belt. *African Journal of Food, Agriculture, Nutrition and Development* Vol. 9 (2):713-727.

Obaidullah, M. (2008). *Introduction to Islamic Microfinance. IBT Net: the Islamic business and financ network. India: Published By: IBF Net (P) Limited.*

Okereke, G.U. and Nwosu, V.C. (1987). Crop storage losses in Southern Nigeria caused by activities of micro organism. *Journal of MIRCEN* Vol.3, pp. 201-210.

Oladele, O.I., and Adebayo, S.A. (2012). Medicinal value of kolanut in Nigeria: implication for extension service delivery. *Journal of Life Science* Vol.9, No. 2, pp.887-891.

Oladosu, I.O and Yekinni, O.T (2008). An assessment of agricultural extension activities to cocoa farmers in Ekiti west local government area of Ekiti State. *International Journal of Agriculture Economics and Rural Development* Vol.1, Issue 2, pp.8-15.

Olajide, O.T., Akinlabi, B.H., and Tijani, A.A. (n.d). Agriculture resources and economic growth in Nigeria. *European Scientific Journal* Vol.8, No.22.

Ostien, P. (2007). Sharia implementation in Northern Nigeria 1999-2006. A source book pp.1-115.

Salinas, M.A. (2012). More Nigerians slip into poverty particularly in the North. Retrieved from [www.reliefweb.int/report/nigeria](http://www.reliefweb.int/report/nigeria) on 13<sup>th</sup> November, 2013.

Sjoquist, P. (2001). Institutions and poverty reduction- an introductory exploration. Sida Working Paper No. 9 pp.1-36.

Sulaiman, M. A., Moh, A.A., and Mohd Nor, S.M. (2009). Trust me! a case study of the International Islamic University Malaysia's waqf fund. *International Association for Islamic Economics. Review of Islamic Economics*, 13 (1), 69–88.

Swift, J. (1999). Pastoral institutions and approaches to risk management and poverty alleviation in central Asian countries in transition. Retrieved from [www.fao.org](http://www.fao.org) on 25<sup>th</sup> November, 2013.

Taylor, J.R.N. (n.d). Overview: importance of sorghum in Africa pp.1-21.

Umaru, A. and Zubairu, A. (2012). An empirical analysis of the contribution of agriculture and petroleum sector to the growth and development of Nigerian economy from 1960-2010, *International Journal of Social Sciences and Education* Vol.2, Issue 4, pp.758-769.



UNICEF (2012). *At a glance: Nigeria*. Retrieved from [www.unicef.org](http://www.unicef.org) on 24<sup>th</sup> June, 2012.

World Bank Development Report. (2013). Sub-Saharan poverty headcount ratio (% population) as at 2010. Retrieved from [www.world.org/topic/poverty](http://www.world.org/topic/poverty) on 20th November, 2013.