

# An Agricultural Approach to the Commercialization of Cash Waqf between Malaysia and Nigeria

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**Abstract**—The Nigeria agricultural sector is faced with many unprecedented problems including loss of focus, abandonment, and inadequate motivation to farmers. This shocking situation has deprived Nigerians of abundant food at affordable prices. In addition, employment in this sector is at an all-time low. The root cause of this problem is the complete abandonment of the sector by both past and present governments. Though Nigeria introduced agricultural programs such as Operation Feed the Nation, however, the outcome has not been impressive. The purpose of this research is to examine the possibility of transfer of funds from waqf institutions in Malaysia to institutions in Nigeria. The agricultural commercialization of cash waqf between Malaysia and Nigeria would not only ensure food security but also employment and productive use of idle land. While existing literatures have focused on the transformation of the poor, there is a dearth of study that analyses institutional transfer of funds for boosting agricultural studies from one country to the other. The findings show that the waqf institution can play an important role in building a good relationship between one country and the other, create jobs, economically transform impoverished youths, and enable the elderly. Nigeria excelled in agricultural activities in the sixties and seventies before the sector was neglected due to the discovery of crude oil. Furthermore, the restoration of past glory is ensured as well as the bridging of the gap between the urban and rural dwellers. This paper employs a qualitative approach and survey of literature. The paper suggests that through this approach, social vices among unemployed youths will be drastically reduced in the society.

**Index Terms**—agriculture, poverty, employment, waqf institution, cash waqf

## I. INTRODUCTION

Nigeria is blessed with abundant agricultural resources. However, with the discovery of crude oil, the agricultural sector fell into neglect. Statistics show that in the sixties agriculture contributed 65%-70% of total exports but fell to about 40% in the seventies and crashed to less than 2% in the late nineties [1]. The agricultural sector also contributes to domestic production and foreign earnings, but these also declined with the discovery of crude oil [2].

The agricultural sector was recognized as a major employer of labour in the 70s. When the Nigerian government focused mainly on agriculture, there was abundant food for both domestic consumption as well as export. This led to relatively stable and reduced prices of commodities, increase in the foreign reserve, as well as improved living standards [3].

Similarly, the Malaysian agriculture sector flourished prior to its independence in 1957, three years earlier than Nigeria's independence. Both nations earned independence from the same British colonial master. Because of the impressive performance and track records of Nigerian agriculture during that period, the former Prime Minister, Tunku Abdul Rahman imported palm kernel seedlings from Nigeria in the 60s. This developed into a thriving palm oil industry resulting in substantial economic gains for Malaysia for many years to come.

In view of maintain the good relationship between the two countries, Malaysian and Nigerian waqf institutions could forge closer working relations that focuses on investing waqf funds in Nigerian agriculture, especially in rural areas. This initiative can be seen as a move to capitalise on the abundant fertile land and human capital, while addressing the present food insecurity and the high prices of agricultural goods [4]. Similarly, it is set to benefit rural communities who often suffer from poverty [5]. There is an urgent need for such support given that the poverty rate in Nigeria has skyrocketed from 54.4% in 2004 to 60.9% in 2010, with an average income of \$1 per day [6]. The failure of the public, private, and voluntary sectors to effectively alleviate poverty among the less privileged people in any part of the world either in Islamic or secular nations emphasises the need for waqf institutions. In Nigeria, the majority of the country's population are Muslims and predominantly found in the Northern part of the country where the majority of less privileged people reside in rural areas [7].

The revival of waqf started in the Northern part of Nigeria in the late 90s. These waqf institutions are fondly called Zakat and Endowment Boards. These institutions are very common in the Northern part of the country where the majority of Muslims are languishing in abject poverty and continuously struggle for their livelihood. Contrarily, in the Southern part of Nigeria, Zakat

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institutions are the most common Islamic poverty alleviation tool.

Poverty is steadily increasing in Nigeria, especially among rural communities. All efforts by government, private, and NGOs to ameliorate the surge appear to have been ineffective. In the past, the agricultural sector used to offer employment to a significant number of people as earlier noted. However, the emergence of crude oil in Nigeria in the early 1970s led to the neglect of agriculture. The negative effects of the discovery of petroleum are corruption, illegal tapping of crude oil, and the mistake of neglecting agriculture as a tool for economic growth. Worst still, despite the position of in Nigeria in the production of petroleum, the majority of its citizen still suffers untold hardships [8]. This study intends to investigate how cash waqf from Malaysia can be utilized to enhance agricultural production in Nigeria, and to determine whether such an attempt could alleviate poverty in the country. This study is unique in that it will add to existing literature and knowledge especially in the area of food security and poverty alleviation on a sustainable level in Nigeria. It will also assist waqf institutions in Nigeria or any other waqf institution to determine their agricultural productivity level as well as food poverty reduction. Further to this, good relations could be fostered among the concerned countries. For further research, the authors suggest that cash waqf for animal husbandry could be looked into, especial goats and cows, as the present study does not cover that aspect of agriculture.

#### A. Motivation for the Study

This paper seeks to address the issue of poverty alleviation. In this regard, it aims to the transfer of cash resources transferred from one Islamic institution to the other for the purpose of agriculture in rural areas where poverty is high. This is to ensure that have-nots are better-off in the community. Again, in course of the transformation process, the poor will become more economically active, the youth skilful, useful, competent, and economically buoyant. Through this process, the relationship between Malaysia and Nigeria will once again become strong. Through this, the youths as well as the old could contribute to waqf development in Nigeria when they become well-off. Not only this, it is expected that there will be significant improvement in their standard of living thus minimizing social vices in the society.

## II. METHODOLOGY

Three purposively selected experts were interviewed for their perception on the commercialization of cash waqf from Malaysia to Nigeria for enhancement of the agricultural sector. The experts were academics in Malaysia and Nigeria based. Two of the respondents are experts of the Nigerian economy while the third participant is an expert on the Malaysian economy. An open-ended survey was administered to the three experts. The data collected from the purposive interviews is

analysed using the phenomenological analysis due to the peculiarity of the research problem.

## III. LITERATURE REVIEW

The global rise in poverty could be a result of several challenges including the notorious financial melt-down [9]. It could be positively argued that most government, private, and voluntary sectors have been largely ineffective in their attempts to alleviate poverty. In view of high rates poverty especially in Nigeria, there is urgent need for Islamic non-governmental organizations such as waqf institutions to either supplement or complement the efforts of the aforementioned sectors. This could be argued on the basis of the track records of waqf institution in Islamic history. The chapter addresses the development of waqf in Nigeria, institutional approaches to poverty alleviation, and potential for agriculture in Nigeria.

#### A. Waqf Development in Nigeria

For over a century, waqf in Nigeria has not been institutionalized. The practice has been individualized which was very common in the South-western part of the country. Individuals such as Abiola and Wahaab Folawiyo who happened to be the Baba Adinni of Yoruba land but was later called Baba Adinni of Nigeria because of his social development in the Northern part of the country, were prominent social contributors. Further to this, Arisekola contributed in the form of magnificent buildings dedicated for visitors from Arab countries specifically visitors from Saudi-Arabia. These individuals did a lot in terms of social economic development in both the North and South. Waqf institutions became institutionalized in the late 90s, the same period in which *shari'ah* was embraced in the North with the hope of alleviating poverty among the deprived. Waqf activities include financial assistance to the poor, housing of the poor, scholarships from primary to tertiary institutions, land for farming, free medical facilities, and buying and giving tools to the needy [10]. It should be noted that waqf in the northern part of Nigeria is fondly called endowment and is managed by the zakat and endowment board. However, the majority of Muslims in this part of the country remain poor.

#### B. Institutional Approach to Poverty Alleviation

The study by Asaolu and Adereti (2006) focuses on an institutional framework for poverty alleviation in Nigeria [11]. The study did not address institutional transfer of funds as proposed in the present study. In addition, the study by Baas and Rouse (1997) examines the potential role and function that rural institutions and grassroots organizations can play in poverty alleviation [12]. The authors stressed on collaboration of the poor in poverty alleviation with the presence of productive resources and services such as land, water, farm equipment and inputs, finances, off-farm employment opportunities while access to services are education and health, extension, and market. However, the study is not waqf based and did

not transfer funds institutionally from one country to the other. Though the study by Swift (1999) focuses on agriculture and marketing for poverty alleviation among the poor in Central Asian countries, and the approach is in line with the agricultural plan of the present study, however, Swift's study is neither waqf based nor is it intercontinental. Similarly, the study by Kamuzora-Ngirwa (n.d) addresses institutional design and poverty reduction in Tanzania [13]. The author specifically addressed problem of social costs applying Coase's theorem. This economic theory deals with well-defined property right in the society on agreement and without litigation. However, unlike the present study, it did not focus on the transfer of funds from one waqf institution to another in a different country. Further to this, the study did not concentrate on agriculture as an engine of poverty reduction. Furthermore, the study by Aminuzzaman (n.d) investigates an institutional building within a country through which resources are exchanged and economic and political relationship intertwined for varying patterns of implementation network as well as intervention packages for poverty alleviation [14]. Further to this, the institutional fund transfer from international agencies such as world food program (WFP) and United State agency for International Development (USAID) for rural infrastructural works in Bangladesh were purely governmental. Hence, the study did not address institutional transfer of funds from one waqf institution in Bangladesh to a similar institution in another country for agricultural purpose. None of the above literature adequately addressed the transfer of funds from a waqf institution in Malaysia or any country for that matter to another country. Hence, the present study intends to examine the transfer of waqf funds from Malaysia to Nigeria. This will not only foster the countries relationship but is set to contribute towards solving a large range of social and economic issues.

C. Potential for Agriculture in Nigeria

Agriculture in Nigeria is a major branch of the economy, which in the past has provided employment for the teeming population [15]. This sector is however transformed into commercialization at the small, medium, and large scale enterprise levels [16]. Major crops in South West and Northern Nigeria are beans, cashew nuts, cassava, cocoa, groundnuts, kola nuts, maize, melon, rubber, palm oil and others. Additionally, the country's agricultural products are categorized into two, namely food crops for domestic consumption and exports. Prior to the Nigerian civil war, the country was self-sufficient in food production. The most important food crops are yams and cassava in the South while in the North there is sorghum and millet [17], [18]. Most of these crops are grown during the rainy season which starts in June or July [19]. Notwithstanding the opportunities that are open to the two Muslim majority areas of the country, poverty is still rampant. This necessitates research that aims to determine how poverty could be alleviated through the transfer of cash waqf to Nigeria from Malaysia for the purpose of agricultural production. The study intends to

focus on the Northern and Southern regions of the country in which the majority of Muslims could be found. Using the agricultural approach through funds from waqf institutions from Malaysia to Nigeria will not only bring about good relations between the two countries but it will also provide jobs and prevent social vices. Table I and Table II below show the types of crops that could be found in both South-West and the Northern parts of Nigeria though not exhaustive but they are found to be important for this study. In addition, their economic importance as well as beneficiaries for each of the crops is distinctly displayed in the aforementioned table [20], [21].

TABLE I. ANALYSIS OF CROPS PLANTATION IN THE SOUTH-WEST PART OF THE NIGERIA

Crops in (South-west)	Economic Importance	Beneficiaries
Maize	Powered form, cooked, roasted, crushed to form various food items such as tuwo, donkunu etc and as raw material for industries.	Farmer, seller, consumers (it supplies carbohydrate to the body) and domestic animals such as hens, goats etc.
Yam	Boiled, flour, fried, roasted, pounded, peels for goat and sheep feeding and use for traditional wedding.	Farmers, consumers (supplies carbohydrate), sellers and domestic animals.
Cassava	Cassava flour, boiled, gari, fufu, starch and animal feeding.	Farmers, consumers (supplies carbohydrates), sellers and domestic animals
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.
Palm oil	Cooking, soap making, lamp oil, as lubricant and the by-product of this crop (kernel cake) as livestock feeding. Also, the midribs and rachis of oil palm are useful for making brooms and roofing materials.	Economy through export, farmers, society in terms of prevention of erosion, sellers and consumers [22].

D. Summary of the Analysis

In summary to the above tables (see Table I, Table II), developing the agricultural sector would result in abundant food supply, the development of skills, and improved livelihoods. Further to this, commercial activities of the aforementioned crops either perennial or cash crops will sustain the livelihood of the poor as well as the land that would be fully used instead of being allowed to go to waste. Social vices among the idle poor will be minimized to a greater extent since they would be fully engaged. Additionally, people in rural areas would be better able to compete with those in the city. This can

be achieved with greater urban-rural trade. The profits from this trade can be used to develop rural societies in terms of infrastructure, education, living environments, balanced diet, and prompt medical attention among others.

E. Summary of the Data Analysis

The three respondents agreed that waqf could be used for many things. Among the areas they mentioned are education, health, and mosques. Two of the respondents specifically emphasized the agricultural sector as a tool for poverty alleviation and for its several benefits. This sector mentioned by majority of respondent is crucial for this study. One of the benefits according to a respondent is the amount of labour usually absorbed by this sector in Nigeria. Moreover, a respondent from Nigeria submitted that waqf organizations should display transparency and accountability towards the transferor of waqf funds.

TABLE II. ANALYSIS OF CROPS PLANTATION IN THE NORTHERN PART OF NIGERIA

Crops in (Northern Part)	Economic Importance	Beneficiaries
Beans	Akara (beans cake), gbegiri soup, moin moin and cooked beans	Farmers, sellers, consumers (bean supplies Protein to the body)
Groundnuts	Groundnut cake, cooked, roasted, groundnut oil and groundnut and its shell as feeding for animals	Farmers, consumers sellers and animals
Kola nuts	For export, consumption, important crop, kolanut pods for animal feeding and broiler for its high nutritive quality, for social functions, medicinal value e.g. (stimulant) and treatment of fresh wound	The economy, farmers, consumers and sellers.
Sorghum	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.
Millet	Food (tuwo), stockfeed, local and industrial beers and as steam cooked.	Farmers, consumers sellers and animals [23].

IV. CONCLUSION

This type of project is not only good for economic transformation, but in transforming zakat receivers to zakat payers. In the context of this research, apart from land that is made productive, abled old and youth become productive and skilful this transforming their knowledge into economic value. This type of approach will not reduce waqf funds since returns may likely be rendered to the waqf institution [22] Such an initiative will offer greater employment opportunities to Nigerians, abundant food for domestic consumption and exports, reduction of poverty among Nigerian Muslims, increase in GDP, and improved living standards for Nigerians. Many less

privileged can be economically removed from poverty. Cash waqf is central to social and economic development. However, one big question is that does the state regulation allow funds to be transferred to another country

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