

## Sustainable Poverty Alleviation through Integration of *Waqf* and Microfinance: A Case Study of Sokoto State, Nigeria

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### ABSTRACT

*This is an exploratory research aimed at unveiling many myths surrounding the prevalence of poverty in the Nigerian State of Sokoto. This study attempts to disclose the failure of previous conventional poverty-alleviation programs and suggests ways of resuscitating waqf institution in order to achieve sustainable poverty alleviation in the state. Case Study Approach of Qualitative Research Method was adopted in this research and data was collected through relevant literature survey, face-to-face interview, observation and archival studies. Descriptive technique was used for data analysis findings indicate that poverty in Sokoto State remains resistant to all successive conventional measures of its alleviation. The potentials of waqf are found not adequately harnessed for sustainable poverty alleviation. Thus, there is a need for re-focusing the activities of waqf institution towards achieving the ultimate goal. Waqf-based microfinance evidently proved to be an effective way of alleviating poverty which can be achieved by financing MSMEs and enhancing earning potentials of the poor. Weak management of waqf properties amounts to waste of hard-earned resources. While prevalence of poverty culminates in the rising rate of ignorance, unemployment, hunger, diseases and social vices. All stakeholders in the phenomenon; arms of government, the rich, scholars and the general public, should be live up to their respective responsibilities. Unlike zakah that has confinements and limitations, waqf has an open-ended pooling system that can squarely tackle the problem of poverty if professionally managed.*

**Keywords:** microfinance, micro-small-and-medium enterprises (MSMEs), Nigeria, poverty alleviation, Sokoto, *waqf*.

### 1. INTRODUCTION

Poverty is a complex term that scholars were never unanimous on its definition. However, poverty is commonly believed to exist when people lack the means to satisfy their basic needs (Rao and Sanyal, 2010; Ravallion, 2016). Conceptually, *poverty alleviation* refers to a set of economic and humanitarian measures taken by authorities, corporate organizations and non-governmental organizations

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(NGOs) in order to remove people from the yoke of poverty permanently (Panel, 2013; Bhalla and Lapayre, 2016).

According to Shirazi, Obaidullah and Haneef (2015), the poverty that is currently bedevilling the developing countries is a product of numerous inter-related factors which include the following:

- Low economic growth;
- High inflation;
- Rising rate of unemployment;
- Sectarian strife;
- Terrorism-related violence; and
- Corrupt governance and civil indiscipline.

However, in Nigeria, as Egharevbe, Iruonagbe, Azuh, Chianor and Suleiman (2016) rightly observed, poverty has many manifestations which include, *inter alia*, the following:

- Inadequate basic amenities for decent life which consist of potable water, health care and education;
- Lack of assets, such as land, tools, credit and supportive networks of institutions and agencies;
- Unsuitable flow of income that can guarantee minimum provision of food, shelter and clothing;
- Persistent alienation of masses in the vital issues of national interest including participation in politics and pursuance of basic education.

Over the previous decades, various poverty initiatives are used by developed countries and global organizations to develop programs that provide assistance to the poor (Rodríguez, Giménez Thomsen, Arenas and Pagell, 2016)). However, most of these programs, as Sarah (2010) and Shah (2013) revealed, are not primarily meant to eradicate poverty, but to provide essential aid during periods of illness, disability, or famine. Notable among these aid-providers include the following:

- Global organizations, such as the UNDP, UNICEF and IFAD;
- Aid agencies supported by developed countries, such as USAID, and British Council;
- Nongovernmental (mostly non-profit) organizations, Doctors Without Borders, Red Crescent and Red Cross; and
- Private development banks, such as *Grameen* bank.

*Waqf*, which literally means *confinement* or *restriction*, is legally referred to as a reward-seeking dedication of a valuable wealth, in cash or asset, to benefit people

on permanent and sustainable basis (Abu 'Amr, 2003; Iman & Sabit, 2014). According to Mahamood and Ab Rahman (2016), *waqf* is the most effective non-governmental institution for alleviating poverty in the Muslim Community. As a special charity, *waqf* is purely a *taqwa*-driven devotion, because it is only by acknowledging Allah as the Creator and Owner of everything as confirmed by the Glorious Qur'an (*al-Baqarah* 2:107; *Al 'Imrân* 3:109; *an-Nisâ* 4:132; *âl-Mâ'idah* 5:18; *al-Ân'am* 6:12; *al-A'râf* 7:158; *at-Tawbah* 9:116; *Yûnus* 10:66; *ash-Shûrâ* 42:53) that man, as a *waqf* donor, will forgo his presumed absolute ownership of wealth and dedicate it for charitable or humanitarian services. It is upon the realization of his position as Allah's trustee in all wealth (*al-Hadid* 57: 7) that he will feel the need to surrender part of it to the service of humanity (Nor, 2012). This, in fact, makes *waqf* one of the effective mechanisms of redistribution of wealth in the society. It ensures a healthy equilibrium of affluence between the rich and the poor which, in effect, will break the heinous circulation of wealth in the hands of the rich (*al-Hashr* 59: 7) and prevent the evil hoarding of investable wealth (*at-Tawbah* 9: 35-36).

## 2. BACKGROUND OF THE STUDY

The contemporary Sokoto State constitutes the nucleus of the famous nineteenth-century Sokoto Caliphate established by the renown Islamic revivalist, Uthman bin Muhammad bin Uthman bin Salih, popularly known as Usmanu dan Fodiyo (1754-1817) in 1804 (Suleiman, 2010). The state has a population of over four million, 99.9% of which is Muslim (Sokoto State Government Diary, 2010). Agriculture is the mainstay of its economy, and is carried out in large-scale during the four-month raining season that commences in June (Gatawa, 2013). Cash crops that include sugarcane, tomato, tobacco, onion and rice, are produced in the riverine floodplains. In the upland, food crops are cultivated, particularly maize, millet, guinea corn, cassava, beans and cowpeas. Moreover, dry-season irrigation contributes significantly in the state's agricultural sector which is largely carried out in the marshes along the *Sokoto* and *Rima* rivers. The two major dams of Bakalori and Goronyo are the catalyst of dry-season farming activities in the state (SSG Diary, 2010).

Sokoto State is one of the areas with largest concentration of livestock in Nigeria. This makes the state a hub of business in hides and skin, and finished leather products (Agboola, 2012). The state is endowed with large deposit of kaolin and limestone which attracted the establishment of a high-capacity cement company in the suburbs of the state capital (Udo, 2013). Ironically, despite all these abundant economic endowments in the state, poverty appears to be rising at an alarming rate especially in the rural areas.

It is against this backdrop that the study finds it imperative for the people of this *Shari'ah*-compliant state to apply the Islamic panacea treat the peril of poverty

that is rapidly ravaging their community. With rigorous enlightenment campaigns on the importance *waqf* in curbing poverty, the teeming Muslim population of the state will definitely respond positively. Thereafter, the most efficient management team should be put in place to effectively administer the mobilized funds.

### 3. STATEMENT OF THE PROBLEM

This study is basically a problem-solving endeavour. The problem is the rising rate of poverty in Nigeria with Sokoto State among the worst hit areas. Poverty is said to exist in a society when people lack the means to satisfy their basic needs (Rao and Sanyal, 2010; Ali, 2014). Basic needs refer to all the indispensable requirements for a standard living in a given community (Hernandez-Trillo, 2016). The *pilot survey* indicates that majority of the people in Sokoto State are not having any job from which regular income is acquired. This is because there is little job-generating impetus from both the state government and non-governmental organizations in the state. Facilities in the urban areas are rapidly becoming overstretched by mass influx of people from the rural areas pushed out of their villages by extreme poverty and unemployment.

During *observation*, this study discovered the major source of livelihood in the rural areas in Sokoto State to be seasonal farming which is fully associated with the uncertainty of natural disasters and climatic cycle. Due to overdependence of the rural poor on seasonal agriculture, many of them suffer from persistent poverty of a circumstantial nature. In this case, many households, especially those with large unproductive members (the elderly, small children, the sick, unmarried girls and widows), will find themselves in desperate situation. The children from such households are not only highly malnourished and critically unhealthy but are grossly uneducated.

Consequently, by the time their parents died, these children are already married adults but without functional education or vocational skills to conduct any dependable economic activity. Gradually, they will start to have their children to whom they will be handing over the deteriorating condition. Currently, this is the vicious circle of poverty that is bedevilling the socio-economic environment in Sokoto State, Nigeria. Findings from *interviews* and *archival studies* revealed that as *waqf* is currently institutionalized in Sokoto State, effective administrative mechanism is required to harness its potentials to achieve sustainable poverty alleviation in the society.

#### 4. OBJECTIVES OF THE STUDY

This study is conducted to achieve the following objectives:

- To identify the extent and causative factors of poverty in Sokoto State.
- To find out the practice of *waqf* in Sokoto State.
- To explore the effective ways of utilizing *waqf* potentials to alleviate poverty in Sokoto State.

#### 5. RESEARCH QUESTIONS

The following questions are framed to serve as guide in conducting the research in order to achieve the above-mentioned objectives:

- To what extent is poverty prevailing in Sokoto State?
- To what degree is *waqf* embraced by the people and authorities in Sokoto State?
- In what ways can the potentials of *waqf* be utilized to alleviate poverty in Sokoto State?

#### 6. SCOPE AND LIMITATION OF THE STUDY

This study focuses on poverty alleviation in Sokoto State through proper mobilization and effective development of *waqf* properties. With a population of 4.5 million people, Sokoto State is one of the 36 states that constitute the Federation of Nigeria (SSG Diary, 2010). A *Zakah* and *Waqf* Committee was established by the state government since 1988, therefore, this study will concentrate on the tripartite collaboration between the donor (*wáqif*), administrator (*mutawalli/názir*) and beneficiary (*mawqúf lah*). The assumption is, if the rich are donating generously to *waqf* that is under proper management of pious and competent administrators, the rate of poverty in the state will be reduced significantly.

This aspiration is, however, impeded by insufficient funds coupled with weak administrative machinery. The general public needs to be properly sensitized on the significance of *waqf* as an all-inclusive perpetual fund to which everybody can donate generously in cash and kind. In this way, poverty can be successfully alleviated by an effective *waqf* administration characterized with absolute accountability.

Although *waqf* is more or less a special insurance scheme for the poor, the study has not delved into the area in order to avoid excessive expansion of its horizon. Ultimately, since this study is conducted in only one out of 36 contiguous states

of Nigeria, its findings may not be suitable for generalization. Moreover, another limitation of the study is its inability to have access to some vital documents of *Waqf* Committee, probably because of their sensitivity, or confidential nature.

## 7. SIGNIFICANCE OF THE STUDY

The findings of the research are expected to benefit Sokoto State in particular and the Nigerian society in general, through the following ways:

- The earning potentials of the poor will be judiciously harnessed to make them permanently self-reliant. This is by using *waqf* assets to create/finance community-based cottage industries as well as micro-small- and medium-scale enterprises (MSMEs) for the actively-productive poor.
- The rate of unemployment in Nigeria will be lowered drastically with the creation of self-sustaining private enterprises, and developing human resources.
- The current poverty-alleviation programs of the state and federal governments will have significant impetus with the success of ideal *waqf* administration which aims at financing the poor to make them economically self-reliant.

## 8. LITERATURE REVIEW

This study revolves around three major premises, with particular reference to Sokoto State in North-Western part of Nigeria, which include:

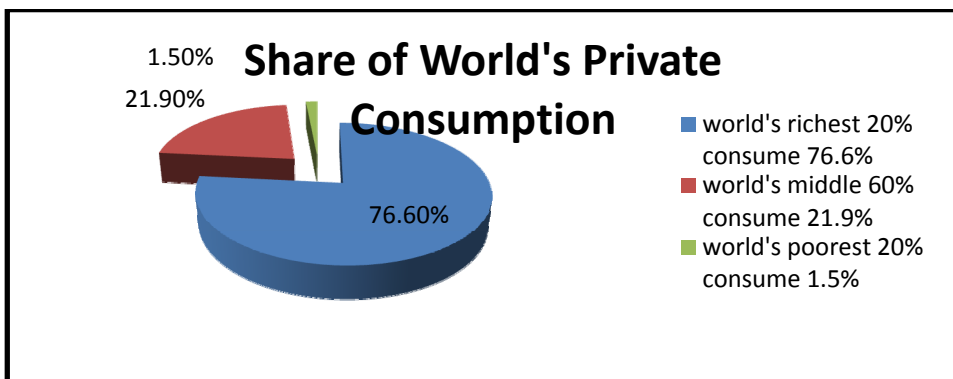
- Rising waves of poverty across the world;
- Resuscitation of the institution of *waqf* as an effective means of alleviating poverty in the Muslim World; and
- Harnessing the earning potentials of the poor through effective management of *waqf* funds to create/finance MSMEs to make them self-reliant economically.

According to the United Nations Food and Agriculture Organization (UNFAO Report, 2015) from the estimated 7.3 billion people currently living in the world, about 795 million people, corresponding to one in every nine persons, are severely suffering from chronic undernourishment. All of them, except 15 million that live in the developed countries, are citizens of developing countries (Rosen, 2014).

Many Muslim scholars (Shirazi *et al.*, 2015) perceive poverty as a complex condition that is not confined within the boundaries of income, but it

encompasses socio-political and economic exclusion. The complexity of poverty connects it with deprivation of basic health care, education, freedom of expression and engagement in chosen occupation and civil service (Burchi and De Muro, 2016). Poverty, therefore, in all its ramifications, is believed to be harmful not only to individuals but the entire society. This is practically witnessed in the current Arab Spring in some parts of North Africa and the Middle East (Ali, 2013).

According to the United Nations Development Plan (UNDP Report, 2014), the wealthiest 20% of the world accounted for up to 76.6% of total private consumption, while on the other hand, the poorest one-fifth (20%) accounted for just 1.5% as illustrated in Figure 1 below.



Source: World Bank Development Indicators, 2014 Private Consumption

Figure 1: Ugly Disparity of World Wealth Consumption

The causes of this undesirable phenomenon include lack of individual responsibility, bad government policy, exploitation by the people and businesses with power and influence, or some combinations of these and other factors (UNDP, 2014). Definitely, this high-level of inequality affects social cohesion and leads to problems such as crimes, terrorism and violence.

In Nigeria, despite the abundant human and material resources in the country, poverty constitutes the greatest obstacle in the pursuit of sustainable socio-cultural cohabitation and viable economic growth (Fields, 2014). For the past fifteen years, poverty rate in Nigeria appears to be rising dramatically, except between 2003-2004 and 2009-2010 when it declined marginally (World Bank, *Nigeria Economic Report*, 2013). Considering the rapid growth of the population, this implies that increasing number of Nigerians is living in poverty, especially in the rural areas, as depicted in Table 1 below. Therefore, it is not surprising, for the country to be ranked number 153 out of the 186 countries of the world (U.N. Human Development Index, 2013).

Table 1: The Spread of Poverty in Nigeria

	2013 – 2014	2009 – 2010
<b>Per Capita</b>	<b>%</b>	<b>%</b>
Poverty Rate	62.2	62.6
Urban Poverty	52.2	51.2
Rural Poverty	73.4	69
	<b>2013 – 2014</b>	<b>2009 – 2010</b>
<b>Adult Equivalence</b>	<b>%</b>	<b>%</b>
Poverty Rate	48.3	46.1
Urban Poverty	36.8	34.3
Rural Poverty	57.4	52.9

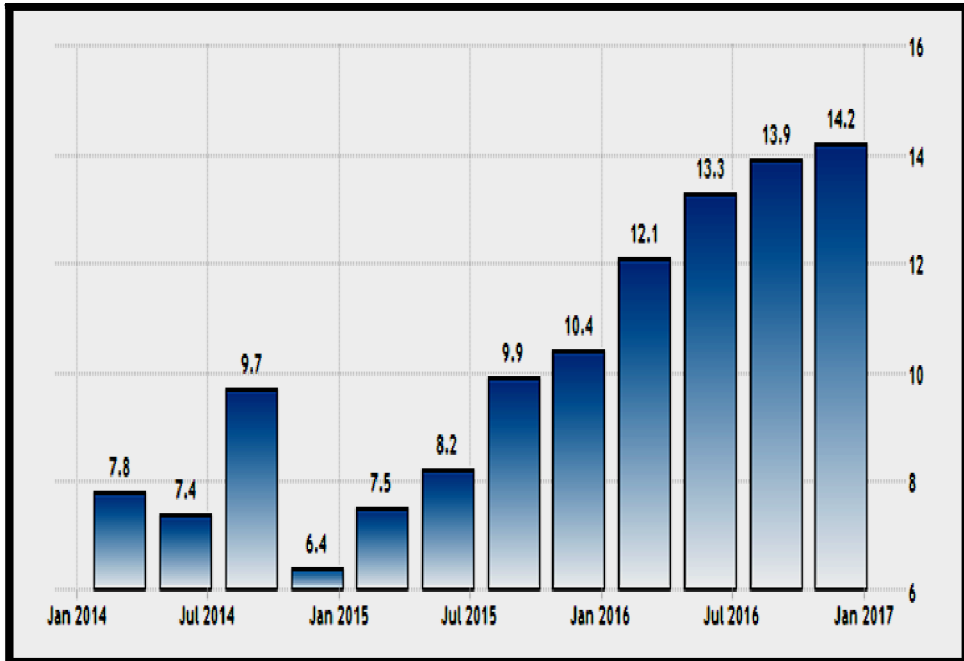
Source: National Bureau of Statistics, Abuja, 2015

The data released by National Bureau of Statistics (2017) as portrayed in Table 2, shows that the unemployment rate in Nigeria increased to 14.2 percent in the last quarter of 2016 from 10.4 percent a year earlier. It is the highest jobless rate since 2009 as the number of unemployed went up by 3.5 million to 11.549 million while employment rose at a slower 680.8 thousand to 69.6 million. The labour force increased by 4.194 million to 81.151 million and those detached from it declined by 625.7 thousand to 27.439 million. The unemployment rate was higher for persons between 15-24 years old (25.2 percent), women (16.3 percent) and in rural areas (25.8 percent). In the previous quarter, the jobless rate was 13.9 percent.

Unemployment rate in Nigeria averaged 9.76 percent from 2006 until 2016, reaching an all-time high of 19.70 percent in the fourth quarter of 2009 and record a low percentage of 5.10 percent in the fourth quarter of 2010. Apparently, the unemployment rate continues to rise as qualified and able-bodied younger generation are increasingly facing difficulties in securing dependable jobs. Upon all the numerous poverty-alleviation programs that ushered in the country for the past forty years, effective measures had not been taken to provide enabling conditions for simultaneous job creation (Muhammad, 2016). Taking these effective measures is necessary in order to keep pace with the rapidly working-age population.

It is against this backdrop that this study finds it imperative for Sokoto State, which is under the *Shari'ah* system of governance, to harness the numerous potentials of *waqf* in developing the earning potentials of its active poor which will enhance the creation of many jobs. This strategy will go a long way in curbing the rising rate of poverty that is increasingly gaining ground everywhere in Nigeria.





Source: National Bureau of Statistics, Abuja, Nigeria, 2017

Table 2: The Rate of Unemployment among Qualified Nigerians

The creation of *waqf*, as Khan and Jareen (2015) clarified, can be either for the services of general public or for a specific group of people, everywhere or in a particular place. It can also be set for the combined purposes as Mahamood and Ab Rahman (2016) clarified, whereby part of the endowed property is kept for public utility and the rest is meant for fulfilling a specific purpose or serving specific people. This brings about the three categories of *waqf* respectively; the public endowment (*waqf 'ám*), exclusive endowment (*waqf khás*) and dual-utility endowment (*waqf mushtarak*) as illustrated in Figure 3 below.

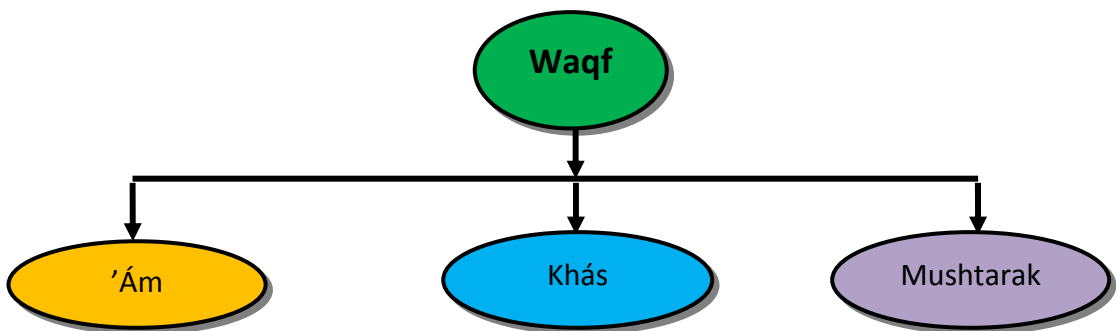


Figure 3: Classification of Waqf

Over the past few decades, scholars have been conducting studies on the imperatives for the reinvigoration and revitalization of *waqf* as an effective means of creating dependable jobs and curbing poverty in the Muslim Community (Widiyanto and Ismail, 2010; Hassan, 2010; Babacan, 2011; Aslam, 2013; Obaidullah, 2013; Haneef *et al.*, 2014; Ali, 2014; Nuruddeen, 2014; Iman and Sabit, 2014; Alpay and Haneef, 2015; Haneef *et al.*, 2015; Shirazi *et al.*, 2015; Mahamood and Ab Rahman, 2015). So far, little attention has been paid to this vital means of financing micro-, small- and medium-scale enterprises (MSMEs) for the overall human resource development (HRD) and sustainable poverty alleviation (Ismail *et al.*, 2013; Ali, 2014; Shirazi *et al.*, 2015).

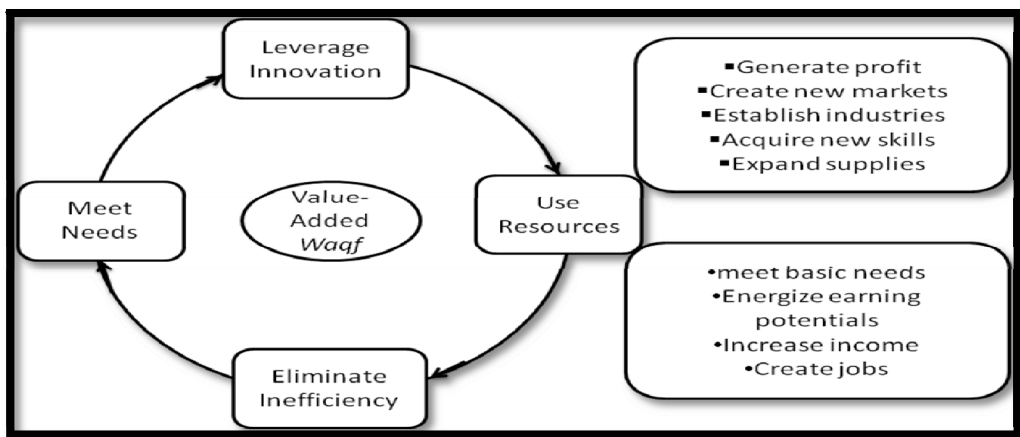
For centuries, *waqf* has been benefitting people and defraying public expenses (Shirazi *et al.*, 2014). It has been a major means of funding mosques, graveyards, orphanages, schools, hospitals, bakeries, warehouses, mills, and numerous humanitarian or religious foundations (Bello, 2009). Similarly, Ali (2013) and Khan and Jareen (2015), discovered *waqf* as a major source of funding agriculture, horticulture and water resources during the previous centuries, as it was used to cater for the aged, infirm, destitute, and even animals (Mahamood, 2011).

Previously, as Shirazi *et al.* (2015) revealed, *waqf* was held by constituted authorities across the Muslim World as an effective tool of fulfilling the basic needs of the poor. It was a means of providing functional education and adequate health care services for productive capacity-building (Mahamood and Ab Rahman, 2016). It was a gate-way of financing MSMEs and facilitating research and innovation (Ali, 2014). This made *waqf* an effective tool of curbing hunger, deprivation and grinding poverty.

Currently, with the global acceptance of microfinance as the most effective means of financing the poor to become self-reliant, few studies so far have suggested the integration of the institution with *waqf* for poverty alleviation despite their sharing of common socio-economic goal (Ashraf and Hassan, 2013; Aslam, 2013; Ali, 2014; Ismail and Possumah, 2014; Shirazi *et al.*, 2015). According to the studies, this integration will not only reduce the operational costs of microfinance to manageable level, but will expand the scope of *waqf* in the area of alleviating poverty.

In Nigeria, as Nuruddeen (2014) pointed out, a two-dimensional approach is adopted to fight poverty; safety nets coupled with social protection program by the government, and interest-free microfinance services rendered by some NGOs. Elsewhere in the Islamic World, *waqf*-based microfinance institutions are the principal actors in the war against poverty in Sudan, Bangladesh, Malaysia, Syria, and Bosnia (Sadeq, 2005; Haq *et al.*, 2009; Ali, 2014; Malik *et al.*, 2014; Alpay and Haneef, 2015; Haneef *et al.*, 2015).

Going by the predominant views of Muslim scholars (Rochman, 2013; Hunt-Ahmad, 2013; Adnan and Ajiya, 2015), *waqf* properties should not be subjected to direct consumption by the poor because it is counter-productive. Rather, as Ihsan and Ibrahim (2011) clarified, in order to achieve sustainable alleviation of poverty, the properties should be put into profit-generating investments, and the proceeds to be used in financing the productive poor and social security services. Thus, as illustrated in Figure 4, a reasonable amount of *waqf* funds should be used to establish, or run, vocational training institutions and capacity-building programs for the poor (Ismail and possumah, 2014). This will be subsequently augmented with financial empowerment to get them set into different self-sustaining enterprises (Rom, *et al.* 2012; Zulkhibri, 2016).



Source: Zulkhibri, 2016.

Figure 4: Utilization of Waqf Funds for Overall Human Resources Development

Although the formal institutionalization of Islamic finance is still in its early developmental stage, but a mechanism can be devised through which *waqf* can be used effectively to alleviate poverty (Acharya and Dimson, 2007). To achieve this lofty objective, as Ashraf and Hassan (2013) rationally suggested, is to systematically integrate *waqf* with microfinance institutions/banks. With this dual integration, poverty will not only be alleviated by developing the earning potentials of economically-active poor, but sustainable social security will be adequately provided to the inactive poor (Zulkhibri, 2016).

According to Ali (2014), Islamic microfinance is the best financing tool for combating and eradicating poverty. However, as Chowdhury (2009) opined, the microfinance cannot operate independently to alleviate poverty unless with a sustainable source of funding that can effectively stimulate its operation which is found in *waqf*. This study, therefore, justifies the integration of *waqf* with microfinance for sustainable alleviation of poverty in Sokoto State, Nigeria.

## 9. METHODOLOGY

*Case Study of Qualitative Research Method* was adopted in conducting the research with all the required *primary data* systematically collected through *observation, interview* and *archival studies*. As Creswell (2014) rightly pointed out, the essence of collecting the data through *observation* is to get first-hand information regarding the prevalence and causative factors of poverty in Sokoto State. While *interview* was conducted with key officers of *waqf* administration and some selected personalities in the society in order to understand the *central phenomenon* of the research work (Lewis, 2015). This makes the study to be characteristically *exploratory* in its execution.

Although the researcher could not lay his hands on all required official records on the state *waqf* administration, however, useful information was derived from the available documents. Moreover, these documents were particularly valuable in examining cultural and historical trends of *waqf* activities in the state. The secondary data obtained from the *literature review*, enlightened the researcher on the role of *waqf* in poverty alleviation in the previous and contemporary Muslim societies. A lot of recent works of scholars evidently justified the feasibility and practicability of integrating *waqf* and microfinance in order to achieve maximum success in poverty alleviation schemes.

## 10. RESEARCH FINDINGS

In its fact-finding sojourn embarked upon from 1<sup>st</sup> June to 30<sup>th</sup> July, 2016, in order to find answers to the three fundamental questions of the research; this study employed all its three data-collection methods. The research was finally concluded with significant findings.

**RESEARCH QUESTION ONE:** *To what extent is poverty prevailing in Sokoto State?*

The answer to this question was largely obtained through participant and nonparticipant observation techniques. However, some interviews were conducted with some selected personalities in Sokoto State to secure more clarification. The research findings show practical prevalence of poverty in all parts of the state through many indications such as the following:

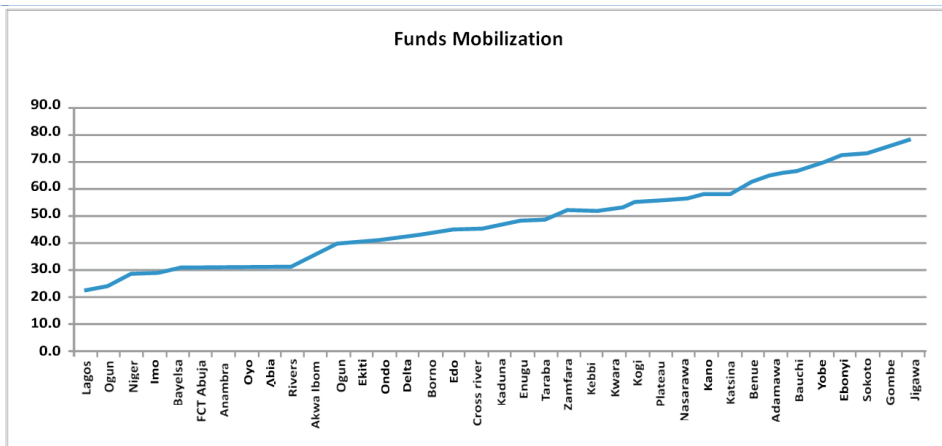
- Swelling number of beggars and sycophants besieging strategic places in the urban areas, and trooping into socio-religious gatherings, such as wedding and turbaning ceremonies. Most of these people are married with children and forced into sycophancy by harsh conditions (face-to-face interview with a 56-year old sycophant, July 4). Usually their presence in such places is noticed through ensuing pandemonium. In

2015, the ban imposed by the state government on begging along roundabouts in Sokoto city ended in total failure.

- Increasing number of school drop-outs due to the inability of parents to pay school fees which culminates in rampant cases of juvenile delinquencies especially during electioneering campaigns (face-to-face interview with a 67-year old retired headmaster, June 26). However, it is yet to prove the effectiveness of the State of Emergency on Education recently declared by the state government.
- Rampant child labour and hawking glaringly witnessed in public-gathering places, especially motor parks, market places and main highways. It is discovered that almost all the affected children are censored directly, or indirectly, by their parents or guardians to partake in the unethical occupation (face-to-face interview with a 54-year old senior lecturer, June, 15, 2016). Pathetically, as Sulaiman (2014) discovered, 75% of males among these children ended up becoming morally bankrupt or high-class criminals, while 54% of the females among them will eventually take to prostitution which is more lucrative with 47% of whom experiencing illegitimate pregnancy.
- Nonexistence of any high-capacity manufacturing company in the state, besides the privatized 50-year old cement factory, despite the availability of numerous agricultural and mineral raw materials. This is not unconnected with lack of investment capital coupled with nonexistence of interest-free credit-creating facilities in the state (personal discussion with a 52-year old textiles dealer, June 10).
- Overdependence of the state government on funds allocation from the federation account for its capital and recurrent expenditures. This is because of the dwindling internally-generated revenue mostly accruing from the scanty cottage industries that are sluggishly operating in the state (World Bank *Nigeria Economic Report*, 2013). Therefore, unless with a strong home-based financial augmentation, the state government cannot create or empower local industries.
- High mortality rate with multi-causal factors that stem from poverty. According to the World Health Organization (WHO) Report (2013), in Sokoto State 38% of women between 15 and 49 years die from preventable and/or curable maternal complications. Similarly, 20% of both sexes between 30 and 70 years from poverty-complicated diseases. While 38% of all the children below 15 years die from poverty-induced diseases.
- Gross under-cultivation of arable due financial constraints, or inadequate empowerment of active farmers. The *Encyclopaedia Britannica* (2012) describes Sokoto State as agrarian region placed on more than 80% of arable land, blessed with seasonal and permanent rivers and streams which guarantee fertile marshes for dry- and raining-season farming. However, only 47% of all the cultivatable land is fully exploited (face-to-face interview with a 48-year old agricultural extension officer, July 1).

Thanks to modern transportation system through which staple food items are regularly imported from far and wide, otherwise the state that cannot feed itself would have plunged into famine.

Although poverty is a common phenomenon in Nigeria, it is dynamically spread across the 36 contiguous states of the federation. As shown in the Figure 5, Lagos State is relatively the least affected by the phenomenon with 22.9%. On the other extreme, however, Jigawa State recorded the highest poverty rate at 77.5%, while Sokoto State hit 72.5%. A critical observation of the report is clearly revealing that poverty has gained wider breeding ground in the Muslim Northern part of Nigeria than in the predominantly Christian South.



Source: National Bureau of Statistics, Abuja, 2016

Figure 5: Percentages of Nigerian Poverty Rates by States, 2015-2016

**RESEARCH QUESTION TWO: To what degree is waqf embraced by the people and authorities in Sokoto State?**

The answer to this question was satisfactorily obtained through interview, observation and archival studies. Having analysed the data collected, the findings revealed the extent of *waqf* acceptability in the ranks and files of Sokoto State. However, apart from some remarkable successes realized so far, the study discovered a lot of administrative challenges and logistic problems.

According to Maidoki and Sani (2015), as far back as 1988, the State Military Government established Zakah and Sadaqah Committee that functioned under Ministry of Home Affairs. Later, in 2000, the civilian government of the state renamed it Sokoto State Zakah and Endowment Committee with expanded statutory functions under the State Ministry of Religious Affairs. The committee has its headquarters in Sokoto city, the state capital, and a branch in each of the 23 local government areas of the state.

Based on its statutory assignment, the committee is set to achieve the following objectives:

- Overall collection, management and distribution of *zakah* and *waqf*;
- Charity activities in areas of assistance to the needy, by settling medical bills and provision of health services;
- Provision of shelter and settling of genuine debts;
- Rehabilitating psychiatric patients and assisting victims of disasters;
- Provision of basic needs to the needy on special occasions; and educating new converts to Islam;
- Provision of welfare packages and training of orphans and the disabled to make them self-reliant;
- *Da'awah* and public enlightenment activities on the significance of *zakah* and *waqf* in Islam; and
- Investment of some funds in profitable businesses for income generation.

However, upon all these lofty objectives, this study finds it inappropriate to merge the two powerful financial institutions under single administrative machinery. Although *zakah* is more powerful in terms of its obligatory status, but scholars empirically proved that *waqf* is the most effective means of tackling economic problems due to its wider spectrum (Abdul Karim, 2010; Affandi and Nufus, 2010; Ismail, Zaenal and Shafiai, 2013; Khan and Jareen, 2015). Very few people donate money for *waqf*, but this study observed that most of the mobilized funds used by all the 10 Sub-Committees in executing their activities emanated from *zakah*.

The *Maliki* School of Thought followed by Nigerian Muslims perceived *waqf* as immovable and durable properties mostly comprising of buildings and lands (Ibn Jazzezy, 2010). This resulted into continued exclusion many wealthy people and philanthropists from the enormous benefits of this meritorious endeavour due to lack of real assets. Fortunately, however, people of the state are gradually conceiving new understanding developed from the *ijtihad* of local scholars that prioritizes the donation of raw cash and consumables as *waqf*. This idea is conceived out of the permissibility of *ibdaal* and *istibdaal* measures of revitalizing dormant *waqf* properties through liquidation (Azharee, 2014). Nowadays, cash *waqf* is gradually gathering momentum because of its flexibility that allows full exploitation of the enormous potentials of *waqf* for sustainable poverty alleviation.

However, a lot has to be done in sensitizing the general public on the socio-economic and religious significance of *waqf* in the state. The unimpressive number of non-cash *waqf* assets for the whole state as at December 31, 2014, is a clear indication of nonchalant attitude of the public towards this vital redistributive tool. The recorded *waqf* assets as obtained from the State *Zakkah* and Endowment Committee, 2014, are shown in the Table 2 below:

Table 2: *Non-Cash Waqf Items Collected in 2014*

S/No.	District Name	Type of <i>Waqf</i>
1.	Bodinga	An Islamic school valued at N50, 000000, by Sahabi Bojo
2.	Wauru	A plot, by Abdul Qadir Mai Wurno
3.	Rabah	A bus valued at N1, 000000, by Haliru Bawa
4.	Tudun Wada	A motorcycle valued at N100, 000, by Ahmad Aliyu
5.	Wamakko	A plot valued at N20, 000000, by Mai Akwai Jaredi
6.	Kalambaina	Two bundles of textile materials valued at N50, 000
7.	Dandin Mahe	A farmland valued at N100, 000

Source: *Sokoto State Zakkah and Endowment Committee, 2014*

Meanwhile, the study went ahead in its fact-finding mission in the State Secretariat of *Zakkah* and *Waqf* Committee. In his response to the researcher's structured questions posed on 9<sup>th</sup> June, 2016, on how to achieve those fundamental objectives, the Committee's secretary described their working modalities which specified the division of responsibilities based on the following sub-committees:

- a. *Health Committee*; in charge of;
  - Assisting the needy patients who cannot afford to buy prescribed drugs.
  - Settling of medical for the needy patients from the state's 23 local government areas.
  - Donation of blood in the emergency occasions.
  - All other necessary medical assistance.
- b. *Shelter and Rehabilitation Committee*; in charge of;
  - Provision of permanent shelter or rehabilitation to the desperate poor.
  - Settling rentals or debts of tenancy for the poor.
- c. *Psychiatric Committee*; in charge of;
  - Collaborating with Psychiatric Hospitals in settling medical bills of mentally-impaired poor patients.
  - Rehabilitating the recovered patients.
- d. *Human Resources Development Committee*; in charge of;
  - Enhancing skill-acquisition programs for the poor and needy.
  - Promoting educational activities in the state.
  - Provision of capital for the economically-active poor.



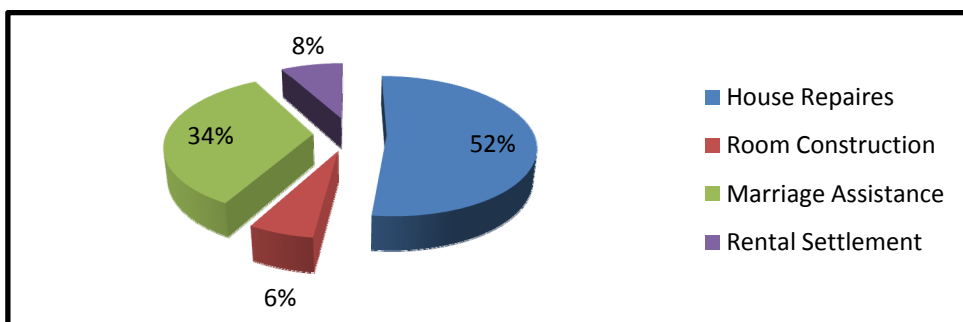
- e. *Feeding Committee*; in charge of;
  - Provision of food items to the poor in the districts affected by calamities to cushion the effect of hunger and poverty.
- f. *Committee for the Welfare of Orphans*; in charge of;
  - Identifying the poor orphans and assisting them with the basic needs of life.
- g. *General Assistance Committee*; in charge of;
  - Liaise with diverse State Ministries to cater for miscellaneous needs of the poor.
- h. *Secretariat and Official Needs Committee*; in charge of;
  - Payment of monthly allowances to ad-hoc members of subcommittees.
  - Assisting new converts to Islam.
  - Supporting desperate travellers.
  - Procurement and maintenance of office vehicles, furniture and stationeries.
  - Coordinating general duties of subcommittees.
  - Coordinating expenditures and keeping accounts.
  - Sourcing for working funds from organizations and philanthropists.
- i. *Investment Committee*; in charge of;
  - Mobilizing investable funds and disbursing them in profitable businesses to create more wealth for the poor and needy.
- j. *Publicity and Enlightenment Committee*; in charge of;
  - Publicizing the activities of the committee and its branches through print and electronic media, publication of pamphlets and stickers.
  - Organizing seminars, workshops and conferences on zakah and *waqf*.
  - Organizing interactive sessions with *Ulema*, organizations and donors, from time to time.
  - Maintaining the website of the committee and using it to disseminate its activities.

With the assignment of responsibilities to each of the 10 sub-committees, series of on-the-site investigation carried out by the researcher between December, 2015 and January, 2016, revealed a significant outcome in the year 2014. Starting with Human Resource Development Sub-Committee chaired by the Commissioner, Sokoto State Ministry for Religious Affairs, the following functions were executed during the year under review:

- i. Distribution of approximately forty-eight million Naira (N48, 000000) as social security to inactive poor which includes disabled people, orphans, and elders.
- ii. Disbursement of varieties of durable items to active poor as capital for micro- or small-scale enterprises. These include:
  - 80 deep freezers
  - 450 sewing machines
  - 420 grinding machines
  - 560 *Sokoto red* goats
- iii. Capacity-building training of 120 youths (males and females) on cottage industries, such as shoe-making, leather works, sewing, etc.
- iv. Provision of monetary business capital to 250 people with a minimum of N25, 000 and maximum of N50,000 each.
- v. Payment of school fees for 183 poor students.

When the researcher consulted the Sub-Committee for the Orphans, the Chairman gave an impressive description of its expenditure during the year under review. The total sum of twenty-four million, two hundred thousand Naira (N24, 200, 000) was expended on poor orphans and widows with an amount ranging from N10, 000 to N20, 000 each to enable them start micro, or small businesses, or purchase food items as the case may be.

As illustrated in Figure 6, the Chairman of the Shelter and Rehabilitation Sub-Committee gave detailed break-down of his expenditure during the year under review amounting to eighteen million Naira (N18, 000000) from both *zakkah* and *waqf*, in which 376 poor persons benefited.



Source: Sokoto State Zakkah and Endowment Committee, 2014

Figure 6: Expenditures of Waqf Shelter and Rehabilitation Sub-Committee, 2014

On visiting the Psychiatric Sub-Committee, the study gathered vital information on its efforts in rehabilitating the mentally-retarded persons brought by their relatives, or neighbours throughout the year under review. In collaboration with the Federal Psychiatric Hospital, Kware, Sokoto State, the Chairman of the Sub-Committee confirmed the disbursement of twenty-four million Naira (N24, 000000) for the treatment and subsequent rehabilitation of the discharged patients.

A far greater amount of money was confirmed to have been spent by the Health Sub-Committee, chaired by a renowned Sokoto-based philanthropist and preacher, during the year under review. Various health services for the poor were paid including feeding the needy in-patients, settling medical and surgery bills, procurement of blood, payment of laboratory tests and collaborating with major clinics and pharmacies in the provision of prescribed drugs to the poor patients. All these commitments engulfed seventy-two million Naira (N72, 000000).

As regards to Publicity and Enlightenment Sub-Committee, the study learnt that its assignment is multifarious in nature. Therefore, as Sub-Committee's Chairman clarified, a huge amount of money was expended during the year under review in the discharge of its statutory duties. Various sources of information dissemination were used to enlighten and keep the public abreast of the activities of all the Sub-Committees which include print and electronic media, radio and T.V. stations, seminars, workshops and open-air preaching. A total of twelve million, nine hundred and seven-six thousand Naira (N12, 976, 000) was spent in discharging its assignment.

Moreover, the study extended its investigation to the remaining four sub-committees of Feeding, General Assistance, Official Needs and Investment, but found them to be complimenting the activities of the six sub-committees mentioned earlier. They engage mostly in distributing large consignments of food items, clothing materials and small sums of money to the poor, orphans and the needy, especially during special occasions, such as Ramadan and the two *Eid* festivals.

The one significant episode discovered by the study is the personal attendance of the two most paramount leaders of the state in the major activities of the committee; His Excellency, the State Executive Governor, and His Eminence, the Sultan of Sokoto Caliphate. This encourages other influential political and religious leaders to participate actively in all the ceremonial activities of the committee at state, local government and district levels. Currently, there is no gainsaying the fact that the name of the committee is a common household emblem for all and sundry in Sokoto State.

***RESEARCH QUESTION THREE: In what ways can the potentials of waqf be utilized to alleviate poverty in Sokoto State?***

This question is answered using reviewed literature analysis and observational findings. Scholastic expositions from the *literature review* revealed how *waqf* institution played prominent role in poverty alleviation in many parts of the Muslim World over a long time. Some recent studies, however, advocated integration of *waqf* and microfinance for greater success in alleviating poverty. But considering the socio-cultural and geographical variations between Muslim nations, the pattern of integration and operational mechanism of the integrated model are likely to be different. This study, therefore, conceived a different *waqf*-based poverty alleviation mechanism that was empirically proved to be successfully applicable in Sokoto State, Nigeria.

**Poverty Alleviation through *Waqf*-Based Financing System**

So far, different *waqf*-based financing schemes were suggested by recent studies that could be used to curb the menace of poverty in Muslim countries; all of them were emphasizing on financing MSMEs and developing earning potentials of the active poor (Alias, 2012; Hamad, 2012; Rochman, 2013; Obaidullah and Shirazi, 2014; Ali, 2014; Usman and Tasmim, 2016). However, very few studies were conducted on integrating *waqf* with community-based microfinance institutions/banks for sustainable poverty alleviation (Aslam, 2013; Ali, 2014a; Ali, 2014b; Haneef *et al.* 2015; Shirazi *et al.*, 2015; Alpay and Haneef, 2015)).

Considering the socio-economic and religious background of Sokoto State, Nigeria, this study proposed a more comprehensive *waqf*-based Islamic microfinance integrated model (WIMIM) that can play prominent role in poverty alleviation in the society. In the literature review, this study had explored similar models that have been differently conceptualized and partially tested in five Muslim countries; Indonesia, Malaysia, Pakistan, Bangladesh and Sudan (Sadeq, 2005; Affandi and Nufus, 2010; Aslam, 2013; Ali, 2014; Alpay and Haneef, 2015; Shirazi *et al.*, 2015; Mohammad Thas Thaker *et al.*, 2016). The proposed WIMIM should focus on employing a wider spectrum of Islamic financing techniques that can be used to empower micro-, small- and medium-scale enterprises (MSMEs) and develop earning potentials of the active poor and render social security services in Sokoto State, Nigeria. Through these functions, more dependable jobs will be generated thereby cutting the rate of poverty to the lowest ebb (Idris and Agbim, 2015; Alpay and Haneef, 2015; Muhammad, 2016).

**Formation of Operational Capital**

With the successful integration of *waqf* with Islamic microfinance, an investment-commercial-insurance-cum bank is formally established (Ali, 2014, Shirazi *et al.*, 2015). For this multipurpose integrated financial institution to

commence normal operation, an adequate working capital must be generated. This study categorizes the sources of fund that makes up of the basic working capital into four categories, as follows:

- *Waqf* donations in cash and kind, which consist of raw currencies, precious metals (e.g., gold, silver and diamond), farm produce, livestock, plots, buildings, and vehicles. In this case, unless an asset can be optimally and continuously utilized as may be authorized by the donor (*wáqif*), such asset will be liquidated to augment the investment capital of the bank.
- *Wadee'ah* money brought to the bank by customers for either depositing into current account to serve as *qard hasan* (benevolent loan) to strengthen the bank's capitalization base or depositing into various *mudárabah* and *mushárah* investment accounts.
- *Aqsát min arbáh at-tijárát* as dividends received by the bank from various entrepreneurial partnerships (*sharikát al-'uqood*).
- Charges, fees and commission collected from clients for various services and assignments carried out by the bank on their behalf.

According Shirazi *et al.* (2015) and Ali (2014), when dealing with this multi-faceted capital, it is incumbent upon the bank to differentiate between the component that makes up its assets and its liabilities. The assets comprise of cash, consumable and durable properties donated to *waqf*, as well as investment loans disbursed to productive poor. Liabilities, however, consist of capital *waqf*, savings deposits and reserves for social security services.

Apart from financing MSMEs, the proposed WIMIM, illustrated in Figure 7, can also embark on capacity-building programs aimed at developing the earning potentials of the poor. This is in order to render sustainable social security services to the poor that are economically inactive due to old age, sickness or physical/mental disability, as well as the desperate people that are victims of natural disasters. The income generated from the varieties of the proposed WIMIM services is fully used to preserve the perpetuity of *waqf* assets, cover operational costs, finance more MSMEs and render social security services (Ismail *et al.*, 2013; Shirazi *et al.*, 2015; Alpay and Haneef, 2015).

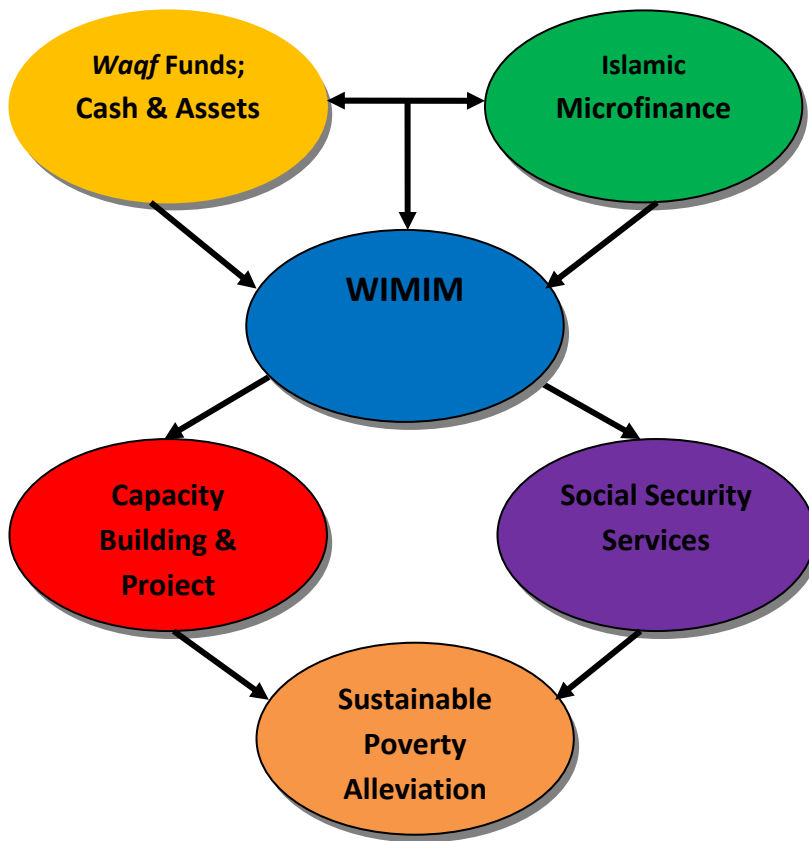


Figure 7: Conceptual Framework of WIMIM

### The Ultimate Goal

Functional human resource development and sustainable social security services constitute the ultimate goal of any *waqf*-based microfinance initiative (Widiyanto and Ismail, 2010; Walters, 2012; Aslam, 2013; Molla and Uddin, 2013; Haneef *et al.*, 2014; Ali, 2014; Obaidullah and Shirazi, 2014; Iman & Sabit, 2014; Alpay and Haneef, 2015; Haneef *et al.*, 2015; Shirazi *et al.*, 2015; Usman and Tasmim, 2016). Therefore, as illustrated in Figure 8, to achieve its ultimate goal, the proposed WIMIM should embark on executing the following functions:

- ✓ Mobilization of various *waqf* funds from individuals, groups, governments and corporate organizations.
- ✓ Organizing and financing vocational courses and skill-acquisition training programs for vibrant capacity-building of the poor.
- ✓ Disbursement of revolving loans to the economically-active poor for investment in profitable enterprises in order to make them self-reliant.

- ✓ Liquidation and/or revitalization of dormant *waqf* assets for optimum utilization of their corpuses
- ✓ Provision of basic social security services to the poor that are economically inactive on the ground of old age, sickness, physical and mental invalidity.
- ✓ Provision of emergency relief aid to the victims of flood, fire, drought, insurgency or acts of terrorism.

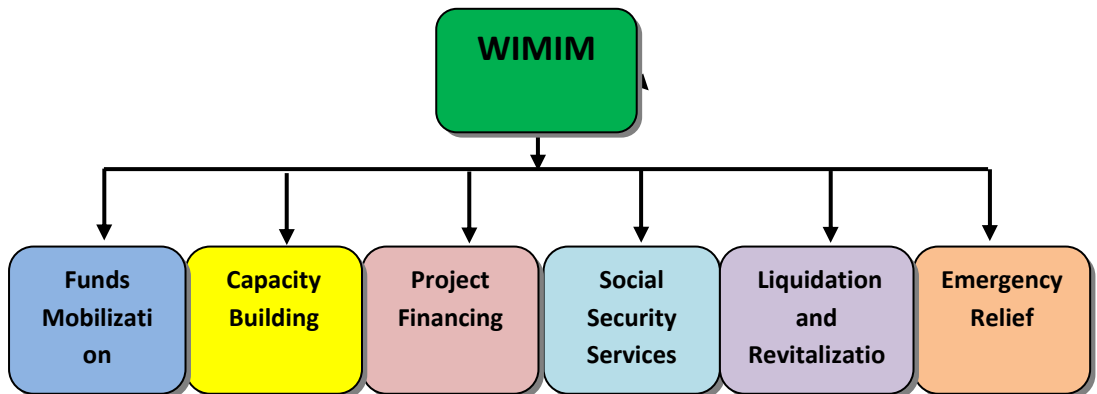


Figure 8: *Functions of the proposed WIMIM*

### **Operational Pillars of *Waqf*-Based Microfinance Banking Operation**

Based on the recent expositions of scholars (Alias, 2012; Molla and Uddin, 2013; Rochman, 2013; Ismail and Zali, 2014 and Haneef *et al.*, 2015; Usman and Tasmim, 2016), this study opines that the operational mechanism of the proposed WIMIM should have three fundamental pillars upon which viable human resource development is achieved. These pillars, as illustrated in Figure 9, comprise of the following:

- The working capital obtained through the mobilization of *waqf* donations and *waddá'i* (investment deposits);
- *Sharikát al-uqood* (formal MSMEs) financed through debt and equity financing modes; and
- Credits created by judicious disbursement of *qurood hasanah* (interest-free investment loans).

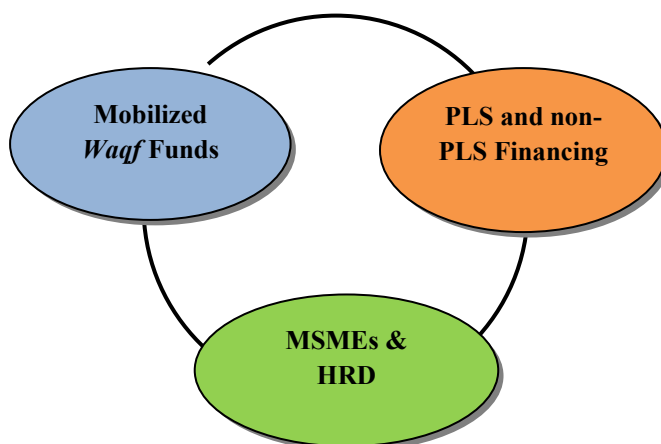


Figure 9: Operational Pillars of WIMIM

### Classification of Financed Enterprises

Traditionally, the population Sokoto State is typically agrarian with some augmenting market-based trading and manufacturing enterprises (Sokoto State Government, 2010). This was empirically proved by the research findings from *observation* and *interviews* with the sampled representatives of the research *population*. Therefore, for effective poverty alleviation in Sokoto State, the proposed WIMIM should embark on judicious employment of the varieties of Islamic financing technique to develop the earning potentials of the active poor.

Traditionally, farming enterprises can be suitably financed through *salam*, *bai al-mu'ajjal*, *ijarah*, *muzara'ah*, *musaqah* or *mugharasah* financing techniques. As for trading, *murabahah*, *mudarabah* and *musharakah* financing techniques can be more appropriate. While manufacturing ventures can be effectively financed through *istisna'* and *qard hassan*. However, this financing allocation to these local MSMEs is not absolutely exclusive as circumstances usually determine the manner of financing to be adopted (Ali, 2014, Shirazi *et al.*, 2015). Moreover, the clients of the financing schemes should be evenly selected from rural and urban areas of state. Similarly, financing can rendered to individuals, families, groups and associations depending on the eligibility of clients and profitability of enterprises.

### Farming and Agro-Allied Enterprises

In Sokoto State, farming is proved to be the only enterprise in which WIMIM can apply multiple financing techniques at a time, as depicted in Figure 10. This is because the enterprise requires many obligations for its materialization. As majority of small-scale farmers in the state are poor, they need to be financed by WIMIM through either *salam*, *bai mu'ajjal* or *ijarah* as opined by Hassan (2012).



Similarly, due to their poverty, in most cases, the clients have to repay the loans in farm produce. Eventually, this produce will be sold to processing companies or industries through *murabahah* purchase. Moreover, these poor farmers might have to acquire the farmlands under *muzara'ah* or *ijarah (kira')* arrangement.

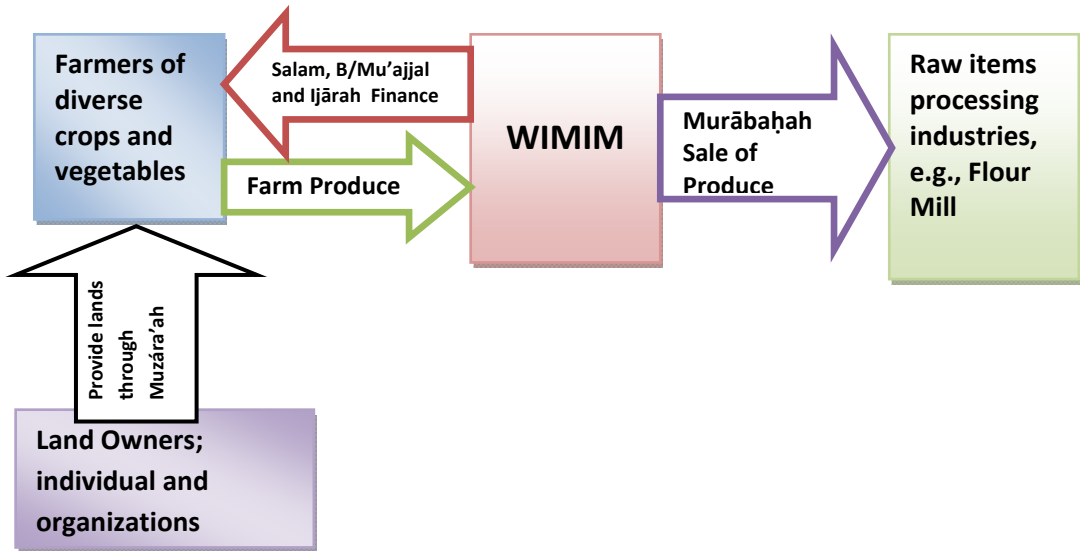


Figure 10: Process of Employing Multiple Financing Techniques in Farming Market-Based Commodity Trading

Traditionally, commodity trading is the second largest employer of indigenous people of Sokoto State. The *pilot survey* and *observation* conducted by this study discovered 27 full-swing market places in Sokoto city alone. Averagely, however, there are two fully-developed markets in the headquarters of each of the 23 Local Government Areas (LGAs) of Sokoto State. Similarly, in every major town and village there is a functional market that opens for buying-and-selling transactions on daily basis.

The commodities traded consist of textiles, footwear, cosmetics, electronics, food-stuff items, house utensils, livestock and poultry, farming and construction materials. Moreover, there are dozens of restaurants and ICT business centres in cosmopolitan areas across the state. However, this study observed that most of these businesses are operating below subsistence level due to weak capital base. Ultimately, in this enterprising environment, with effective financing programs carried out by the proposed WIMIM poverty will be successfully alleviated.

These locally-oriented MSMEs can be fully developed with such financing strategies as *mudárabah*, *mushárah* and *qard Hassan* (Ali, 2014). For instance,

the funds generated by proposed WIMIM under *wadee'ah* arrangement with the depositors will be used to finance specified MSMEs in commodity trading using two-tier *mudārabah* financing as illustrated in Figure 11. As people deposit their investment money to WIMIM, the money will be used to finance creditable MSMEs on a pre-agreed profit-sharing ratio. Any confirmed accidental loss incurred is borne by the capital owner alone. If, however, it is *mushārah* arrangement, the profit and loss sharing (PLS) will be proportionately between the shareholders.

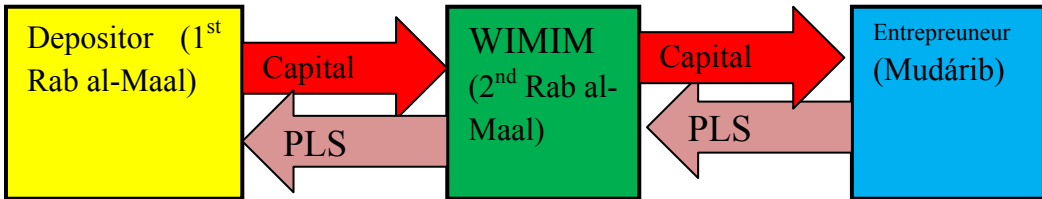


Figure 11: Two-Tier Mudārabah/Mushārah Financing Technique

### Cottage Manufacturing Enterprises

The third group of local enterprises in Sokoto State is manufacturing industry. For centuries, this area known today as Sokoto State is famous in manufacturing numerous items used for personal, domestic and occupational purposes. These include textile materials, footwear, bedding materials, kitchen utensils, artefacts, farming implements, furniture and building materials. The proposed WIMIM can use its funds, as Khan (2012) clarified, in financing these grossly under-capitalized enterprises through diverse *istisná'* and *bai mu'ajjal* financing techniques. The essence is to empower the active poor in their occupation by developing their earning potentials, as depicted in Figure 12.

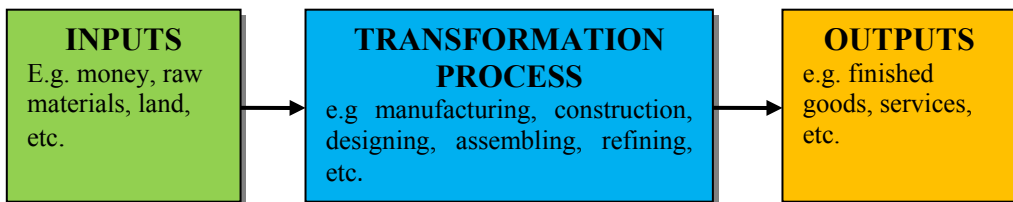


Figure 12: Adding Value to Inputs through Istisná' Financing

The aim, in this contract, is to generate outputs which have a greater value than the inputs used (i.e. to add value). The cash *waqf* investment values inputs and outputs in monetary terms. Therefore, the aim is usually to generate revenue for

the welfare of the poor. However, the contract agreement may require the proposed WIMIM to examine the economic viability of potential enterprises that are to be financed and carefully supervise the activities to ensure profitability (Khan, 2012; Alpay and Haneef, 2015).

## 11. CONCLUSION

This study was primarily carried out in order to sensitize the public about the remarkable contributions of *waqf* to the economic and socio-religious development of the Muslim Community. Considering the current alarming rate of poverty in Nigeria and, particularly in Sokoto State where the research was conducted, proper exploitation of *waqf* potentials is the best solution to the besieging predicament. Sokoto State is blessed with enormous sources of wealth generation, therefore the general public need to be encouraged by the authorities to harness the treasures through proper development of *waqf*. This will not only compliment the efforts government in the provision of basic amenities, but will effectively reduce the rate of poverty in the state. This study portrayed practicable instances of how the proposed *waqf*-based microfinance integrated model (WIMIM) can judiciously use cash *waqf* to finance local MSMEs through varieties of Islamic financing technique.

## 12. RECOMMENDATIONS

The findings of this study require the presentation of the following recommendations to all stakeholders in the struggle against poverty and deprivation in Sokoto State, Nigeria.

- Considering the failure of numerous National and State Poverty-Alleviation Programs along the past forty years, it becomes imperative to adopt the *waqf*-based strategy which had been tested and proved very effective in many parts of the Muslim World. Efforts should be intensified by the authorities to create enabling conditions for *waqf* to function effectively.
- The Value-Based Concept developed by the contemporary Muslim scholars should be adopted to salvage the institution of *waqf* from declining. This concept calls for the expansion of the scope of *waqf* to include consumable properties, including cash, food items and textile materials. It also allows liquidation of dormant *waqf* assets for replacement or developing other assets.
- The conservative perception extracted from the dominant *Maliki* classical books of jurisprudence that confine *waqf* to durable assets has seriously retarded its meaningful development in Sokoto State. Being a controversial issue, with the acceptance of the other deductive opinion

that approves the donation of money and consumable items to *waqf*, many people may be willing to dedicate large sum of money into the cause. This new understanding also paves the way to liquidating dormant or fruitless assets to develop new fruitful *waqf* properties.

- As an independent financial institution, *waqf* has more generous potentials for combating poverty than *zakkah*. Therefore, a unique administrative system is required for its development instead of keeping it as an attachment of *zakkah* institution in the state.
- The findings of this study revealed that most of people in the state are not fully enlightened about the multifarious significance of *waqf* which leads to apparent lukewarm attitude towards generous donation to it. Therefore, authorities should intensify their public sensitization campaign on the issue.
- Human resource development should be given priority when administering the *waqf* funds. This is because it is the best way of sustaining poverty alleviation in the society, in addition to fostering the rapid economic development of the nation. Therefore, in addition to judicious financing of MSMEs, there is need for intensive skill-acquisition programs for capacity-building of the active poor.

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