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**INTEGRATION OF *WAQF*, MICROFINANCE AND MICRO, SMALL AND  
MEDIUM ENTERPRISES FOR POVERTY ALLEVIATION IN SOKOTO  
STATE, NIGERIA**

**By**

**ABUBAKAR YUSUF SANYINNA**



**UUM**  
Universiti Utara Malaysia

**Thesis Submitted to  
Othman Yeop Abdullah Graduate School of Business,  
Universiti Utara Malaysia,  
In Fulfilment of the Requirements for the Degree of Doctor of Philosophy**



Pusat Pengajian Perniagaan Islam  
ISLAMIC BUSINESS SCHOOL  
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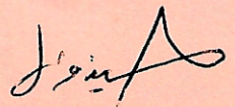
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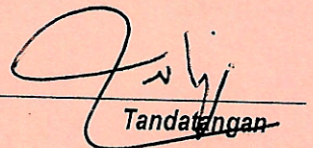


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## DEDICATION

This thesis is dedicated to Allah, the Creator and Sustainer of the Universe, to the noblest of His creatures, Muhammad (SAW) and to the entire Muslim Ummah. I pray that Allah, the Most Merciful, will accept this work from me as a *sadaqah jāriyah* even after my death.



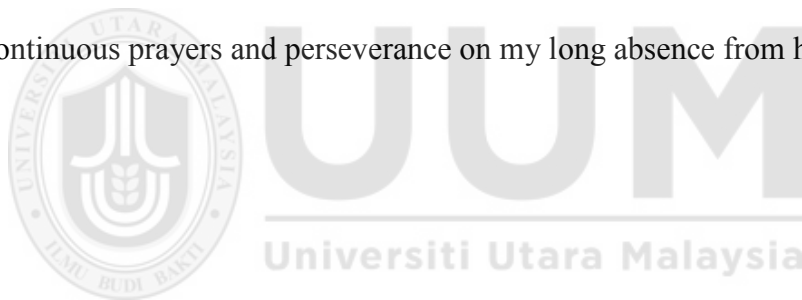
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## ABSTRACT

There is a growing concern over the alarming prevalence of poverty in Nigeria generally, and in Sokoto State particularly. Ironically, the long existence *the Waqf* and microfinance institutions which are considered among the most effective poverty-alleviation institutions, of these institutions in Sokoto state are apparently not making any significant impact on poverty alleviation in the area. Similarly, micro, small and medium enterprises (MSMEs) are hampered by acute financial exclusion in Nigeria. Therefore, this study was primarily conducted in order to explore effective mechanisms of harnessing the potentials of *waqf*, microfinance and MSMEs for sustainable poverty alleviation in Sokoto state. The exploration of these mechanisms has required the adoption of *qualitative* research method involving series of interview and focus group discussions. Subsequently, the primary data collected was analysed thematically through *NVivo 10* computer software. By adopting *grounded theory* approach in data collection and analysis, *capacity-building theory* of poverty alleviation was eventually generated for implementation in the state. Based on the findings of the study, a *waqf*-based Islamic microfinance integrated model (WIMIM) was proposed. This model which is a mix of commercial and investment institution which employs various Islamic financing techniques to develop local MSMEs in the research survey area was empirically justified and practically demonstrated in various entrepreneurial and capacity-building arrangements. The findings of this study covered the alarming prevalence of poverty in Sokoto State, capacity-building theory of poverty alleviation, ideal *waqf* administration, effective microfinance services, growth of MSMEs and integration of *waqf* and microfinance for sustainable poverty alleviation in the State. These findings are meant to guide the policy-makers and all stakeholders in rectifying anomalies in the current poverty alleviation schemes in the state.

**Keywords:** Capacity building, microfinance, poverty alleviation, MSMEs, *waqf*

## ABSTRAK

Kajian ini dijalankan untuk mengkaji tahap kemiskinan secara umumnya di Nigeria khususnya di negeri Sokoto. Ironinya, kewujudan wakaf dan institusi pembiayaan mikro yang dianggap sebagai salah satu mekanisme dalam usaha pengurangan kadar kemiskinan yang berkesan terhadap institusi-institusi di negeri Sokoto nampaknya tidak memberi kesan yang signifikan. Begitu juga, perusahaan mikro, kecil dan sederhana (MSME) dihalang oleh pengecualian kewangan yang ketat di Nigeria. Oleh yang demikian, kajian ini dijalankan untuk meneroka mekanisme-mekanisme yang berkesan bagi memanfaatkan potensi wakaf, pembiayaan mikro dan MSME dalam usaha mengurangkan kadar kemiskinan yang berlaku di negeri Sokoto. Ianya merupakan kaedah penyelidikan kualitatif yang melibatkan siri wawancara dan juga perbincangan secara kumpulan fokus. Data yang berjaya dikumpulkan seterusnya dianalisis secara teratur menggunakan perisian komputer *NVivo 10*. Dengan mengadaptasi pendekatan teori berasaskan pengumpulan dan analisis data, teori pembinaan kapasiti pembasmian kemiskinan akhirnya akan terhasil. Berdasarkan penemuan kajian yang dilakukan, model bersepadu mikro kewangan Islam (WIMIM) yang berasaskan kepada wakaf telah dicadangkan. Model ini terhasil daripada percampuran institusi perdagangan dan pelaburan yang menggunakan pelbagai teknik pembiayaan Islam dalam usaha membangunkan MSME di kawasan penyelidikan secara empirikal. Penemuan dalam kajian ini mendapati terdapat tahap kemiskinan yang agak kritikal di Sokoto, teori pembangunan kapasiti pembasmian kemiskinan, pentadbiran wakaf yang ideal, perkhidmatan pembiayaan mikro yang berkesan, pertumbuhan MSME dan integrasi wakaf dalam pembiayaan mikro untuk mengurangkan kadar kemiskinan yang mampan di Sokoto. Hasil penemuan dalam kajian ini juga dilihat penting untuk dijadikan sebagai panduan kepada para pembuat dasar dalam usaha penambahbaikan skim pembasmian kemiskinan semasa di Sokoto.

**Kata kunci:** pembinaan kapasiti, mikrokewangan, pengurangan kemiskinan, MSME, wakaf

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## GLOSSARY OF KEY TERMS

'Adl	Transparency and fairness in dealings
Al ghurm bi al-ghurm	Bearing proportionate share of positive and negative investment outcome
Ariyyah	Literally, ' <i>Ariyyah</i> means an item lent free of charge. In the language of <i>Shari'ah</i> , it refers to a formal contract of loan which transfers an inexhaustible item free of charge, but temporarily, to a borrower, while the ownership of the lent item remains with the lender, as it will be returned to him at a stipulated future time.
Bai al-Mu'ajjal	This refers to the Sale of Deferred-Payment, which is a bilateral agreement in which the bank makes prompt payment of required goods, inputs or implements, to farmers, manufacturers or industrialists, at a given future date. The repayment can be either in cash, in manufactured goods or in farm produce depending on what the agreement stipulates.
Capacity-building theory	The belief that poverty can only be effectively eradicated or alleviated by developing the earning potentials of the poor intellectually before financial empowerment.
Damán	Literally, <i>Damán</i> means an unflinching determination of a person to do, or offer, something to liberate another person from a claim, commonly referred to as Guarantee. In the viewpoint of the <i>Shari'ah</i> , it signifies a formal contract in which a person agrees to bear the responsibility of either settling a debt on behalf of the debtor upon his failure to repay it; summoning him to where he is needed for repayment; or exposing his hideout when he is under search warrant.
Debt financing	Direct financing the entrepreneur through disbursement of loan to be repaid in a future date.
Downward accountability	All-inclusive management of an institution by taking the clients or beneficiaries on board in policy making and implementation.
Equity financing	Indirect financing of the entrepreneur through partnership in the capital and management of financed businesses.
Financial intermediation	Playing the role of middlemen by collecting surpluses from the rich and disbursing them as investment loans to active poor based on PLS arrangement.
Gharar	A situation where negative consequences of business risks are not considered by the financier.

Hawalah	In the juridical language, <i>Hawalah</i> signifies a transfer of debt by way of security and corroboration from the original debtor to the person on whom it is transferred.
Ibdaal	Replacement of dormant <i>waqf</i> asset with a different functional asset through liquidation.
Ijārah	This is hire of <i>waqf</i> assets to generate revenue for maintaining other assets and rendering social services to the poor.
Ijārah sukūk	<i>Ijārah sukūk</i> is regarded as the classical bond bond. It has become the most commonly used bond in terms of volume of issuance since 2008. This bond's popularity stems from its uncontested <i>Sharī'ah</i> -compliance and investors' familiarity with the sale and leaseback bond. <i>Ijārah's</i> nature as a sale and leaseback agreement makes it suitable if the issuing institution has unencumbered assets that are commercially leasable, such as real estate, vehicles or electronics.
Ijtihaad	Intellectual efforts by scholars to find solutions to new problems from dependable sources.
Istibdaal	Replacement of dormant <i>waqf</i> asset with a similar functional asset through exchange or liquidation.
Istisná'	The word <i>istisná'</i> is derived from the Arabic term <i>sinā'ah</i> , meaning to manufacture a specific commodity, and is a financing method used for the production of specific goods. <i>Istisná'</i> , therefore, is a sale of forward buying of commodities to be manufactured, or processed, by the seller on given specifications. This forms a contractual agreement between the manufacturer and the purchaser thereby making an advanced payment for the commodities to be manufactured and then delivered at an agreed future date. <i>Istisná'</i> is an easy way of financing short-term manufacturing industries by <i>waqf</i> -based microfinance through <i>Sharī'ah</i> -compliant arrangement.
Kaffārah	Discharging a specific financial obligation as atonement for committing an offence.
Mudārabah	This is Profit-Sharing Entrepreneurial partnership in which the <i>waqf</i> -based microfinance supplies the capital of an investment. The profit is shared with the investor on a pre-determined ratio, but the loss is borne by the financier alone.
Mudārabah sukūk	The <i>mudārabah</i> bond is suitable if the originator does not own an actual tangible asset or does not have sufficient funds to purchase such asset to permit an <i>ijārah</i> to be bond on a sale and leaseback arrangement. <i>Mudārabah sukūk</i> is particularly fitting for development financing as this bond is

	connected to a project's profitability. The <i>mudārabah</i> bond has been revived recently, as it has proved particularly useful for the issuance of Tier 1/Tier 2 capital <i>sukūk</i> — which have become more prevalent as financial institutions prepare to implement the Basel Committee on Banking Supervision's revised rules relating to capital requirements, commonly known as Basel III.
Mughārasah	The <i>waqf</i> -based microfinance can embark upon financing the revival of barren lands, <i>ihya' al-mawaat</i> , by employing the most effective methods of land revitalization for valuable trees to be planted therein in partnership with others, <i>mughārasah</i> . For this purpose also, the management can acquire the land by purchasing it, or by an appropriation from the government. It then gives the land to capable individuals, or organizations, to plant valuable fruit trees and nurse them to a certain stage of development. Thereafter, both the land and the trees would be shared between the contracting parties according to the pre-determined ratio.
Murābahah	This is a mark-up sale contract in which the <i>waqf</i> -based microfinance enters into a mutual agreement with its clients wishing to acquire certain commodities or equipments for direct consumption or trading. The management, being the financier, purchases the required items and sells them to the clients on the basis of a fixed mark-up profit already agreed upon.
Musāqāh	As part of its various non-debt creating modes of financing, the <i>waqf</i> -based microfinance operating in fruit- and vegetable-producing countries can participate in the contract of gardening, <i>musāqāh</i> . <i>Waqf</i> funds can also be invested in purchasing, or leasing gardens and orchards, and then rent them to companies, or corporate organizations for a share of the yields obtained therefrom
Mushāarakah	This is Profit-and-Loss Sharing (PLS) business partnership in which the <i>waqf</i> -based microfinance engages with other clients. Partners will share the accrued profit or incurred loss proportionately.
Mushāarakah sukūk	The <i>mushāarakah</i> bond is used to mobilise funds for establishing or developing a project or financing a business activity. Otherwise, the <i>mushāarakah</i> is similar to the other bonds in that it requires the performance of an underlying asset to generate profits for investors. It can be implemented to provide for regular payments throughout the life of the financing arrangement and allow for a flexible

	tailoring of the payment profile and method of calculation.
Mutawalli	A person formally appointed to manage the properties of <i>waqf</i> by preserving their perpetuity and devising suitable ways of increasing the quantity and quality of their utilities.
Muzāra'ah	This is a farming partnership whereby the <i>waqf</i> -based microfinance can purchase or lease a land and rent it to capable farmers or agricultural organizations to cultivate under a mutual agreement of sharing the produce based on an agreed ratio. Farming ventures can also be financed through various direct and indirect financing techniques, such as <i>bai' mu'ajjal</i> , <i>bai' salam</i> and <i>mudārabah</i> .  Similarly, very large plantations owned by poor people can be rented for cultivation and the produce to be shared based on a pre-determined criterion. Expensive farming machineries and implements can also be purchased to be rented to poor farmers, or agricultural organizations. All these farming engagements can bring profit to <i>waqf</i> properties.
Qard Hassan	Interest-free loan disbursed for private investment or direct consumption.
Rab al-maal	Financier of a project through debt financing arrangement, such as <i>salam</i> , <i>istisná'</i> , and <i>bai mu'ajjal</i> ; or through equity financing arrangement, such as <i>mudārabah</i> and <i>mughārasah</i> .
Rahn	Literally, <i>rahn</i> means mortgaging a thing on account of a claim, or debt, which may be answered by means of that thing. It is, therefore, seen by the <i>Sharī'ah</i> to be a contract between the debtor and his creditor, to the effect that the former surrenders his valuable item, or asset, to the latter as a security, which can be liquidated to settle the debt in the event of failure, or refusal, to repay it promptly.
Riba	<i>Riba</i> is better translated as Usury, although it is commonly referred to as Interest. There are two types of <i>riba</i> ; <i>riba an-nasee'ah</i> , usury in loan, and <i>riba al-fadl</i> , usury in exchange. The former refers to a material increment whether in fixed or variable percentage of a loan to be paid in advance, or on maturity. While the latter signifies an excess in one of the two homogeneous commodities involved in a contract of exchange (sale), and in which such excess is stipulated as an obligatory condition on one of the contracting partners without any return

	for it. The position of the Islamic economic system regarding <i>riba</i> is very clear and unambiguous. The Qur'anic verses as well as the Prophetic Traditions go straightforwardly to define <i>riba</i> , distinguish it from pure trade, explain its evil consequences and justify its outright prohibition.
Sadaqah al-Fitr	This is a special charity emphatically recommended to be given to the poor on, or two days before, the <i>Eid al-Fitr</i> day that marks the end of Ramadan.
Salam	This signifies the Sale of Advance Payment. It is an important technique that <i>waqf</i> -based microfinance can operate in financing trade, agriculture and industry. In <i>Salam</i> contract, the institution engages in direct investment of its funds through purchasing commodities and then selling them to make profit. The institution engages in this contract primarily in order to empower the seller financially.
Sarraf	An intermediary whose role is to collect surpluses from the rich and distribute them to the poor through various financing techniques. In this case, the <i>waqf</i> -based microfinance mobilizes <i>waqf</i> funds from various sources and uses them to develop the earning potentials of the active poor or to finance MSMEs for poverty alleviation.
Sharī'ah	<i>Sharī'ah</i> , or Islamic Law, is the expression of Allah's command for Muslims. It constitutes a divinely ordained path of conduct that guides Muslims toward practical expression of their religious belief in this world, and the goal of divine favour in the Hereafter. <i>Sharī'ah</i> is not merely a system of law, but a comprehensive code of behaviour that embraces both private and public activities.
Sharikaat 'uqood	Partnerships, especially in business, formally contracted by participating shareholders.
Shúrá	Consultative council where important issues are collectively discussed by leaders, scholars or intellectuals.
Sukúk	<i>Sukúk</i> commonly refers to the Islamic equivalent of conventional bonds. However, as opposed to conventional bonds, which merely confer ownership of a debt, <i>sukúk</i> grants the investor a share of an asset, along with the commensurate cash flows and risk. Therefore, with <i>sukúk</i> , the initial investment isn't guaranteed; the <i>sukúk</i> holder may or may not get back the entire principal (face value) amount. That's because, unlike conventional bond holders, <i>sukúk</i> holders share the risk of the underlying asset. If the project or business on which <i>sukúk</i> are issued

	<p>doesn't perform as well as expected, the <i>sukūk</i> investor must bear a share of the loss. As such, <i>sukūk</i> securities adhere to <i>Sharī'ah</i> principles, which prohibit the charging or payment of interest. As with conventional bonds, <i>sukūk</i> are issued with specific maturity dates. When the maturity date arrives, the <i>sukūk</i> issuer buys them back (through a middleman called a <i>Special Purpose Vehicle</i>). The emergence of <i>sukūk</i> has been one of the most significant developments in Islamic capital markets in recent years.</p>
Ummah	<p>The entire Muslim community usually expected to be sharing common religious aspiration under one supreme leadership as it was during the classical period.</p>
Upward accountability	<p>Abiding by the rules and regulations governing the administration of an institution which requires correct disclosure and reporting to the relevant constituted authority.</p>
<i>Waqf</i>	<p><i>Waqf</i> (plural: <i>Awqāf</i>) or <i>habs</i>, is defined as a <i>perpetual endowment</i>. Creating a <i>waqf</i> involves setting aside certain assets by the donor (<i>waqf</i>) and preserving them so that benefits continuously flow to a specified group of beneficiaries or community. The corpus (endowed asset) of a <i>waqf</i> can be real estate or cash. A <i>waqf</i> is created by the <i>wāqif</i> through a <i>waqf</i> deed specifying the purpose of the <i>waqf</i>, its beneficiaries, its caretaker (<i>nazir/mutawalli</i>) and the mechanism of caretaker's compensation.</p>
Zakkah	<p><i>Zakkah</i> is a compulsory annual or periodical levy on Muslims. It is one of the five pillars of Islam and its importance is such that it has been mentioned 30 times in the Holy Quran mostly together with the Five Daily Prayers. <i>Zakkah</i> is collected:</p> <ul style="list-style-type: none"> <li>• On wealth owned for one <i>Hijrī</i> calendar year (<i>hawl</i>)</li> <li>• Must be equal to a minimum threshold (<i>ni āb</i>) or more</li> <li>• Not on income used for consumption</li> <li>• On savings added to wealth of an individual during the year, and on agricultural output</li> </ul> <p>The proceeds of <i>zakkah</i> can only be distributed amongst the following 8 categories:</p> <ol style="list-style-type: none"> <li>1. Poor</li> <li>2. Needy</li> <li>3. Administrators and collectors of <i>zakkah</i></li> </ol>

- 
4. Whose hearts are to be won over
  5. Freeing human beings from bondage
  6. Those overburdened with debts
  7. Struggle in God's cause
  8. The wayfarers
- 





## LIST OF ABBREVIATIONS

A.C.	After Christ
A.D.	<i>Anno Domini</i>
BLP	Better Life Program
CB	Community Bank
CBN	Central Bank of Nigeria
CGAP	Consultative Group to Assist the Poor
DFRRI	Directorate of Foods, Roads, and Rural Infrastructure
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FEAP	Family Economic Advancement Program
FSS	Financial Self-Sufficiency
GDP	Gross Domestic Product
GNP	Gross National Product
HDI	Human Development Index
HRD	Human Resource Development
ICP	International Comparison Project
IFAD	International Food and Agricultural Department
LGA	Local Government Area
MDGs	Millennium Development Goals
MF	Microfinance
MFB	Microfinance Bank
MFI	Microfinance Institution
MSME	Micro, Small and Medium Enterprise
MSMEDF	MSME Development Fund
NACP	National Agricultural and Cooperative Bank
NAFPP	National Accelerated Food Production
NDE	National Directorate of Employment
NEEDS	National Economic Empowerment and Development Strategy
NGO	Non Governmental Organization
NPC	National Population Commission

OFN	Operation Feed the Nation
OPEC	Organization of Petroleum Exporting Countries
OSS	Operational Self-Sufficiency
PEP	Poverty Eradication Program
PLS	Profit and Loss Sharing
PPP	Purchasing Power Parities
R & D	Research and Development
RSP	Rural Support Program
SASME	Special Adviser on SMEs
SAW	<i>Sallal Lahu alaihi wa Sallam</i>
SEEDS	State Economic Empowerment and Development Strategy
SPV	Special Purpose Vehicle
SSG	Sokoto State Government
UNDP	United Nations Development Program
UNFAO	United Nations Food and Agricultural Organization
UNICEF	United Nations Children Education Fund
UNO	United Nations Organization
USD	United States Dollar
WAM	<i>Waqf</i> Asset Manager
WHO	World Health Organization
WIMIM	<i>Waqf</i> -based Islamic Microfinance Integrated Model

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The title of this study is *Integration of Waqf, Microfinance and Micro, Small and Medium Enterprises (MSMEs) for Poverty Alleviation in Sokoto State, Nigeria*. This title was deliberately chosen considering the themes that constitute the Central Phenomenon of the research work. These themes emanated from the *research problem* that calls for systematic harmonization of *waqf* and microfinance institutions in a bid to secure effective and sustainable poverty alleviation in the Northern Nigerian State of Sokoto. As depicted in figure 1.1, this chapter is basically clarifying the key words of the research title which include; *integration, waqf, microfinance, MSME, poverty alleviation, Sokoto and Nigeria*. Other issues discussed in the chapter are the introductory parts of a formal thesis which include problem statement, research questions and objectives, as well as justification, significance, scope and limitation of the study.

#### 1.1.1 Integration – Literal and Conceptual Connotations

Literally, the word ***integration*** means *incorporation, unification, assimilation, amalgamation, combination or alliance*. The word is used to indicate the “act of linking” fragmented entities that were previously functioning independently in order to have a stronger unified function (*Oxford Dictionary of Contemporary English*, 2015). Conceptually, however, the word refers to a “process of absorbing” individuals, groups or institutions, of differing ethnic, cultural or socio-economic backgrounds into the dominant environment to achieve a stronger harmonious coexistence (*Encyclopaedia Britannica*, 2010). The process of *integration* involves taking on the traits of the dominant entity to such a degree that the

*integrating* group becomes apparently indistinguishable from other entities of the union. In this case, *integration*, therefore, is the most extreme form of unification primarily effected in order to fulfil a common ambition.

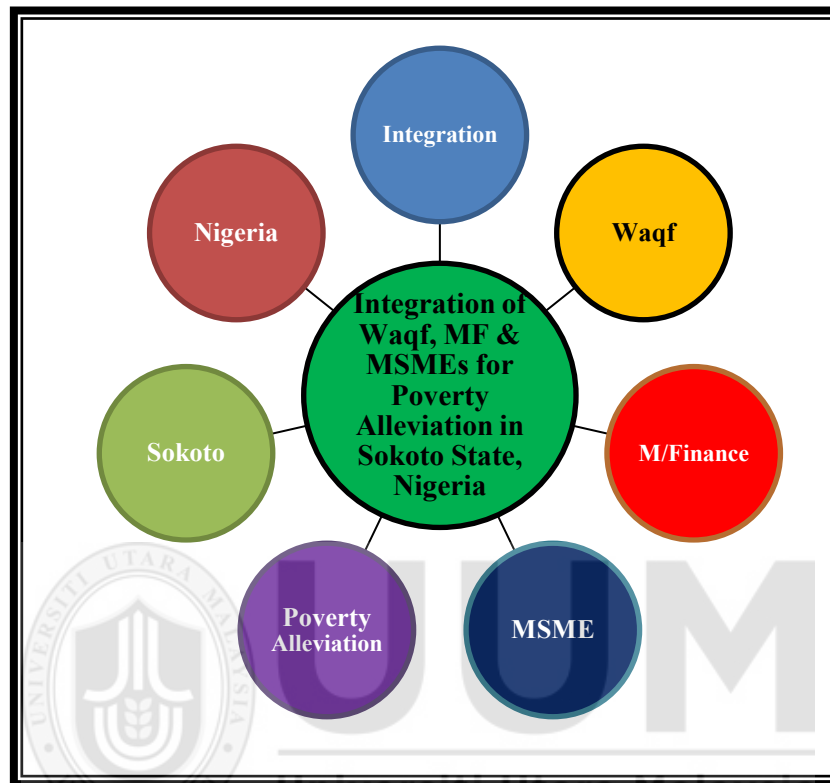


Figure 1.1  
 Key Words of the Research Title  
 Source: Developed from the study's data

Sociologically, *integration* refers to assimilation of people of different geographical, racial, ethnic, religious or cultural backgrounds to form a stronger unified nation or community (Bonilla-Silver, 2017; Boucher & Kelley, 2017). A relevant example of *integration* is the unification process that commenced from the 16th century A.C. when millions of Europeans from different socio-cultural backgrounds started to migrate to North America which was already inhabited by Paleo-Indians (Fields, 2017; Nevitte, 2017). Subsequently, in order to have greater prosperity and security in their hitherto isolated lands, all the peoples joined together, irrespective of their differences, to form one *integrated* country called the United

States of America (Du Bois, 2017). Eventually, it was only with this *integration* that their collective goal of becoming a strong and prosperous nation was achieved (McAdam, 2017).

Similarly, Malaysia is a country where *Orang Asli*, the original inhabitants of the area, *integrated* with the Chinese and Indian emigrants before and during the colonial period to form one independent egalitarian nation in 1957 (Liu *et al.* 2002; Andaya and Andaya, 2016). Each of these three different ethnic groups regards itself as an *integral* part of Malaysia (Warnk, 2012). Therefore, as Matheson-Hooker (2003) and Ahmad (2017) revealed, the three ethnic groups are collectively contributing from their respective areas of competence to the overall development of the country.

In the light of these instances, this study considers the necessity of *integrating* the two different institutions of *waqf* and microfinance for effective and sustainable poverty alleviation. This is because these financial institutions have common potentials that constitute the vital ingredients required for the attainment of this goal. To this effect, so long as the two institutions function in Nigeria with a collective objective of alleviating poverty through their respective financial services, there is need to get them properly *integrated* in order to secure greater success.

Over the past few decades, scholars have been conducting studies on the imperatives for the reinvigoration and revitalization of *waqf* which was previously playing a major role in the field of poverty alleviation (Ahmed, 2004, Rashid, 2005; Babacan, 2011; Cizakca, 2011; Alias, 2012; Ahmad, 2013; Obaidullah, 2014). Yet, inadequate attention is paid to the integration of *waqf* and microfinance in order to get a unified mechanism for effective financing of MSMEs and sustainable provision of social security services to the poor

(Muhammad, 2010; Ismail *et al.*, 2013; Aslam, 2013; Ali, 2014; Alpay & Haneef, 2015; Shirazi *et al.*, 2015).

### 1.1.2 Literal and Legal Exposition of *Waqf*

*Waqf*, which literally means *confinement* or *restriction*, is legally referred to as non-negotiability of property ownership which is of employable value, and the direction of it benefits to a certain charitable purpose, once and for all (Abu Amr, 2003). Conceptually, the noble regards *waqf* to be a reward-seeking dedication of a valuable wealth, in cash or asset, to benefit people on permanent and sustainable basis (Iman & Sabit, 2014). Conventionally, however, *waqf* is referred to as *philanthropy*, from an ancient Greek word, *philanthropia*, derived from *philo* (loving) and *anthropos* (mankind) which means expression of kindness, benevolence or love to mankind by the Greek deities (Thelin and Richard, 2014). It is traditionally known as endowment, trust, or foundation, which is voluntarily dedicated for humanitarian services (*Encyclopaedia Britannica*, 2012).

Various terms are used in different nations to refer to *waqf*. In Africa, especially where the *Maliki* School of Thought is followed, the word *habs* is alternatively used for *waqf* (al-Dardir, 2014). At times, language, or culture, influences the usage of the word, as *vaqf* is used in Turkey, *wakafi* in Northern Nigeria and Niger Republic, and *wakaf* in Malaysia and Indonesia (Mahamood & Ab Rahman, 2016).

### 1.1.3 Concept of Microfinance

Microfinance is a special mechanism of providing financial services to low-income people and economically-active poor (Mellor & Malik, 2017). Although it mainly covers savings and credit services, but it also provides other financial services, such as insurance and payment

services (Banerjee & Jackson, 2017). Microfinance services in form of loans, savings, and insurance, are rendered to the active poor to take advantage of economic opportunities, increase their earnings, satisfy their basic needs, and protect them against shocks (Li & Wang, 2017). Shirazi *et al.* (2015) identified three features that distinguish microfinance from other formal financial products which include;

- (i) disbursements of small loans of short- and medium-term,
- (ii) preference of social collateral, and
- (iii) low-profile operation.

Islamic microfinance is a special banking operation that is used for channeling interest-free loans derived from the surplus of the rich to fill the investment deficits of the active poor. This process aims at developing the earning potentials of the poor in order to make them self-reliant economically (Rocha, Farazi, Khouri & Pearce, 2011; Walters, 2012; Oseni, Hassan & Matri, 2013; Ali, 2014).

According to Rochman (2013), Islamic microfinance allows the poor to access banking services including venture capital, credit, insurance, savings and remittance on a micro scale. This financial service helps the poor to strengthen their earning potentials, increase their take-home income, and boost the viability of their economic security and assets. Similarly, it is a means of creating high demand for domestic goods and services such as home-made durables and consumables, traditional education, nutrition and healthcare (Widiyanto & Ismail, 2010; Adnan & Ajiya, 2015).

#### 1.1.4 MSMEs: Concept and Economic Significance

In the Nigerian context, there is no definite definition of micro, small and medium enterprises (MSMEs). Multifarious definitions of MSMEs emanate from economic sectors (Adeleke, 2012; Abbas, 2016). However, all the sectoral definitions are commonly based on certain criteria which include, *inter alia*; annual sales turnover, number of employees, volume of profit, capital employed, means of continuous funding of the enterprise, market share, and relative size within the industry in which an enterprise operates (Adeleke, 2012).

The adoption of standard definition for MSMEs will facilitate their proper identification across business sectors, thus enabling effective formulation regulatory policies and implementation. It will also allow better monitoring of MSMEs performance and their contribution to national economy (Adewale *et al.*, 2015; Abbas, 2016).

In Nigeria, MSMEs constitute a major source of foreign exchange earnings. They contribute immensely to export promotion, economic development, use of science and technology, mobilization and utilization of domestic savings (Adewale, Afolabi & Abumere, 2015). Thus, as Adeleke (2012) rightly pointed out, all tiers of government benefit tremendously from MSMEs as catalysts of domestic revenue generation. Apparently, with the development of MSMEs there will be less pressure on governments to provide employment to the teeming youth and, consequently, there will be less security challenges because of adequate engagement in one productive activity or the other (Adewale *et al.*, 2015).

It was observed that the MSMEs are the most effective preventive measure against rural-urban migration which leads to not only overstretching of infrastructure but also many criminal activities in the cities (Abbas, 2016). Unfortunately, in spite of the enormous



benefits derived from active MSMEs, a lot of obstacles are curtailing their development in Nigeria, particularly acute inability of attracting external funds from financial institutions (Adeleke, 2012; Abbas, 2016; Taiwo & Agwu, 2016).

### 1.1.5 Socio-Economic Background of Nigeria

Situated in West Africa (shown in Figure 1.2 below), Nigeria has an area covering 924,000 square kilometers with an estimated population of 170 million (going by the 2006 National Census). It is, therefore, the eighth most populous country in the world (Agboola, 2012).



Figure 1.2  
*Geographical Location of Nigeria, West Africa*  
 Source: Encyclopædia Britannica, 2012

According to Udo (2013), Nigeria is a country where more than 200 ethnic groups are harmoniously living and more than 500 languages are spoken with Hausa (North), Yoruba (South-West) and Igbo (South-East) as the most predominant. As illustrated in Figure 1.3, about 58% of the Nigerian population are Muslims who are mainly Hausa (98 % of them) and

Yoruba (55% of them), 37% are Christians who are mainly Igbos (90% of them) and the remaining 5% follow traditional religions (Encyclopaedia Britannica, *Nigeria*, 2012 ).

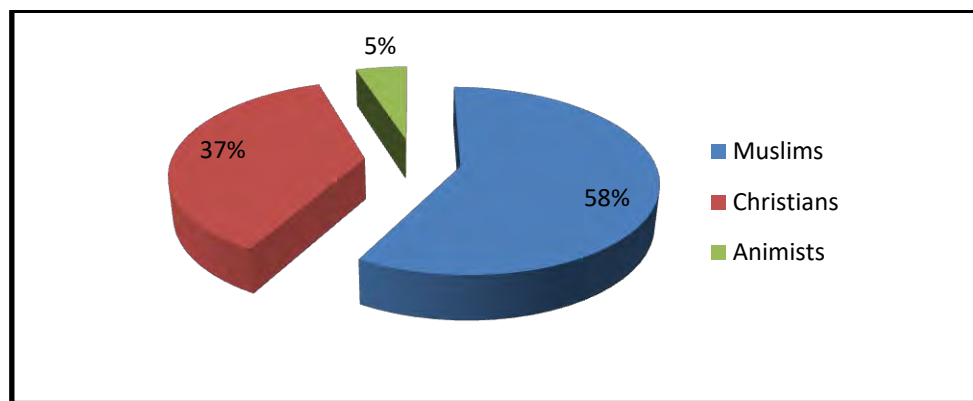


Figure 1.3  
*Population of Nigeria Based on Religious Beliefs*  
Source: Encyclopaedia Britannica, *Nigeria*, 2012

As on 1st October 1960 when Nigeria, shown in Figure 1.4 below, secured its political independence, it comprised of three contiguous regions created along the three major tribes of Northern Hausa, South-Western Yoruba and South-Eastern Igbo governed by their respective premiers under a Lagos-based central government led by a Prime Minister (Paden, 1985). Following an internal squabble that toppled the first civilian government in 1966, the new military leaders split the country into twelve States in 1967 with the present Sokoto, Kebbi, Zamfara and Niger States together with the Federal Capital Territory (FCT) of Abuja making up the North Western State with Sokoto as its capital. In 1976, when more States were created, Niger State and the FCT were separated, and the remaining three States made up of the new Sokoto State. Furthermore, in 1991 and 1996, Sokoto State was further fragmented to create two States; Kebbi and Zamfara respectively.



Figure 1.4  
*Nigeria as Composed by its 36 States and FCT (Abuja)*  
 Source: Encyclopædia Britannica, *Nigeria*, 2001

There are tremendous opportunities for investments in the solid mineral sector of the Nigerian economy. Prospecting licenses for investors (both local and foreign) to participate in the exploitation of the vast mineral resources in Nigeria is granted by the Federal Ministry of Solid Minerals Development.

Nigeria boasts with a highly educated labour force produced at its federal, state and private universities, totalling more than one hundred, in adding to similar number of polytechnics and colleges of education spread in all parts of the country (NPC, NEEDS, 2005). The current literacy rate in the country is 80%, considering both Western and Islamic systems of education (Adewuni, 2014).

### 1.1.6 Sokoto State as the Research Survey Area

The contemporary Sokoto State constitutes the nucleus of the famous nineteenth-century Sokoto Caliphate established by the renowned Islamic revivalist, Uthman bin Muhammad bin Uthman bin Salih, popularly known as Usmanu dan Fodiyo (1754-1817) in 1804 (Suleiman, 2010). Under the Caliphate, as Last (1967) clarified, the centuries of rivalry between the Hausa city-states and the idolatrous practices moulded in Islam in the area were brought to an end. By 1837 when the first Sultan of the consolidated Caliphate, Muhammad Bello, died, Sokoto Caliphate had stretched across the whole of Northern Nigeria, Southern Niger and Western Cameroon, becoming the largest empire in West Africa since the sixteenth-century Songhai Empire (Trimingham, 2012).

As shown in Figure 1.5 below, situated in the North-Western part of Nigeria, Sokoto State is composed of 23 Local Governments Areas (LGAs) which include; Binji, Bodinga, Dange-Shuni, Gada, Goronyo, Gudu, Gwadabawa, Illela, Isa, Kebbe, Kware, Rabah, Sabon Birni, Shagari, Silame, Sokoto North, Sokoto South, Tambuwal, Tangaza, Tureta, Wamako, Wurno, Yabo. Each of these LGAs, as listed in Appendix E, is endowed with some vital agro-mineral resources for viable economic development of the State (*Sokoto State Government Diary*, 2016). Considering these abundant resources in the State, the *waqf*-based microfinance services should be effectively rendered to develop locally-oriented micro, small and medium enterprises (MSMEs) for sustainable alleviation of poverty among farmers and industrialists.

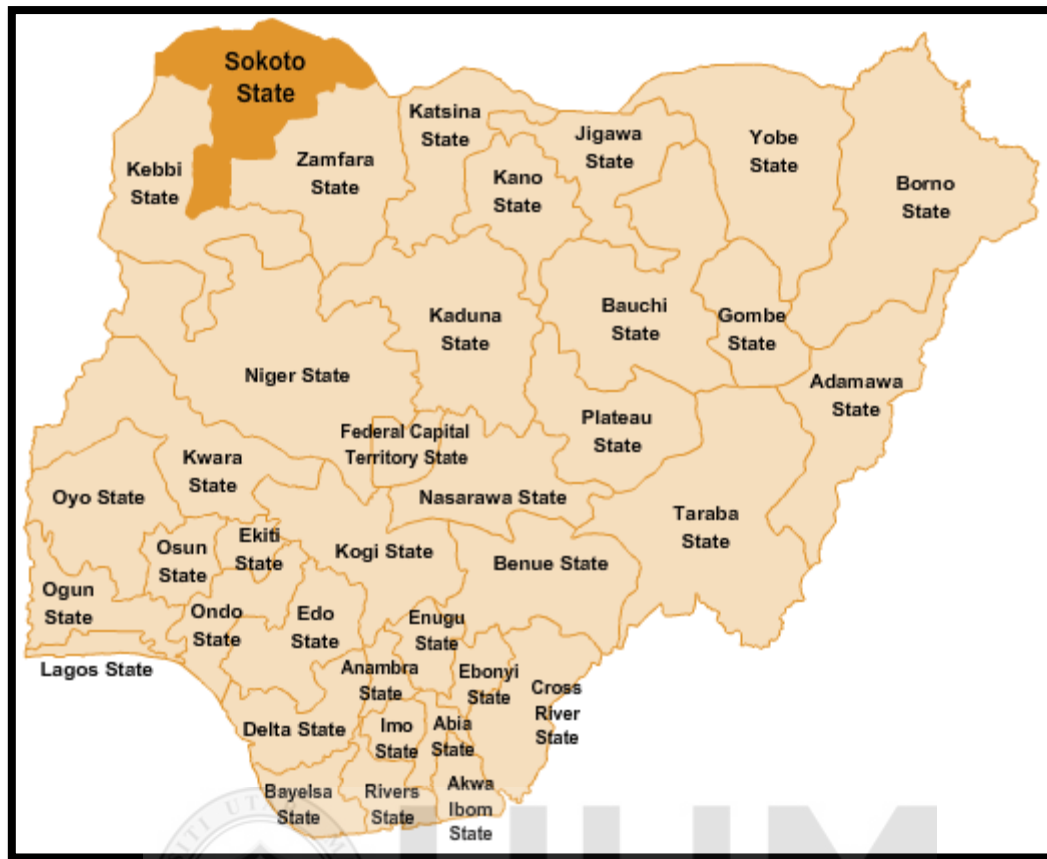


Figure 1.5  
*Sokoto State, North-Western Part of Nigeria*  
 (Sokoto State Government Diary, 2016)

According to Sokoto State Government (SSG) Diary (2010), Sokoto State has a population of over four million, 99.9% of which is Muslim. 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). The predominant tribes in the State are Hausa and Fulani who share the same socio-cultural background (Paden, 1985).

Islam and *shari'ah* made up the unifying elements in what was otherwise a federation of semiautonomous emirates, literacy became widespread and, with an end to inter-state Hausa wars, trade flourished making the region economically buoyant (Last, 1967). In 1903, the Caliphate was conquered by the British West Africa Frontier Force putting an end to the Sokoto-based one hundred-year old Islamic central government, and opening a new era of sixty-year old British colonial rule in what was later to become the Federal Republic of Nigeria in 1960 (Ajayi & Espie, 1973).

In January, 2000, Zamfara State under a new civilian Governor, Alhaji Ahmad Sani Yerima, proclaimed the reintroduction of *shari'ah*. This pioneering initiative was subsequently emulated by many States in Northern Nigeria among which was Sokoto. The introduction of *shari'ah* in this State was accompanied by a significant socio-economic and religious transformation which includes the institutionalization of *waqf* (Nuruddeen, 2014; Muhammad, 2016).

### 1.1.7 Concept of Poverty Alleviation

*Poverty alleviation* is a set of economic and humanitarian measures taken by authorities, corporate organizations and NGOs in order to remove people from the yoke of poverty permanently (Panel, 2013; Bhalla & Lapayre, 2016).

However, as Alkerek, Roche and Vaz (2017) critically observed, most of the poverty-alleviation strategies devised by governments are essentially meant to provide assistance to the poor. According to Gaisbauer *et al.* (2016), such strategies are sometimes in form of social security and welfare services, but are not meant to eradicate poverty permanently. Similarly, some international NGOs do support anti-poverty programs across the world, mostly in developing countries and areas afflicted by man-made and natural calamities (Ravallion, 2016). These organizations include the following:

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

In Nigeria, however, governments dominate the arena of poverty-alleviation (National Planning Commission's NEEDS, 2005; Muhammad, 2016). This, perhaps, is not unconnected with the common belief that most of the causative factors of poverty emanate from wrong government policies (Fajingbesi & Uga, 2010; Bambale, 2011).

## 1.2 Justification of the Study

So far, for the past forty-five years (1972-2017), successive military and civilian governments in Nigeria have had 17 different poverty alleviation programs (Muhammad, 2016). Even though none of these programs was completely without any achievement, but none of them had a sustainable effect on poverty alleviation in the country. Their weaknesses, as many analysts (Oyeranti & Oloyiwola, 2005; Arogundade *et al.*, 2011; Muhammad, 2016) discovered, are largely attributed to a number of factors which include;

- i. Misplacement of benefits from the poor to the well-to-do who have direct or indirect connection with the programs;
- ii. Unsustainable operational mechanisms used in executing the programs and projects;
- iii. Absence of a comprehensive policy framework that can effectively guide implementation of the program;
- iv. Poor coordination of the program;
- v. Unnecessary government interference in the execution of the program;
- vi. Lack of clear separation of functions among the diverse government agencies which usually exposes the program to institutional rivalry and conflicts;
- vii. Superfluity of programs that causes failure to accomplish projects due to gross underfunding; and
- viii. Sidelining of target beneficiaries in designing, implementation, monitoring, and evaluation of poverty-reduction projects.

Having realized the factors that militated against the desired success of previous poverty-alleviation programs in Nigeria, this study finds it imperative to source out a new direction towards achieving the ultimate goal. This direction requires in-depth research on the problem



and subsequent generation of a workable theory to be extracted from the views and perceptions of the stakeholders. Eventually, this theory will be the driving force for successful *integration of waqf and microfinance for effective and sustainable poverty alleviation in Sokoto State, Nigeria*.

### 1.3 Statement of the Problem

This study was conducted out of the concern over the alarming prevalence of poverty in Nigeria. It is revealed that from the world's 1 billion *extremely* poor people 60% are living in just five countries in 2013 which include India, Nigeria, Democratic Republic of Congo, Bangladesh and China (United Nations MDGs Report, 2015). About 54.4% of the Nigeria's population is living under USD1.25 a day, out of which 68% are living in the Muslim-dominated North where Sokoto State is situated (Muhammad, 2016; Okpi, 2013). The latest values of HDI report on Nigeria shows that the country is ranked 156 with the value of 0.459 among 187 countries (UNDP *HDI Report on Nigeria*, 2015). Thus, Nigeria has a low level of human development, lagging behind many poor countries of Africa (Taiwo & Agwu, 2016).

Poverty, according to the Glorious Qur'an, cannot be eradicated completely in any society as human beings are created in economic disparities:

أَهُمْ يَقْسِمُونَ رَحْمَتَ رَبِّكَ ۗ نَحْنُ قَسَمْنَا بَيْنَهُمْ مَعِيشَتَهُمْ فِي الْحَيَاةِ الدُّنْيَا ۚ وَرَفَعْنَا بَعْضَهُمْ فَوْقَ

بَعْضٍ دَرَجَاتٍ لِّيَتَّخِذَ بَعْضُهُمْ بَعْضًا سُلَخِيًّا ۖ وَرَحْمَتُ رَبِّكَ خَيْرٌ مِّمَّا يَجْمَعُونَ ﴿٦٦﴾

*Are they the ones who are distributing the bounties of your Lord? We are the One who distributed their livelihood amongst them in the worldly life. Then We raise some of them above others in ranks, so that some may command work from others... (az-Zukhruf 43: 32).*

وَاللَّهُ فَضَّلَ بَعْضَكُمْ عَلَىٰ بَعْضٍ فِي الرِّزْقِ ۖ فَمَا الَّذِينَ فِي بُرَادٍ رِزْقِهِمْ عَلَىٰ مَا

مَلَكَتْ أَيْمَانُهُمْ فَهُمْ فِيهِ سَوَاءٌ ۚ أَفَبِعِزَّةِ اللَّهِ تَجْحَدُونَ ﴿٦٧﴾

*Allah has raised some of you above others in richness, and those raised cannot transfer their richness on their servants as to become equal; are they denying the decreed bounties of Allah? (an-Nahl 16: 71).*

However, the Islamic economic system provides a special system that mitigates and manages poverty in the Muslim Community to enable every person acquire basic necessities of life as the Glorious Qur'an declares, thus;

مَا أَفَاءَ اللَّهُ عَلَى رَسُولِهِ مِنْ أَهْلِ الْقُرَىٰ فَلِلَّهِ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسْكِينِ  
وَابْنِ السَّبِيلِ كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ ۚ وَمَا آتَاكُمُ الرَّسُولُ فَخُذُوهُ وَمَا نَهَاكُمْ  
عَنْهُ فَانْتَهُوا ۚ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ

*Whatsoever Allah may restore unto His Messenger from the people of the cities is for Allah and for the Messenger; and for the next of kin, the orphans, the needy and the wayfarer, so that it will not be confined to the rich among you. And whatever the Messenger gives you, accept it; and whatever he forbids you from, refrain from it. And fear Allah; verily, Allah is stern in punishment (al-Hashr 59: 7).*

*Waqf* and microfinance are practically proved to be among the most effective poverty-alleviation institutions (Ali, 2014; Alpay & Haneef, 2015; Shirazi, Obaidullah & Haneef, 2015). Ironically, the decade-long existence of these institutions in Sokoto State is, apparently, not making any significant impact on poverty alleviation in the area. During its *pilot study*, this study discovered many poverty-induced repercussions in all parts of the State, ranging from influx of street beggars in urban areas, soaring number of out-of-school children, acute food shortage in many households, high infant and maternal mortality and rising rate of unemployment.

Having discovered how Sokoto State is bestowed with abundant untapped agricultural and mineral resources, the rate of poverty should not have reached its current alarming level if they are properly exploited. This study, therefore, is bent to find out how micro, small and

medium enterprises (MSMEs) could be created, developed and sustained on these abundant resources in a bid to cut the level of poverty in the State.

It is against this background, therefore, that this study needs to be conducted in order to explore effective ways of harnessing the potentials of *waqf* and microfinance in creating and financing MSMEs in order to alleviate poverty in Sokoto State. By using *grounded theory* approach in data collection and analysis, this study will eventually generate a practicable theory from the participants' responses for implementation in the future poverty alleviation programs in the State. Moreover, it is expected that the findings of this study will guide the policy makers and stakeholders in *waqf* and microfinance to rectify existing anomalies in the current poverty alleviation schemes in the State.

Evidently, this problem is researchable for four reasons:

- i. The research problem is exploratory in nature which requires a new poverty-alleviation theory to be constructed from the primary data which will serve as a driving force in the campaign against proliferation of poverty in Sokoto State
- ii. The institution of *waqf* in Sokoto State will be taken to a new horizon that embraces the modern *value-based concept* which allows liquidation and/or revitalization of dormant *waqf* assets. This will give the hitherto unknown *cash waqf* a strong momentum in the State.
- iii. A significant gap in the previous researches in poverty alleviation, especially in the survey area, will be filled. This study has put greater emphasis not only on financing MSMEs but also on poor-based poverty alleviation initiatives which encompass human resource development and capacity-building programs for the enhancement of earning potentials of the active poor.

- iv. With the moral and financial backing acquired from his employer, the researcher can conduct this study successfully as state-of-the-art research skills are learnt during his course work. This is in addition to fruitful mentoring and professional supervision enjoyed during the research period from his industrious and experienced supervisors.

#### 1.4 Significance of the Study

Recently, some studies were conducted on the integration of *waqf* with microfinance as a mechanism for sustainable poverty alleviation, such as Khan (2007), Ali (2014), Haneef *et al.* (2015) and Shirazi *et al.* (2015). However, these quantitative studies were not carried out for the generation of any workable poverty-alleviation theory. Therefore, they are more or less like mere academic write-ups. The studies failed to give satisfactory clarification on how poverty can be alleviated through the combined services of *waqf* and microfinance. This study, therefore, tried to fill such vacuums based on the traditional setting of the research survey area.

The *grounded theory* generated by the study will be empirically shown as a major driving force in poverty alleviation strategies. Unlike many previous studies, in this study there are no cumbersome equations, no inscrutable diagrams, and no impenetrable jargons that usually characterize the works of many contemporary researchers on economics and finance. The findings of the research are expected to benefit Sokoto State in particular and the Nigeria in general, through the following ways:

- i. ***Theoretical Contribution***: So far, many quantitative researches were conducted on poverty alleviation through integration of *waqf* and microfinance in Malaysia, Pakistan, Indonesia and Bangladesh (Aslam, 2013; Ali, 2014a; Ali, 2014b; Haneef *et al.* 2015; Shirazi *et al.*, 2015; Alpay & Haneef, 2015). However, similar researches are yet to be

conducted purely in any of the qualitative research approaches. Similarly, a lot has been written by scholars on *waqf*, microfinance, MSMEs and poverty alleviation in Nigeria (Fajingbesi & Uga, 2010; Bello, 2013; Essien, 2015; Adewale *et al.*, 2015; Muhammad, 2016; Abbas, 2016). However, still no single comprehensive study has been conducted on the integration of *waqf* and microfinance for poverty alleviation in any of the 36 States of Nigeria.

- ii. ***Methodological Contribution:*** The adoption of *grounded theory approach* in conducting this research is a remarkable milestone in this academic undertaking. Poverty is generally seen as an indomitable demon in the research survey area. This is because this phenomenon has been fully ingrained in many households for generations. However, with this inductive research strategy, the myths and mysteries of poverty in Sokoto State were empirically unveiled and appropriate curative and preventive measures discovered. According to Charmaz (2006), Strauss and Corbin (2008), Creswell (2014) and Creswell and Poth (2017) clarified, *grounded theory research* is essentially aiming at making the research findings to be exact representation of the real-life situation.

Moreover, the research findings and their accompanying *grounded theory* are usually ecologically authentic because they are similar to the data from which they were established (Strauss and Corbin, 2008; Glesne, 2015; Glaser, 2017). Indeed, as Charmaz (2006) and Lyons and Coyle (2016) declared, a *grounded theory* is often fresh and new because it is not tied to any pre-existing theory. Therefore, this research strategy has the potential for innovative discoveries in socio-cultural and religious researches. It was with this potential that this study was able to *explore* effective mechanisms for alleviating poverty in Sokoto State, Nigeria, through *waqf*-based

microfinance services by examining the *external forces* that constituted the research problem.

- iii. ***Economic Contribution:*** The numerous findings generated by this study from primary and secondary data emphasized the importance human resource development (HRD) for effective and sustainable poverty alleviation. Therefore, with their professional implementation in Sokoto State, 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. Consequently, the rate of unemployment in the State will be lowered drastically with the creation of self-sustaining and dependable private enterprises.
- iv. ***Administrative Contribution:*** For the past 45 years (1972-2017) 17 different poverty alliation programs were introduced by Federal and State Governments in Nigeria, but still there is no significant success (Okpi, 2013; Taiwo & Agwu, 2016; Ering *et al*, 2016; Muhammad, 2016). This is mostly attributed to numerous administrative problems and logistic weaknesses (Taiwo & Agwu, 2016; Abbas, 2016). With the *capacity-building theory* of poverty alleviation generated by this study, the current poverty-alleviation programs of the State and Federal governments will have significant impetus. Similarly, with the *waqf*-based Islamic microfinance integrated model (WIMIM) proposed by this study based on its imperical findings, policy makers will have a blueprint for promulgating effective policies that can fully accommodate local enterprises and ensure urban-rural economic equilibrium.

### 1.5 Research Questions

By adopting the *grounded theory approach* of qualitative method, this study embarks on investigating the *central phenomenon* of the research in order to find the solutions to the following questions:

1. How is the current nature and prevalence of poverty in Sokoto State, Nigeria?
2. To what extent is the current *waqf* institution in Sokoto State contributing in alleviating poverty among the local population?
3. To what capacity can microfinance services contribute in harnessing the abundant agro-mineral and human resources in Sokoto State to achieve sustainable poverty alleviation?
4. What role can MSMEs play in poverty alleviation in Sokoto State?
5. How can the *grounded theory* generated from primary data stimulate poverty alleviation programs in Sokoto State?

### 1.6 Research Objectives

Basically, this study embarks on in-depth research on issues relating to poverty alleviation in Sokoto State through combined services of *waqf* and microfinance using the *grounded theory approach* of qualitative method. Therefore, the following objectives are set to be achieved:

1. To investigate the current nature and prevalence of poverty in Sokoto State, Nigeria.
2. To discover the capacity of *waqf* institution in alleviating poverty in Sokoto State, Nigeria.
3. To explore the capacity of microfinance services in harnessing the abundant agro-mineral and human resources in Sokoto State to achieve sustainable poverty alleviation.
4. To discover the role of MSMEs in poverty alleviation in Sokoto State.

5. To find out how the *grounded theory* generated from primary data stimulates poverty alleviation programs in Sokoto State, Nigeria.

### 1.7 Scope of the Study

The study focused on poverty alleviation in the Nigerian Muslim Community with particular concentration on Sokoto State through effective utilization of *waqf* funds. The survey area was North-Western State of Sokoto in Nigeria which has a population of 4.5million (*Sokoto State Government Diary*, 2015). By adopting the *grounded theory* approach, this qualitative research covered the following five major issues:

- i. Poverty prevalence in Sokoto State, Nigeria.
- ii. Role of Sokoto State *Waqf* Committee in poverty alleviation.
- iii. The impact of microfinance services on poverty alleviation in Sokoto State
- iv. Development of earning potentials of the poor through MSMEs by a proposed *waqf*-based microfinance institution for sustainable poverty alleviation in the State.
- v. Generation of an effective poverty-alleviation theory from the responses of research participants.

### 1.8 Limitation of the Study

This study is not unaware of the vital role played by *takáful* (insurance) scheme in the provision of social security services to the poor which is a significant aspect of poverty alleviation. However, inadequate attention has been given to the scheme by the study because of its wide spectrum. If details of the *takáful* services were to be analytically studied in the context of its integration with *waqf* institution, the research would have been very difficult to execute within its limited period.



Moreover, this study seems to be very narrow as it is confined to Sokoto State alone with a population of 4.5 million in such a vast and multicultural country like Nigeria which is populated by 170 million people. However, with the recent institutionalization of *waqf* in the State that has many functional microfinance banks, the findings of the study are much relevant, and their generalization will be very realistic.

Furthermore, the one inevitable shortcoming of the study is poor documentation of *waqf* activities in the State, especially at the Local Government and District levels. However, with the intensive library research coupled with professionally-conducted interviews and tactfully applied observational protocols, the research findings became not only comprehensive but satisfactorily authentic.

### **1.9 Organization of the Study**

The research is designed to contain six chapters, each consisting of some segments of the accomplished work, as follows:

*Chapter One* carries the background of the study by clarifying the key words of the research title with relevant references from the reviewed literature. The chapter also explains other introductory parts of the study which include its background, justification, significance, scope and limitation. The remaining introductory parts discussed in the chapter include; statement of the research problem, research questions and objectives as well as chapterization of the study.

*Chapter Two* deals with literature review conducted after saturating the collection of primary data and its subsequent analysis. Relevant views and opinions of scholars and researchers in

the reviewed literature were used to validate the *grounded theory* generated from the primary data. Similarly, the credibility, authenticity, transferability and dependability of the research findings were established with relevant views and opinions of scholars and researchers sourced from reputable journals, academic textbooks and working papers of research institutes across the world. Therefore, this chapter is a venue where citations extracted from reliable sources are displayed to strengthen the justification of the study and the rationale for conducting it.

*Chapter Three* is all about the research methodology adopted by the study. Basically, this chapter deals with the four techniques of *grounded theory* data collection which include *interview, observation, focus group* discussion and *archival studies*. Other issues discussed in the chapter include ethical guidelines for data collection, data validity and saturation, sampling techniques and strategies of *constant comparative analysis* of raw data.

*Chapter Four* constitutes the outcome of *constant comparative analysis* of data as conducted through *open, axial* and *selective* coding of participants' responses. By using *NVivo Version 10* computer software, the whole analyzed data was presented in this chapter in precised and explicit illustrations. This analyzed data was logically and chronologically displayed as it was collected through *fieldwork, interview* and *focus group* and subsequently clarified with the researcher's *memos*.

*Chapter Five* constitutes the presentation and application of research findings and the *grounded theory* constructed from the analyzed primary data as authenticated by the literature. Thus, the chapter demonstrates how the *grounded theory* is practically *validated* by the *waqf*-based Islamic microfinance integrated model (WIMIM) proposed by this study.

Therefore, effective mechanisms of alleviation of poverty are practically demonstrated through systematic implementation of the proposed WIMIM in this chapter.

*Chapter Six* carries discussions, policy implications and conclusions of the whole research work. In this chapter the extent at which the study achieves its objectives is evidently justified. Moreover, the chapter also presents acknowledgements of the research limitations and identification of the untouched areas in the field that require future studies. List of references and appendixes came up to conclude the entire research work.

### **1.10 Conclusion**

This chapter presents precise and explicit description of eight key words/concepts of the research work. These words are *integration*, *waqf*, *microfinance*, *MSME*, *poverty alleviation*, *Sokoto* and *Nigeria*. The words constitute the title of the study as *Integration of Waqf, Microfinance and MSMEs for Poverty Alleviation in Sokoto State, Nigeria*. Literally, integration means mutual *connection* to become stronger. Conceptually, however, the word refers to a process of unifying diverse entities for the achievement of greater goal. Thus, integrating *waqf* and microfinance will bring about greater success in alleviating poverty.

*Waqf* is literally referring to *detention* of something in one place. Technically, it refers to a special charity meant for continuous services to humanity. As a religious institution, *waqf* is governed by specific rules and regulations enshrined in the *Islamic law*. On the other hand, Microfinance, which is sometimes referred to as *microcredit*, is a unique financial service primarily meant for the poor. It operates like a conventional bank, only that it gives special concession to the poor.

As for poverty, there are various definitions due to cultural and geographical variation of people around the world. However, it is a phenomenon that connotes difficulties of life. Therefore, it is defined by the World Bank as deprivation of minimum requirements of human livelihood. Conceptually, poverty alleviation refers to a set of economic and humanitarian measures taken by concerned authorities to remove or reduce the hardships of the poor.

Sokoto is a historically famous city in North-Western Nigeria as it was the capital of the ancient 19<sup>th</sup> century Sokoto Caliphate. Presently, it is the capital of Sokoto State. Empirical studies revealed the State to be one of the poorest among the 36 contiguous States of Nigeria. A country bestowed with abundant human, mineral and natural resources, Nigeria is artificially plunged into poverty for many decades. It is based on these issues that the whole research is carried out.

Apart from this background of the study, the chapter also describes the foundational framework of the study which includes; statement of the problem, justification and significance of the study, research objectives and questions, scope, limitation and organization of the study.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Introductory literature review was previously conducted for the clarification and justification of the research problem. However, in *grounded theory* approach adopted by this study, extensive literature review is required only after *data analysis* and construction of *grounded theory* in order to clarify the research findings and authenticate the theory generated from the primary data (Glaser & Strauss, 1967; Charmaz, 2006; Strauss & Corbin, 2008; Creswell, 2014; Glesne, 2015). Therefore, this literature review was primarily conducted in order to establish the *validity* of Capacity-Building Theory of Poverty Alleviation generated by this study during the *constant comparative analysis* of primary data which is the basic foundation of *grounded theory* approach of qualitative method.

Similarly, the reviewed literature was also aimed at strengthening the achievement of the four *research objectives* of this study. This literature review, therefore, was conducted on the four *categories* (themes) of the analyzed data which include the following:

- i. Poverty prevalence and its alleviation strategies
- ii. Role of *waqf* institution in poverty alleviation
- iii. Impact of microfinance on poverty alleviation
- iv. Role of MSMEs in poverty alleviation

#### 2.2 Identification of Poverty

According to Rao and Sanyal (2010) and Karnani (2017), poverty is a complex term that scholars are never unanimous on its definition. This is because human beings require varieties

of basic materials to attain decency of life and sustainable happiness (Harris and Curtis, 2010). In *Encyclopaedia Britannica* (2012), poverty is conceptually defined as “the state of one who lacks a usual or socially acceptable amount of money or material possession.” It will be very difficult to identify what this definition refers to, because no single character is socially acceptable in all societies (Béné, *et al.* 2016). Similarly, contrary to what the definition claims, lack of money and materials are not the only features of poverty (Ali, 2014; Shirazi *et al.*, 2015).

Poverty is also defined in Penguin Dictionary of Economics (2000) as “the situation facing people whose material needs are least satisfied (p. 317)”. Poverty exists not merely because incomes are low, but also because the needs of some low income household are high (Rao and Sanyal, 2010; Béné *et al.*, 2016). The World Bank (2015) defines poverty as an “unacceptable human deprivation in terms of economic opportunity, education, health and nutrition, as well as lack of empowerment and security (p. 13).” Thus, poverty can be understood to be deprivation of wellbeing or isolation from the sources of income generation (Mingione, 2001; Béné *et al.*, 2016).

Muslim scholars gave different perceptions of the poor as they are referred to in the Glorious Quran to the recipients of *zakkah* (*at-Tawbah* 9: 60). Al-Jaziri (2010) and Ibn Jazzey (2011) clarified the conflicting views of the four Schools of Thought regarding the two major recipients; the poor (*faqeer*) and the needy (*miskeen*). Imám Abu Hanífah defined a *faqeer* as a person who owns less than *nisáb* and a *miskeen* as one who does not possess anything. Thus, according to the Hanafí view, a person is poor only if he/she is not a *sahib an-nisáb* (owner of the minimum amount of wealth chargeable to *zakkah*) (al-Jaziri, 2010). Some scholars, however, consider a *faqeer* as the one who does not have enough to feed him/herself

for a year, while a *miskeen* is the one who does not have enough for a day (Dasúqee, n.d.; Ibn Jazzezy, 2011).

Many Muslim scholars perceive poverty as a complex condition that is not confined within the boundaries of income, but it encompasses socio-political and economic exclusion (Shirazi *et al.*, 2015). The complexity of poverty connects it with deprivation of basic health care, education, freedom of expression and engagement in chosen occupation and civil service (Mingione, 2001; Gaisbauer *et al.*, 2016). Poverty, therefore, in all its ramifications, is believed to be harmful not only to individuals but the entire society. It is practically witnessed in the current Arab Spring in some parts of North Africa and the Middle East (Ali, 2013).

Conventionally, there are different ways of identifying poverty at national and individual levels. Generally, poverty is measured with the GDP of a country to determine its status (UNDP Report, 2014). The GDP figures are calculated as income per capita to determine the status of the citizens. However, the level of poverty at individual level can depend on how national income and resources are distributed (UNDP Report, 2014). Thus, according to UNDP (2015), countries with high GDPs can have low, or high, level of poverty among their population, depending on how income and resources are shared. Other measurements of poverty are based on the *mean* (average) and *medium* (the middle) income in a country to find the status of an individual. The United States poverty line, however, is derived from the *value of basic consumption* rather than from average income (Sarah *et al.*, 2010).

According to Shah (2012), measurement of poverty relies on the terms of human capital – a person's earning potentials (generally related to work skills). From this perspective, people with relatively high earning potentials are not poor, because they should be able to easily find

work. Thus, poverty, as Heilbroner (2012) opined, is countered through the acquisition of knowledge and skills in institutions of learning and training programs.

At times poverty is measured subjectively by focusing on people's quality of life (Kakwani and Son, 2016). The quality-of-life measure includes freedom of career and life style selection, right of receiving full and free education, and freedom from political oppression (Shah, 2012). Usually, poverty line is determined by considering the total cost of essential items consumed by an average person in a year.

The current International Poverty Line (IPL) was updated to \$1.90 a day in October, 2015 by the World Bank (*UNDP Report*, 2016). This new poverty line based on International Comparison Project (ICP) Purchasing Power Parities (PPPs) calculations is representing the international equivalent of what \$1.90 could buy in a middle-income country (Deaton and Tten, 2017)

Poverty is a consequence of numerous personal, environmental and geographical constraints (Townsend, 1979; Ubi, Effiom & Okon, 2013; Jackson, 2014; Schmid, 2017). According to Jha, Pinsonneault and Dube (2016) and Bonal (2016), many of these constraints can be properly managed by transparent and egalitarian administration.

According to Panel (2013), Dabla-Norris *et al.* (2015) Balla and Lapayre (2016), lack of functional education and occupational skills are among the major features of poverty, as many economically-active poor could not utilize their potentials in positive construction of their lives. Similarly, poverty prevails in the localities that have no essential facilities and



basic infrastructure required for running small businesses and cottage industries (Rao & Sanyal, 2010; Panel, 2013; Dabla-Norris *et al.*, 2015).

Going by this view, it can be argued that the natural and artificial conditions of individuals, unemployment and old age are major causative factors of poverty (Suich, Howe and Mace, 2015; Seim, 2017; Harding, 2017). Therefore, effective poverty alleviation can be achieved with meaningful changes in the larger economic, social and political environment (Liazos, 1972; Bowen, 2006; Seim, 2017). According to UNDP (2016), the causes of this undesirable phenomenon are numerous, including lack of individual responsibility, bad government policies, exploitation by the people and businesses with power and influence, or some combinations of these and other factors.

### **2.2.1 Theoretical Perceptions of Poverty**

According to Fisher *et al.* (2014) and Njoya and Seetaram (2017), poverty can be physical or mental incapability to have proper goods and services to fulfil basic needs of life. Thus, in this case, the poor has to be taken out of poverty by the concerned individuals or authorities, ranging from close relatives, community members to governments. Similarly, Blocker *et al.* (2013) defined poverty as the lack of goods and services which are needed to reach the proper standard of living. Alkire and Seth (2015) stated that poverty is the condition in which some people found themselves due to deprivation from the common sources of income generation.

Amartya Sen, the 1998 Nobel Prize Winner for Economics, defined poverty as a situation where people lack the economic resources to fulfil basic functions of life (Alkire and Seth, 2015). Another Nobel Prize Winner for Peace in 2006, Professor Muhammad Yunus, perceived poverty as isolation from the sources of income generation (Ali, 2014; Corbett &

Fikkert, 2014). This isolation should not necessarily be geographical but can be societal or traditional (Rakodi, 2014).

Based on this perception, therefore, some people find themselves unqualified to acquire loans due to permanent isolation to which they are subjected (Ali, 2014; Shirazi *et al.*, 2015). It was in accordance with this perception that Yunus established his famous *Grameen* Microfinance Bank, whereby millions of people without access to financial institutions can have the opportunity to be incorporated into the mainstream economy (Shirazi *et al.*, 2015). With these financial services the barrier of isolation is effectively removed. (Fisher, *et al.*, 2014; Ali, 2014).

Poverty is said to exist when people lack the means to satisfy their basic needs (Rao and Sanyal, 2010; Pathak *et al.*, 2016). Based on this dimension, a poor person can only be identified by determining what comprises of the basic needs of human beings (Liu, Liu and Zhou, 2017). Thus, a simple definition of basic needs refers to the necessities for human survival. Broadly, however, they refer to all the indispensable requirements for a standard living in a given community (Hernandez-Trillo, 2016). The first definition, therefore, refers to the people living on the brink of starvation or death. While the second definition include people living in gross inadequacy of clothing, housing and nutrition but threatened by starvation or death (Béné *et al.*, 2016).

According to the United Nations Food and Agriculture Organization (UNFAO Report, 2015) from the 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).

Although the nature of poverty may vary from one community to another, one culture to another and one time to another, but it exists in both rural and urban areas alike, just as it exists in both developed and developing economies (Balla & Lapayre, 2016; Eichenaver & Khack, 2016; Majundar *et al.*, 2016; Ferrini *et al.*, 2016; Ravallion, 2016). However, feasibility studies show higher prevalence of poverty in rural areas than in urban areas where the chances of employment and income growth is relatively greater (Fields, 2014). Rural dwellers usually depend on agricultural activities for their livelihood and in the event of natural disasters, such as drought or flood; there will be apparent suffering from poverty of a seasonal nature.

### **2.2.2 Classification of Poverty**

According to Dube (2016), Béné *et al.* (2016) and Karnani (2017), based on of its causative factors, poverty (as illustrated in Figure 2.1) is classified into seven types, as follows:

First, *structural poverty*, which occurs due to human-made causal factors, such as inequitable distribution of economic infrastructure, discriminatory economic policies, corruption and resource mismanagement. This situation is commonly referred to as *pauperization*, because poverty is induced deliberately.

Second, *natural poverty*, which is caused by natural factors, such as the difference of age, healthy and geographical location. The sick and elderly people are usually poor because they could not struggle to acquire wealth. This also applies to the people who live in impoverished

regions, such as deserts and isolated forests. In this condition, people do not have proper economic resources; both human and natural resources.

Third, *relative poverty*, which refers to the condition of having fewer resources or less income than others within a society or country, or compared to worldwide averages. In developed countries, relative poverty often is measured as having a family income less than one-half of the median income for that country.

Fourth, *absolute poverty* occurs when income level is under poverty line or the amount of income is not enough to fulfill the minimum needs of life. Thus, absolute poverty is counted by incapability to acquire basic needs, such as food and clothing, healthy, and education.

Fifth, *cultural poverty* which is caused by variation in custom and tradition, work ethics, etc. This has significant effect on individual's behavior as manifested in life styles, interest and culture. Poverty alleviation programs can hardly make any impact on this condition.

Sixth, *situational (transitory) poverty*, where people or families can be poor because of some adversities like earthquakes, floods or a serious illness. Sometimes, people can help themselves out of this situation quickly if they are given a bit of assistance, as the cause of their situation was just one unfortunate event.

Seventh, *generational (chronic) poverty*, when poverty is handed over to individuals and families from generations before them. In this type, there is usually no escape from it, as people are trapped in its causes and have no access to tools that will help them get out of it.

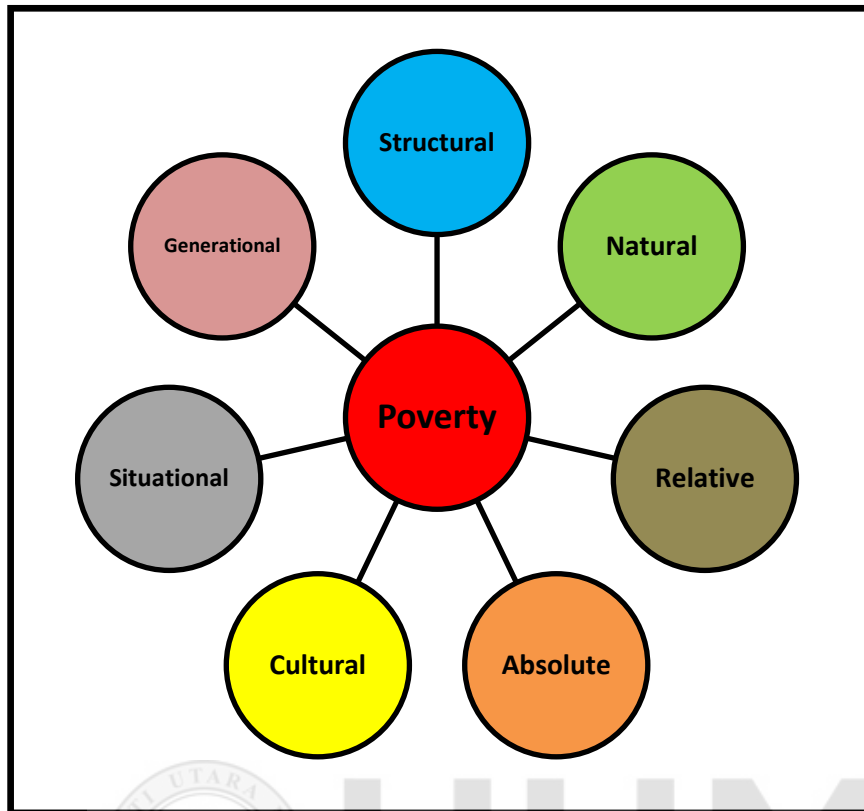


Figure 2.1  
*Classification of Poverty*  
 Source: Developed from the study's data

### 2.2.3 Prevalence of Poverty across the World

Poverty, as Fields (2014) discovered, has been present around the world in rich and poor nations. According to a United Nations Development Plan (UNDP, 2016) report, in most nations, inequality is quite high and widening between the rich and the poor. More than 80% of the world's population lives in countries where income differentials are widening (UNDP Report, 2016). In 2015, the Report clarified further as in Figure 2.2 below, 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%.

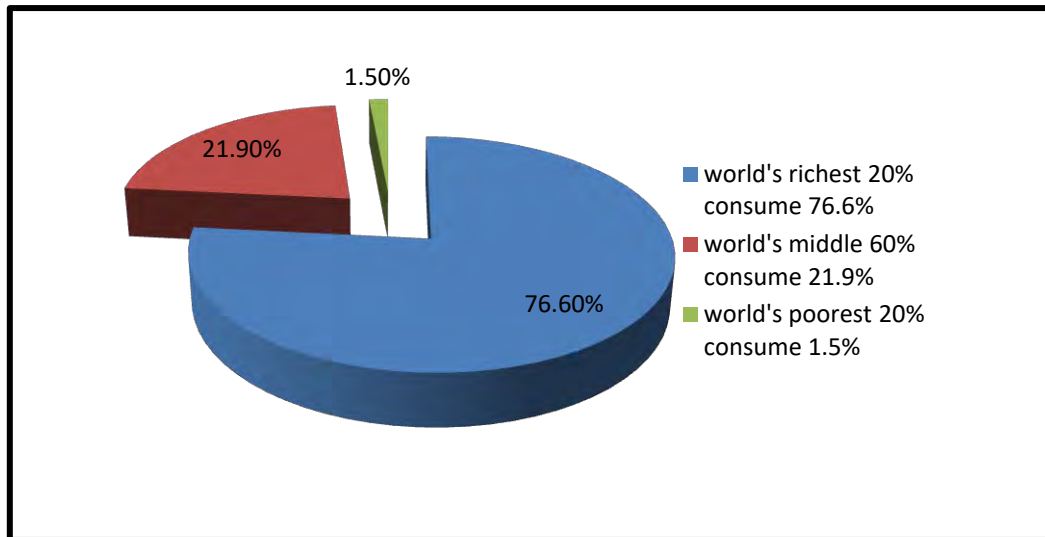


Figure 2.2  
*Patterns of World's Private Consumption, 2015*  
 Source: UNDP Report, 2016

Apparently, high level of inequality affects social cohesion and leads to problems such as crimes, terrorism, and violence. Inequality, as Fosu (2017) evidently disclosed, is often a measure of relative poverty. However, absolute poverty is also a concern. At least 80% of humanity lives on less than USD10 a day. While over three billion people, representing about half of the world population, are living on less than \$2.50 a day. More than 40% of the world's poorest population acquires only 5% of global income. Ironically, however, the richest 20% account for 75% of world income (UNDP, 2016).

As illustrated in Table 2.1 below, hunger is reported to be ravaging most of the developing countries today. In another revelation by the UNICEF (2010), 22,000 children die each day due to poverty. These children, as Peterson (2014) lamented, are massively perishing in impoverished villages persistently alienated by the rapidly prospering neighbourhoods. It is estimated that the lives of 80% of these children could be saved from this premature deaths with less than 1% of what the world spends every year on weapons (UNICEF, 2010).

Table 2.1  
*Effects of Poverty across the World, 1990/1992 to 2014/2016*

	1990-2 (No.)	1990-2 (%)	2014-6 (No.)	2014-6 (%)
<b>World</b>	<b>1,010.6</b>	<b>18.6</b>	<b>794.6</b>	<b>10.9</b>
<b>Developed regions</b>	<b>20.0</b>	<b>&lt;5</b>	<b>14.7</b>	<b>&lt;5</b>
<b>Developing regions</b>	<b>990.7</b>	<b>23.3</b>	<b>779.9</b>	<b>12.9</b>
<b>Africa</b>	<b>181.7</b>	<b>27.6</b>	<b>232.5</b>	<b>20.0</b>
Sub-Saharan Africa	175.7	33.2	220.0	23.2
<b>Asia</b>	<b>741.9</b>	<b>23.6</b>	<b>511.7</b>	<b>12.1</b>
Eastern Asia	295.4	23.2	145.1	9.6
South-Eastern Asia	137.5	30.6	60.5	9.6
Southern Asia	291.2	23.9	281.4	15.7
<b>Latin America &amp; Caribbean</b>	<b>66.1</b>	<b>14.7</b>	<b>34.3</b>	<b>5.5</b>
<b>Oceania</b>	<b>1.0</b>	<b>15.7</b>	<b>1.4</b>	<b>14.2</b>

Source: FAO: The State of Food Insecurity in the World (2016)

#### 2.2.4 Poverty in OIC Member Countries

According to Shaikh *et al.* (2017), poverty is associated with poor economies, poor human resources, poor social services provision, and poor policies to tackle the challenges facing human and socio-economic development. Therefore, the status, the determinants, and the policy measures required to eradicate poverty would, by definition, vary from one country to another. In most cases, however, poverty is a consequence of a poor socio-economic and political structure of a particular country. Like everywhere else, poverty in OIC member-countries is a multi-dimensional phenomenon (Arshad, 2017).

In Nigeria, which is a member of OIC, poverty has been on such a large scale that it has become a structural phenomenon of human deprivation in terms of hunger, malnutrition, diseases, illiteracy, and low level and quality of consumption of millions of people

(Nwokeoma, 2010; Okpi, 2013). The massive prevalence of poverty in the country is a product of complex structural processes embedded in its political economy. Within this complexity, identifying the key causes of poverty should be considered as a crucial precondition for formulating effective anti-poverty strategies (Muhammad, 2010; Egharevbe *et al.*, 2016).

Over a long time, poverty has been a global problem and it was estimated that more than half of the world population live below USD 2.50 per day in 2010 (Shah, 2011). But the level of poverty in Muslim countries is considered relatively very high compared to non-Muslim countries. More recently, Alpay and Haneef (2015) noted that 15.6 % of the total OIC population is still living on less than USD 2.00 a day which is well above the world average of 11.6% and developing countries average of 11.7% in the 2010-2013 period. Alpay and Haneef (2015) also noted that 31% of OIC total population is still living below the income poverty threshold of USD1.90 a day by remaining quite above the world average of 14% and developing countries average of 17% during the period in the 2010-2013.

According to Arshad (2017), out of the 1 billion people estimated to be in absolute poverty, 400 million are living in 31 of the 56 OIC member-countries (i.e. 40% of the world's poor live in the Muslim countries). Thus, in relative terms, out of the 975 million people living in these countries 400 million or 40 % are below the absolute poverty line. In other words, the incidence of poverty in these 56 OIC member countries is double the average of the developing world (Ferrarini *et al.*, 2016).

According to Bhalla and Lapayre (2016) and Alkire *et al.* (2017), if poverty is to be alleviated in an effective and sustainable manner, authorities in these countries need to know the



characteristics and condition of living of the poor. Sustainable poverty alleviation in these countries can be achieved only with effective capacity-building strategies that will ensure proper development of earning potentials of the poor (Panel, 2013; Ravallion, 2016; Farrarini *et al.*, 2016; Alkire *et al.*, 2017; Van den Broeck *et al.*, 2017).

Moreover, for poverty alleviation to be effective there must be a significant rise in the standard of living of the neediest segments of the population in terms of consumption, health, housing, and education (Dabla-Norris *et al.*, 2015; Bhalla & Lapeyre, 2016; Eichenaver & Khack, 2016). Therefore, as Majundar *et al.* (2016) and Deaton and Then (2017) opined, investing in people must, therefore, be the highest priority for these countries as long as human capital limitations restrain growth or keep people in absolute poverty.

### **2.2.5 Phenomenon of Poverty in Nigeria**

Scholars were enquiring why is it that such chronic poverty among a substantial number of families still exists in Nigeria after 57 years of independence (Tomlinson, 2015). It will be argued that continued prevalence of poverty is due to the capitalistic mode of economic development adopted in Nigeria over the years. The characteristics of the capitalistic system as it obtains in the country have not been conducive for poverty eradication in a sustainable manner (Taiwo & Agwu, 2016).

Towards this end, researchers (Abbas, 2016; Ering *et al.*, 2016; Muhammad, 2016) examined how the underlying paradigms of the capitalistic system contributing in the creation of poverty in Nigeria. These underlying paradigms are individualism, freedom, materialism and positivism. The researchers argued that as long these paradigms are practiced in the conduct of development policies, Nigeria will not be successful in poverty-alleviating programs. This

is because, as this study observed, these paradigms are contrary to the basic principles of equitable resource allocation and fair redistribution of wealth as enshrined in the (Muhammad, 2016; Abbas, 2016).

### 2.2.6 Nigerian Muslims and the Scourge of Poverty

Although authorities in Nigeria are not totally exonerating themselves from bearing the responsibility of the ensuing poverty among the masses, but some communities are usually accused of harboring it (Muhammad, 2016). In one of his famous speeches, the former Governor of Central Bank of Nigeria, Professor Charles Soludo, could not hide his sentiment against the Muslims of Northern Nigeria when he accused them for encouraging idleness and preferring unproductive pattern of life (Soludo, 2007). In fact, practical indication prompted the Governor to make those allegations to the extent of calling poverty in Nigeria as “a Northern phenomenon” (Soludo, 2007, p.10). Although the Governor resorted to using indirect remarks in his speech, but the following statement clearly exposed his mind, when he said:

*.....I blame the Northern leaders [...] and religion (Islam) that have conspired with the socio-political system in the North to consign the Northerners to poverty (Soludo, 2007, p.12).*

Ironically, as he was bold enough to expose the truth of the Northern leaders for deliberately secluding their people within the ugly fence of poverty, he failed to defeat his sentiment when he attributed the retrogressive culture of the North to Islam (Nuruddeen, 2014). The same myopic idea was expressed by Timur (2007) when he said:

*Islam and Qu'ran inhibit economic development due to factors invoked as sources of retardation include fatalism, ego-centralism, laziness, lack of curiosity, mistrust of science, superstition, conservatism, and traditionalism..... (p. 133).*

In fact, the Governor was only reiterating the fact already made publicly known by his immediate successor, Sanusi Lamido Sanusi (2002), five years earlier concerning the attitude of Northern Muslim leaders, when he said:

*.....Ou le de s e cooks nd c imin ls...ou best minds e dedicated to the continuation of this conspiracy of criminality; the perpetuation of culture of subversion... we built foundations and beautiful mosques, in which we teach the poor to persevere and accept defeat... our people are lazy to do work.... (p. 1).*

When describing the actual scenario of how the poor people of Northern Nigeria are making their living, he said:

*From Lagos to Maiduguri, Sokoto to Port-Harcourt, our streets and pavements are lined with men and boys, girls and women, sometimes with bowls in their hands begging passers-by for money to buy food. The vast majority of these beggars known in Hausa as almajirai are Northern Muslims... This, in addition to thousands more of their kinsmen moving from house to house, office to office, begging for easy money, contracts or commission. This is a sad story of a people that have lost their bearing, a nation or community that has failed its members, and a great civilization that has been laid waste (2002, p. 2).*

In fact, as Sanusi (2002) lamented above, a *great civilization* has been laid waste by the large majority of misinformed and disgruntled elements among the Northern Nigerian Muslims. In their studies, the *Muslim Contribution to the Renaissance*, Essa and Ali (2012) gave a hint on the great civilization in the following words:

*All the agricultural products existed in Asia and Africa for centuries before Islam, but this civilization made all the difference in their varieties and distribution. Islamic civilization diffused them to many parts of the world. As demonstrated, Islam has engendered individual and community development and improvement, just as the earlier civilizations of Egypt, Mesopotamia, and China were devoted to growth and territorial expansion... (p. 30).*

They described how the Muslims contributed immensely in taking the medieval world out of abject poverty and deprivation to overwhelming affluence in the revelation:

*Muslims who settled in various parts of the world brought money and investments and developed into consumers as well. Remarkably, non-Muslims profited from the Muslims' enormous enterprise, even in rural areas, and Muslims likely enjoyed a higher standard of living than was prevalent under the Byzantines and Persians. Also enhancing trade was the social status of traders in Muslim countries. Merchants belonged to society's intellectual level and sent their children to universities, and craftsmen were highly respected (Essa & Ali, 2012, p. 28).*

Ultimately, poverty and economic backwardness are not historically embedded in the Muslim Northern Nigeria, contrary to the assumption of the relatively richer Southerners (Soludo, 2007). There is no gainsaying the fact that when the British colonizers conquered the Caliphate forces in the Ginyari encounter in 1903, they recognized the superiority of the existing system of governance over theirs. Therefore, they decided to maintain the *status quo* by adopting the Indirect Rule to assert their hegemony in the region (Suleiman, 1987).

#### **2.2.7 Antecedence of Poverty Alleviation Programs in Nigeria**

There are many indicators that will warrant Nigerians to be among the top most affluent communities in the world which include abundant human and material resources, but ironically, they are among the poorest with a retrogressive per capita income standing below US\$90 in 2012 with about 70 % of the population living below the current poverty line of US\$1.25 per day (Fields, 2014). At the end of the target year, 2015, President Muhammadu Buhari confessed that his country has failed to meet the eight Millennium Development Goals as laid down by the United Nations in 2000 (Eta, 2015).

In Nigeria, poverty alleviation is the most difficult challenge facing the authorities and the people (Onimode, 2003). This is because, despite the abundant human and material resources in the country, poverty constitutes the greatest obstacle in the pursuit of sustainable socio-economic growth (Bambale, 2011; Fields, 2014). From 1972 to date, each of the previous

military and civilian administrations has created poverty-alleviation programs primarily aiming at boosting agriculture, capacity building, creation of jobs and youth empowerment.

According to Onimode (2003), the earliest poverty-alleviation programs were launched in 1972 during the military administration of Yakubu Gowon. The programs were National Accelerated Food Production Program (NAFPP) and Nigeria Agricultural and Cooperative Bank (NACB). They were all aimed at funding agriculture to guarantee adequate food security for all. In 2004, the civilian government of Olusegun Obasanjo restructured the bank which was nothing but a 32-year old colossal waste of national resources (Igbuzor, 2005). Similarly, the Operation Feed the Nation (OFN) program launched by the subsequent government of Murtala/Obasanjo military regime gradually derailed from the foundational purpose of tackling the problem of food shortage to turning the country into a dumping ground for imported food items (Akintola & Yusuff, 2001).

By 1979, the rate of poverty was dramatically rising up due to all-out neglect of domestic food production. Thus, the new civilian government of Shehu Shagari launched its new brand of poverty alleviation called the Green Revolution. The program was prematurely crippled by dirty politics and corruption until the emergence of Buhari-led military regime in December, 1983 (Oyeranti and Olayiwola, 2005). This time, the national problem was not merely poverty but total collapse of social orientation of Nigerians. Therefore, military personnel were dispatched everywhere to maintain disciplined behavior in the daily affairs of Nigerians under the War against Indiscipline (WAI) program (Oyeranti & Olayiwola, 2005). Later, the palace coup that brought General Ibrahim B. Babangida to power was a stepping stone for what appeared to be the largest wave of poverty-alleviation programs ever witnessed in Nigeria. These programs, as Onimode (2003) listed them, include: Directorate of

Food, Roads and Rural Infrastructure (DFFRI), Better Life Program (BLP), National Directorate of Employment (NDE); People's Bank of Nigeria (PBN); and Community Bank (CB). When General Sani Abacha took over in 1993, he introduced Family Support Program (FSP); Family Economic Advancement Program (FEAP) and Poverty Eradication Program (PEP).

According to Obadan (2003), in 1999, when Nigeria returned to the civilian rule after fifteen years of military dictatorship, the Federal Government realized that ordinary citizens were living in abject poverty. This led to the drawing of the famous ambitious plan called National Economic Empowerment and Development Strategy (NEEDS) aimed at reducing the rate of poverty to the lowest possible level through capacity-building programs and financing. This is because it was unanimously agreed that the country has all the required human and material resources to become the strongest economy in Africa (President Obasanjo's Foreword to the NEEDS, 2005). Subsequently, three more poverty-alleviation programs were introduced in 2007 and 2015 under Yar Adua/Jonathan and Buhari administrations respectively. As shown in Table 2.2 below, all these poverty alleviation programs have HRD, job-creation and rural development as areas of their concentration.

Table 2.2  
*Poverty Alleviation Programs in Nigeria, 1972-2017*

Programs	Year Established	Head of Government		Target Group	Nature of Intervention	
National Accelerated Food Production Program (NAFP)	1972	General Gowon	Yakubu	Peasant farmers	To educate farmers	
Nigeria Agricultural and Cooperative Bank (NACB)	1972	General Gowon	Yakubu	Peasant farmers	Agricultural financing	
Operation Feed the Nation (OFN)	1976	General Obasanjo	Olusegun	Rural dwellers	Increase production	food
Green Revolution	1979	Alhaji Shagari	Shehu	The whole society	Achieve security	food

War Against Indiscipline (WAI)	1983	General Muhammadu Buhari	The whole society	Inculcate civil discipline and self-reliance
Directorate for Food, Roads and Rural Infrastructure (DFRRI)	1986	General Ibrahim Babangida	Rural dwellers	Feeders road rehabilitation, rural water supply and rural electrification
National Directorate of Employment (NDE)	1987	General Ibrahim Babangida	Unemployed youth	Training, financing and guidance
Better Life Program (BLP)	1987	General Ibrahim Babangida	Rural women	Self help and rural development program, skill acquisition and health care
Peoples'Bank of Nigeria (PBN)	1989	General Ibrahim Babangida	Underprivileged in rural/urban areas	Securing loans and credit facilities
Community Banks of Nigeria (CBN)	1990	General Ibrahim Babangida	Rural residents and micro enterprise in Urban areas	Securing loans and credit facilities
Family Support Program (FSP)	1994	General Abacha	Sani Families in rural areas	Health care and child welfare developments
Family Economic Advancement Program (FEAP)	1996	General Abacha	Sani Rural dwellers	Facilities to support the establishment of cottage industries
National Health Insurance Scheme (NHIS)	2002	Chief Olusegun Obasanjo	Entire society	To provide easy access to health services
National Economic Empowerment and Development Strategy (NEEDS)	2003	Chief Olusegun Obasanjo	The poor in the society	Government reformation, growing private sector, access to health education, welfare, employment, empowerment, security and participatory governance
The Seven-Point Transformation Agenda	2007	Alhaji Umar Musa Y'ar Adua	Entire society	Revamping the Nation's economy in all sectors to become among the world's 20 largest economies by 2020.
Youth Enterprise with Innovation in Nigeria (YouWiN)	2011	Dr. Goodluck Ebele Jonathan	Nigerian youth from 18years to 35 years	Creation and financing skilled enterprises for the unemployed and under-employed youth.
N-Power Job-Creation Program	2015 to date	Alhaji (General) Muhammadu Buhari	Nigerian Tertiary/University graduates	Mass employment in public sectors, especially in the teaching line.

Source: *Nigeria Economic Review*, 2017

### 2.2.8 Background of Poverty Alleviation in Sokoto Caliphate

The economic condition of the Sokoto Caliphate before the infiltration of the British Colonialism testified the effectiveness of government poverty-alleviation policies in those days (Gibb and Bowen, 2013; Sulaiman, 1987). In his book, *Economic Thoughts of Seven Great Muslim Scholars*, Gusau (1991) described how Usmanu dan Fodiyo consolidated the Sokoto Caliphate to be on a sound economic footing, as follows:

*He personally established several plantations and industries. He emphasized in his Usool as-Siyasah that one of the duties of the Ameer, or Hakim, is to provide in his domain various occupations that are in consonance with Islam and worldly life, and establish industries that will take care of all craftsmen whose professions are absolutely necessary, such as farmers, blacksmiths, tailors, dyers, physicians, drapers, butchers, b k e s... (p. 46).*

According to Last (1967), after the demise of Usmanu dan Fodiyo, his successors, Abdullahi bin Fodiyo and Muhammad Bello, further strengthened the poverty alleviation policies. In his *Diyá al-Hukkam*, Abdullahi state that:

*The government should take care of the poor, the aged, and the women by putting them among the recipients of state subsidies. That the State policies should be geared towards protecting the socio-economic interest of the weak and the poor, and curbing the excesses of the strong and the rich until a socio-economic balance is established in the society (quoted by Suleiman, 1987, p. 53).*

Similarly, during his reign, Sultan Muhammad Bello (1817-1837) was accredited for introducing many new occupations (such as production of sugarcane juice, *mazarkwaila*) and crafts and enhancing the existing ones (such as tanning leather with a special green paint, *korino*). His practical example had immensely encouraged the poor to honour the dignity of labour by engaging in occupations that were hitherto despised in the community. He discouraged people from begging as it was declared disgraceful and lowest means of earning a living (Last, 1967)



### 2.2.9 Global Response to Poverty Proliferation

More significantly, at the beginning of the new millennium, world leaders gathered at the chamber of the United Nations Organization to shape a broad vision for fighting poverty in its many dimensions (Powell, 2010; Perrani *et al.*, 2016). According to Panel (2013), that vision was translated into the eight Millennium Development Goals (MDGs). With the winding up of the 15-year operation period of the MDGs in September, 2015, it became apparent to the UNO that the reduction of world poverty rate by 50% enshrined as the first of the eight fundamental goals has not been achieved, especially in countries like Nigeria (Muhammad, 2016). In his speech, 15 years ago, the then United Nations Secretary General, Mr. Kofi Annan, said:

*“...we are determined to spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty....” (U.N. Bulletin, October, 2001).*

The MDGs which wound up their statutory activities on 25<sup>th</sup> September, 2015, claimed to have lifted more than one billion people out of extreme poverty and made inroads against hunger (Speech of the U.N. Secretary-General, Ban ki-Moon, on September 25, 2015, at the General Assembly to mark the 70<sup>th</sup> anniversary of the establishment of the United Nations Organization, in 1945. (U.N. Bulletin, October 5, 2015).

Following the winding up of the MDGs scheme in 2015, the global body set another phase of poverty alleviation program tagged the Sustainable Development Goals (SDGs) (Eichenaver and Khack, 2016). Under this program, the world will continue to exact its collective efforts to eradicate poverty guided by a set of 17 universal goals that constitute the SDGs. The resolution to this effect requires all the UN member-states to pursue the path of alleviating poverty by implementing relevant agendas and political policies over the next 15 years (Van den Broeck, Swinnen & Maertens, 2017).

The SDGs program is, therefore, a continuation of the expired Millennium Development Goals (MDGs) program which was agreed by the world governments in 2001 (Alkire *et al.*, 2017). There is broad agreement that, while the MDGs provided a focal point for governments – a framework around which they could develop policies and overseas aid programmes designed to end poverty and improve the lives of poor people – as well as a rallying point for NGOs to hold them to account, they were too narrow (Panel, 2013; Deaton & Cartwright, 2017).

According to Ravallion (2016), the SDGs program encompasses both the curative and preventive measures towards achieving comprehensive and sustainable alleviation of poverty across the world. Previously, the eight MDGs did not consider many serious issues, such as the root causes of poverty, gender inequality and holistic nature of development (Majumdar *et al.*, 2016). Rather, they concentrated on reducing poverty and hunger; achieving universal education; promoting gender equality; reducing child and maternal deaths; combating HIV, malaria and other diseases; ensuring environmental sustainability and developing global partnerships (Van den Broeck *et al.*, 2017).

While the MDGs, in theory, applied to all countries, in reality they were considered targets for poor countries to achieve, with finance from wealthy states (Fosu, 2017). Conversely, every country is expected to work towards achieving the SDGs. Thus, as Alkire *et al.* (2017) critically observed, by the time the MDGs closed its activities in 2015, about 1 billion people were still living on less than \$1.25 a day – the World Bank measure on poverty – and more than 800 million people had no sufficient food to eat. Moreover, women remained largely discriminated against in many walks of life, while millions of them were dying in childbirth.

Therefore, the performance of MDGs program in poverty alleviation was largely unsatisfactory (Majundar *et al.*, 2016; Fosu, 2017).

### 2.2.10 Poverty Alleviation in Islam

The fulfilment of the first *research objective* cannot be complete without empirical reference to the Islamic view-point on poverty. There is no economic policy that can eradicate poverty:

أَهُمْ يَقْسِمُونَ رَحْمَتَ رَبِّكَ ۗ نَحْنُ قَسَمْنَا بَيْنَهُمْ مَعِيشَتَهُمْ فِي الْحَيَاةِ الدُّنْيَا ۖ وَرَفَعْنَا  
بَعْضَهُمْ فَوْقَ بَعْضٍ دَرَجَاتٍ لِيَتَّخِذَ بَعْضُهُمْ بَعْضًا سُلَخِيًّا ۖ وَرَحِمْتَ رَبُّكَ خَيْرٌ مِمَّا  
تَجْمَعُونَ ﴿٣٢﴾

*Are they the ones who are distributing the bounties of your Lord? We are the One who distributed their livelihood amongst them in the worldly life. Then We raise some of them above others in ranks, so that some may command work from others... (az-Zukhruf 43: 32).*

وَاللَّهُ فَضَّلَ بَعْضَكُمْ عَلَىٰ بَعْضٍ فِي الرِّزْقِ ۖ فَمَا الَّذِينَ فُضِّلُوا بِرَادَىٰ رِزْقِهِمْ عَلَىٰ مَا  
مَلَكَتْ أَيْمَانُهُمْ فَهُمْ فِيهِ سَوَاءٌ أَفَبِنِعْمَةِ اللَّهِ تَجْحَدُونَ ﴿٧١﴾

*Allah has raised some of you above others in richness, and those raised cannot transfer their richness on their servants as to become equal; are they denying the decreed bounties of Allah? (an-Nahl 16: 71).*

However, under the Islamic economic system poverty should be alleviated to the level that the basic needs of everybody are adequately satisfied in order to ensure a balanced and healthy society, as the Almighty commands:

مَا أَفَاءَ اللَّهُ عَلَىٰ رَسُولِهِ مِنْ أَهْلِ الْقُرَىٰ فَلِلَّهِ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ  
وَالْمَسْكِينِ وَابْنِ السَّبِيلِ ۚ كَىٰ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ ۚ وَمَا آتَاكُمُ الرَّسُولُ  
فَخُذُوهُ وَمَا نَهَاكُمْ عَنْهُ فَانْتَهُوا ۚ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ ﴿٥٩﴾

*Whatsoever Allah may restore unto His Messenger from the people of the cities is for Allah and for the Messenger; and for the next of kin, the orphans, the needy and the wayfarer, so that it will not be confined to the rich among you. And whatever the Messenger gives you, accept it; and*

*whatever he forbids you from, refrain from it. And fear Allah; verily, Allah is stern in punishment (al-Hashr 59: 7).*

### **2.2.11 Islamic Principles of Poverty Alleviation**

According to Ahmad (1991), Chapra (2014), Bhatti *et al.* (2015) and Davis and Winn (2017), Islamic principles of poverty alleviation are based on social justice and the belief in Allah, the Almighty. From this perspective, poverty is defined as a situation whereby an individual cannot get the fulfilment of any of the five basic human requirements of life which consist of religion, life, mind, offspring and properties.

With these requirements under consideration, any poverty eradication scheme has to ascertain the types and effects of poverty in a given locality (Davis & Winn, 2017). According to Quinones (2014) and Agarwal (2016), the causes of poverty can be viewed at both macro- and micro-economic levels. At macro-economic level, there are two causative factors of poverty. The first factor is the low level of GNP and the second factor is the unequal distribution of income. At micro-economic level, however, poverty is caused by several reasons. A person may be poor because he is unemployed, handicapped and so on or, just he is born in a poor family and hence is deprived of equal socio-economic opportunities (Kassim *et al.*, 2014; Ali *et al.*, 2017).

In their recent studies, Mohsin *et al.* (2016), Mobin and Ahmad (2017) and Salleh (2017) clarified how Islamic economy identifies individual differences among people as each person is endowed with different types and levels of human abilities. Thus, even though individuals are provided with equal opportunities, the economic status of two individuals may not be equal. Therefore, as Elesin (2017), Hassan and Siraj (2017) and Shaikh and Shaikh (2017) opined, poverty cannot be alleviated simply through income redistribution or ensuring

equitable opportunities for all. Rather, Islamic approach to poverty alleviation would ideally involve a holistic approach including a set of anti-poverty measures that include:

- i. providing equal opportunities for all social segments,
- ii. achieving an equitable distribution of income, and
- iii. increasing income level with pro-poor capacity-building programs.

Similarly, Shirazi and Zarka (2016) and Suzuki *et al.* (2016) have explained the Islamic solution to poverty problem in three different dimensions, as follows:

The first dimension is related to self responsibility which requires an individual to work assiduously in order to meet the daily needs of life. In this case, job opportunities and adequate employment should be made available by constituted authorities.

The second dimension is related to the Muslim *Ummah* which entails bearing collective responsibilities of taking care of the weak, sick and poor in the society. In this case, the families close and distant relatives and communities are accountable for preventable and controllable poverty-related difficulties in the society. It is under this obligation that *zakkah*, *sadaqatul fitr*, *nafaqah* and *kaffarah* are ordained to serve as regular mechanisms for poverty alleviation and social security service.

The third dimension is related to the State whose responsibility is to provide equal opportunities to the people to acquire the basic needs of life. It is the duty of the State to create poverty alleviation policies and programs that will include initiatives such as the following:

- i. To increase GNP with a pragmatic and effective economic development plan,
- ii. To achieve equity in the distribution of income

- iii. To provide equal opportunities to all in the society for upgrading economic conditions of the disadvantaged strata of the population, and
- iv. To address individual issues of specific situation

According to Mahmood *et al.* (2015), Kassim *et al.* (2014), Noordin *et al.* (2017) and Shaikh *et al.* (2017), charity is one of the important strategies of poverty alleviation. This charity is divided into three categories, as follows:

- i. Compulsory Charity : *Zakkah* and *Sadaqatul Fitr*
- ii. Optional Charity : *Sadaqah*
- iii. Perpetual Charity : *Waqf*

The compulsory and optional charities deal with the poverty problem by adopting the redistributive approach whereby funds are disbursed to the poor for direct consumption. On the other hand, perpetual charity is used to enhance the earning potentials of the poor through provision of access to finance, education, health, physical facilities, and other basic requirements for overall human resource development. Thus, *waqf* is proved to be the most effective method of alleviating poverty on the sustainable basis (Wilson, 2008; Ibrahim, 2015; Morrison, 2016; Saad *et al.*, 2016; Yadev & Mittal, 2016; Banarjee & Jackson, 2017).

#### **2.2.12 Strategies of Poverty Alleviation in Islam**

According to Ali (2014), Shirazi *et al.* (2015), Amuda *et al.* (2016), Aziz and Mohammad (2016), Mobin and Ahmad (2017), Shaikh *et al.* (2017) and Mamun *et al.* (2017), the Islamic approach to poverty alleviation involves three distinct sets of measures; positive, preventive and corrective measures, as illustrated in Figure 2.3

### 2.2.11.1 Positive Measures:

In their recent studies, Ali (2014), Shirazi *et al.* (2015) and Shaikh *et al.* (2017) clarified the positive measures of alleviating poverty in three different dimensions which include capacity building and functional distribution of income.

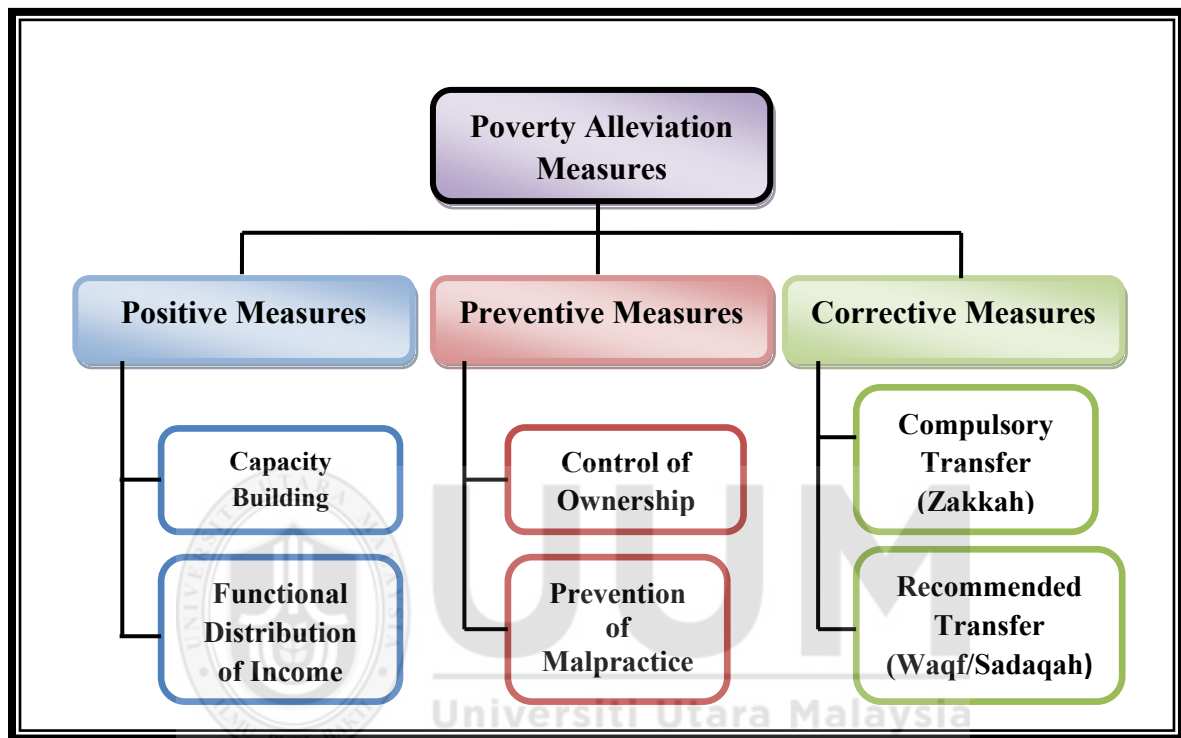


Figure 2.3  
*Poverty Alleviation Strategies in Islam*  
 Source: Developed from the study's data

**a) Capacity Building:** Islam emphasizes development of earning potentials of individuals to enable them strive for livelihood. Effective capacity development is the key to sustainable economic development both at micro- and macro-economic levels. It generates considerable savings for both the individual and the national economy and also paves the ways for *halal* earning. Along this line, effective capacity building requires the following principles:

#### *i. Struggle for Self-Reliance*

وَأَنْ لَّيْسَ لِلْإِنْسَانِ إِلَّا مَا سَعَىٰ

*A person gets only what he (or she) strives for (an-Najm 53:39);*

**ii. Purity in Livelihood**

يٰۤاَيُّهَا الَّذِيْنَ ءَامَنُوْا اَنْفِقُوْا مِنْ طَيِّبٰتِ مَا كَسَبْتُمْ وَمِمَّا اَخْرَجْنَا لَكُمْ مِنَ الْاَرْضِ ۖ وَلَا تَيَمَّمُوا الْخَبِيْثَ مِنْهُ تُنْفِقُوْنَ وَلَسْتُمْ بِاٰخِذِيْهِ اِلَّا اَنْ تُغْمِضُوْا فِيْهِ ۚ وَاعْلَمُوْا اَنَّ اللّٰهَ غَفِيْرٌ حَمِيْدٌ ﴿٢٦٧﴾

*O ye who believe! Give of the good things which ye have (honourably) earned, and of the fruits of the earth which We have produced for you, and do not even aim at getting anything which is bad, in order that out of it ye may give away something, when ye yourselves would not receive it except with closed eyes, and know that Allah is free of all wants, and worthy of all praise (Surah al-Baqarah 2: 267).*

**iii. Moderation in Transaction**

وَلَا تَجْعَلْ يَدَكَ مَغْلُوْلَةً اِلٰى عُنُقِكَ وَلَا تَبْسُطْهَا كُلَّ الْبَسْطِ فَتَقْعُدَ مَلُوْمًا مَّحْسُوْرًا ﴿١٧٩﴾

*Do not make your hand tied to your neck, nor stretch it fourth to its utmost reach, so that you become blameworthy and destitute (al-Is á' 17:29)*

**b) Functional Distribution of Income:** Functional distribution of income refers to equitable distribution of income among all the factors of production in absence of which high income-growth alone may not be able to alleviate poverty. Similarly there should be absolute transparency and fairness in all financial and business transaction in consonance with the following divine commandments:

**i. Justice and Benevolence:**

اِنَّ اللّٰهَ يٰۤاْمُرُ بِالْعَدْلِ وَالْاِحْسٰنِ وَاِتْيَايْ ذٰى الْقُرْبٰى وَيَنْهٰى عَنِ الْفَحْشَآءِ وَالْمُنْكَرِ وَالْبَغْيِ ۚ يَعِظُكُمْ لَعَلَّكُمْ تَذَكَّرُوْنَ ﴿١٩٠﴾



*Allah commands justice, the doing of good, and Liberality kith and kin, and He forbids all shameful deeds, and injustice and rebellion: He you, that ye may receive admonition (an-Nahl 16:90).*

ii. **Accountability and Transparency:**

وَيْلٌ لِّلْمُطَفِّفِينَ ﴿٨٣﴾ الَّذِينَ إِذَا اكْتَالُوا عَلَى النَّاسِ يَسْتَوْفُونَ ﴿٨٤﴾ وَإِذَا كَالُوهُمْ أَوْ وَزَنُوهُمْ يُخْسِرُونَ ﴿٨٥﴾

*Woe to those that deal in fraud;  
Those who, when they have to receive by measure from men, exact full measure;  
But when they have to give by measure or weight to men, give less than due  
(Surah al-Mutaffifeen 83:1-3).*

**2.2.11.2 Preventive Measures**

The Islamic economic system, as Ali (2014) and Amuda *et al.* (2016) clarified, has devised preventive measures be taken so that wealth will not concentrate in a specific section of the population. These measures involve the control of ownership and prevention of malpractices.

**a. Control of Ownership:** The ownership of everything belongs to Allah, the Almighty. However, people can claim secondary ownership of the properties they acquired legally thereby acting as trustees of Allah over them. In this case, therefore, resources identified for public use, such as natural resources, cannot be privately owned. The state should own such resources so that they are accessible to all sections of the population when necessary. Everybody is free to harness the resources efficiently in order to generate wealth.

وَلَقَدْ مَكَّنَّاكُمْ فِي الْأَرْضِ وَجَعَلْنَا لَكُمْ فِيهَا مَعِيشَةً قَلِيلًا ۖ مَا تَشْكُرُونَ ﴿٧٠﴾

*It is we who have placed you with authority on earth, and provided you therein with means for the fulfilment of your life: small are the thanks that ye give! (al-'A' f 7:10).*

**b. Prevention of Malpractice:** Islam identifies and prohibits malpractices that lead to economic disparity such as gambling, hoarding, cheating, bribery, and interest-based transactions. This is in compliance with the divine instruction, thus:

يَتَأْتِيهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ  
تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا ﴿٢٩﴾

*O you who believe! Eat not up your property among yourselves in vanities: but let there be amongst you traffic and trade by mutual goodwill: nor kill (or destroy) yourselves: for Verily Allah hath been to you Most Merciful! (An-Nisá'4:29).*

### 2.2.11.3 Corrective Measures

These measures are devised to counter the capitalistic paradigms of individualism and materialism (Aziz & Mohammad, 2016; Shaikh *et al.*, 2017). Islam does not allow few individuals to claim absolute monopoly of wealth; rather wealth should always have a healthy circulatory system in the society (Amuda *et al.*, 2016; Mobin & Ahmad, 2017). This is achieved through; compulsory transfers and recommended transfers.

**a. Compulsory Transfer:** Islam establishes *zakkah* and *sadaqatul fitr* as a compulsory means of wealth circulation. Through this instrument of poverty alleviation wealth is transferred from the rich to the poor in a healthy manner. As ordained in the Glorious Qur'an, the role of *zakkah* in poverty alleviation cannot be over-emphasized:

﴿ إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ  
وَالْغَرَمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ فَرِيضَةٌ مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ ﴾

*The Zakkah is meant only for the poor and needy, those who collect the tax, those whose hearts are to be won over, for the freeing of human beings from bondage, for the relief of those overwhelmed by debts, for the cause of God, and for the wayfarer: [this is] an ordinance from God, and God is All-Knowing, Wise (at-Tawbah 9:60).*

**b. Recommended Transfers:** In order to get strong augmentation for *zakkah*, various voluntary charities are also encouraged. These consist of various types of *sadaqah* and varieties of *waqf* which play prominent roles in poverty alleviation as ordained in the Glorious Qur'an, thus;

وَفِي أَمْوَالِهِمْ حَقٌّ مَّعْلُومٌ ۖ لِلسَّائِلِ وَالْمَحْرُومِ

*In their wealth, there is a known right for those who ask for it and for the deprived (al-Ma'arij 70:24-25).*

Similarly, the Holy Prophet (SAW) was reported to have said;

*And in your wealth, are obligations beyond zakkah (Sahih Muslim, No. 32, vol. 5).*

### 2.3 Role of *Waqf* in Poverty Alleviation

*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 Imran* 3:109; *an-Nisa* 4:132; *al-Ma'id* 5:18; *al-An'am* 6:12; *al-A'raf* 7:158; *at-Tawbah* 9:116; *Yunus* 10:66; *ash-Shura* 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 trustee (*al-Hadid* 57: 7) that he will feel the need for surrendering the wealth to serve the needy in a wholesome and efficient manner (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).

Ultimately, Muslims believe that the worldly life is basically a divine examination the result of which is received in the Day of Judgement. Therefore, *waqf* serves as an appropriate means through which the rich can pass the trial of wealth (Ahmed, 2014). As an act of worship, as Mahamood and Ab Rahman (2016) clarified, securing the pleasure of Allah is the

motivating factor for using one's property voluntarily to benefit the society. As wealth is accumulated, Islam calls for its redistribution to the needy through diverse financing techniques to root out destitution and alleviate poverty to the lowest ebb, as Allah (swt) commands:

مَا أَفَاءَ اللَّهُ عَلَى رَسُولِهِ مِنْ أَهْلِ الْقُرَى فَلِلَّهِ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسْكِينِ  
وَابْنِ السَّبِيلِ كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ وَمَا آتَاكُمُ الرَّسُولُ فَخُذُوهُ وَمَا نَهَاكُمْ  
عَنْهُ فَانْتَهُوا وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ ﴿٥٩﴾

*Whatsoever Allah may restore unto His Messenger from the people of the cities is for Allah and for the Messenger; and for the next of kin, the orphans, the needy and the wayfarer, so that it will not be confined to the rich among you. And whatever the Messenger gives you, accept it; and whatever he forbids you from, refrain from it. And fear Allah; verily, Allah is stern in punishment (al-Hashr 59: 7).*

The legal tools of redistribution of wealth (illustrated in Figure 2.4 below), as Ismail and Possumah (2014) identified, are classified into two; obligatory (*wajib*) and supererogatory (*nafilah*). The obligatory tools consist of *zakkah*, *khums*, *jizyah*, *kharāj* and *miráth*. As for the supererogatory tools, they include; *waqf*, *wasiyyah*, *sadaqah*, *hibah*, *ariyyah* and *qard-hasan*.

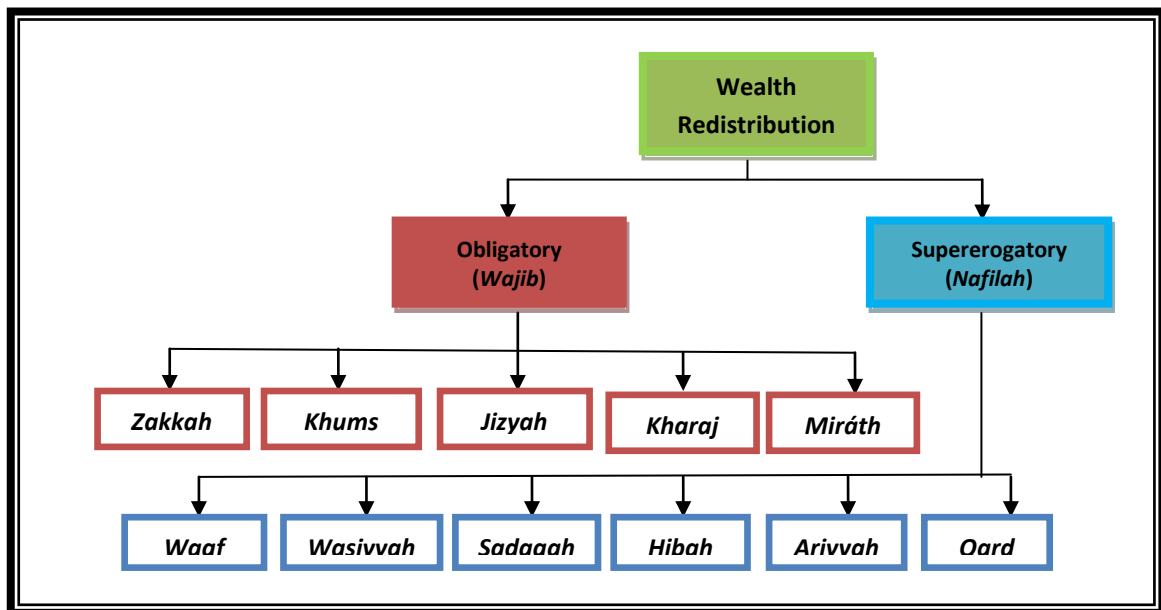


Figure 2.4  
*Islamic Tools of Wealth Distribution*

Primarily, each of the two broad classes is meant to alleviate poverty and maintain social justice. *Waqf* as an effective means of poverty alleviation is, therefore, institutionalized under numerous Quránic verses and Prophetic traditions. Allah (swt) says:

❖ لَيْسَ الْبِرُّ أَنْ تُولُوا وُجُوهَكُمْ قَبْلَ الْمَشْرِقِ وَالْمَغْرِبِ وَلَكِنَّ الْبِرَّ مَنْ ءَامَنَ بِاللّٰهِ وَالْيَوْمِ  
الْآخِرِ وَالْمَلَائِكَةِ وَالْكِتَابِ وَالنَّبِيِّينَ وَءَاتَى الْمَالَ عَلَى حُبِّهِ ذَوِي الْقُرْبَىٰ وَالْيَتَامَىٰ  
وَالْمَسْكِينِ وَابْنَ السَّبِيلِ وَالسَّائِلِينَ وَفِي الرِّقَابِ وَأَقَامَ الصَّلَاةَ وَءَاتَى الزَّكَاةَ وَالْمُوفُونَ  
بِعَهْدِهِمْ إِذَا عَاهَدُوا ۗ وَالصَّادِقِينَ فِي الْبَأْسَاءِ وَالضَّرَّاءِ وَحِينَ الْبَأْسِ ۗ أُولَٰئِكَ الَّذِينَ صَدَقُوا  
وَأُولَٰئِكَ هُمُ الْمُتَّقُونَ ﴿١٧٧﴾

*Righteousness is not to turn your faces the east and the west, but the righteous is he who believes in Allah and the Last Day, and the Engels, and the Book, and the Prophets, and expends wealth, for securing His pleasure, on the next of kin, the orphans, the needy, the wayfarer, the beggar and emancipation of slaves..... (al-Baqarah 2: 177).*

Similarly, the Holy Prophet (saw) admonished the Muslims saying:

*When the son of Adam dies, his deeds come to an end, except from a charity with enduring benefits (sadaqah járiyah); knowledge which benefits others; or a virtuous son that prays for him (Sahih Muslim, No. 1631).*

In fact, as Choudhury (2011) clarified, the source of the hadith cited above is one of the fundamental epistemological foundations embraced by Muslims. The first and foremost foundation is, of course, the Glorious Qurán which lays down many verses relating to the benefits and rewards that a donor may receive for his or her good deeds (*al-Baqarah* 2:177, *Al 'Im án* 3:92, *Ibráhím* 14:31, *adh-Dháriyát* 51:19, *al-Maárij* 70:24-25, etc).

In the previous centuries, especially during the rule of Ottoman Caliphate that swayed from the late 13<sup>th</sup> century up to 1922, *waqf* had been a prominent financial institution that successfully catered for not only the poor but the entire Ummah (Cizacka, 2011).

Consequently, however, the services of this vital institution continued to dwindle across the entire Muslim World as poverty is incidentally rising at alarming rate (Ali, 2014; Shirazi *et al.* 2015; Mahamood & Ab Rahman, 2016). Recently, many Islamic scholars are working assiduously to develop practicable financing models that could be used effectively to resuscitate the functions of this Islamic institution in suppressing the peril of poverty (Margianti, Haryani & Ediaras, 2015).

Previously, classical scholars perceived *waqf* as immovable properties mostly comprising of buildings and lands (Iman & Sabit, 2014). 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, during the last thirty years, new understanding developed from the *ijtihad* of scholars that prioritizes the donation of raw cash and consumables as *waqf* in line with the permissibility of *ibdaal* and *istibdaal* measures of revitalizing dormant *waqf* properties (Iman & Sabit, 2014; Haneef *et al.*, 2015). Nowadays, cash *waqf* is rapidly gathering greater momentum because of its flexibility that allows full exploitation of the enormous potentials of *waqf* for sustainable poverty alleviation (Ahmed, 2004; Hassan, 2010).

There is no doubt, as Shirazi (2014) and Khan (2015) evidently revealed, the institution of *waqf* could play a better role in the process of social and economic development. However, in order to achieve this goal, there is need to give special attention to the development of the vast under-used *waqf* properties to reactivate its functions and ability to provide those important services they used to carry out in the past (Haneef *et al.*, 2014; Ahmad, 2015).

### 2.3.1 Historical Background of *Waqf*

The institution of *waqf* has its historical origin from the time of the Holy Prophet (saw) when it was used for both religious and social purposes (Iman & Sabit, 2014). The *Masjid an-Nabawee* (the Prophetic Mosque) constructed in 622 C.E. in Madinah was the first multipurpose *waqf* institution dedicated by the Holy Prophet (saw). This is contained in a long *hadith* of *Hijrah* narrated by Imám al-Bukharí in his *Sahih*, thus:

..... *The camel loose is set loose followed by the Companions. Eventually, it knelt down at a site where the Holy Prophet (saw) built his mosque. The place grown with palm groves was owned by two orphans; a girl and a boy who were under the care of As'd bin Zur'ah. The Holy Prophet (saw) said when the she-camel knelt at the site: "This is my dwelling place". The camel knelt for the endowment for the purchase of the land. The two orphan's accompanied by their guardian said, "We have donated it to you, O Messenger of Allah". The Holy Prophet (saw) was reluctant to accept the grant, until they eventually agreed to sell it to him (Sahih al-Bukhari, No. 3906, Vol. 3).*

Moreover, Imám Muslim narrated, thus:

*When Caliph Umar ibn al-Khattab acquired a land in Khaibar, he went to the Holy Prophet (saw) for advice on how to manage it, saying: "O Rasúlu Láh! I have got a piece of land in Khaibar and it is the best of properties I have ever acquired, what will you advise me to do with it? The Holy Prophet (saw) said: "In case you love it much, hold it and donate its produce". Umar, the Caliph, decided to leave it purposely for the poor, relatives, guests and the Cause of Allah; never to be sold, inherited or donated (Sahih Muslim, No. 76, Vol.13).*

Similarly, according to an-Nawawee (2010), there was a time when Madinah was facing acute shortage of water with only one source of water in the city, the well of *Rumah*, owned by a Jew. The Holy Prophet (saw) declared that: "Whoever purchases it among the Companions will surely be rewarded with Paradise". Upon hearing this glad-tiding, Uthman ibn Affan instantly bought it from the highly exploitative Jew at exorbitant price and dedicated it for the general public. The Jew had initially consented to selling only "half" of the well which implied using it every alternate day. To his dismay, people withdrew from

patronizing his “half” of the well because they used to fill up their storage facilities during Uthman’s day when water was free of charge. Eventually, the Jew had to surrender his own half to Uthman with negligible price. Such were examples of numerous endowments attributed to the Companions of the Holy Prophet (saw) which paved the way for the subsequent generations to follow (Ismail *et al.*, 2013).

Subsequently, *waqf* became a vital institution engaged in financing numerous sectors of life in all parts of the Islamic world stretching from the time of the Umayyad to the Ottoman Caliphate (Baer, 1997; Ahmed, 2004; Rashid, 2011). One major sector that enjoyed centuries of successful funding by *waqf* is education. According to al-Maqrizi, as quoted in (Mahamood & Ab Rahman, 2016), in the previous centuries many schools were established but failed to fulfill their functions because there was no *waqf* to sustain teachers’ salaries and students’ allowances, among other basic needs. Due to the evil effects of Colonialism, many of them, as Baer (1997) and Rashid (2011) lamented, turned into ruins or became shadows of their former entities even though they had prospered previously. Al-Maqrizi gave instances of such educational institutions, like an-Nasiriyyah, as-Sahibiyyah, and al-Qamhiyyah Schools.

Without *waqf*, as Mahamood and Ab Rahman (2016) evidently stated, probably it would not have been possible to have relatively adequate number of institutions of advanced studies in the Islamic world. He gave examples of *waqf*-funded prestigious institutions of higher learning that are still flourishing to include al-Azhar University established in Cairo, Egypt, by the Fatimids in 970 C.E. To date, al-Azhar is the first and most prestigious modern university in the Islamic world. Others, according to Mahamood & Ab Rahman (2016), that are presently enjoying considerable funding from *waqf* are; University of al-Qurawiyyin in Fez, Morocco; University of al-Muntasiriyyah, Iraq; and University of Cordova, Spain.



### 2.3.2 The Institution of Waqf in Sokoto State, Nigeria

With the advent of Islam in Nigeria in the tenth century A.C., *waqf*, like other forms of religious charity, was donated and managed informally without direct intervention of constituted authorities (Muhammad, 2016). For many centuries, various *waqf* properties in form of guest houses, wells, orchards, farming implements, Qur'anic schools and traditional health-care centres were spread all over the Muslim areas of the country (Last, 1967). However, due to lack of proper management, many of these properties suffered calamitous decline and deterioration (Elesin, 2017). Moreover, as the general public were not adequately sensitized on the socio-religious and economic importance of *waqf* donation, very few were donating to that direction. Hence, the dwindling number of *waqf* assets in the region (Nuruddeen, 2014).

Therefore, *waqf*, as a formal tool of economic empowerment and poverty alleviation, was generally unknown in Sokoto State prior to its recent institutionalization (Suleiman, 2010). That is why, unlike *zakkah* and other sources of revenue, such as *kum s*, *jizy*, *fy'* and *ushr*, that were intensively used in the defunct Sokoto Caliphate to foster economic development, *waqf* (commonly known as *habs* in Maliki jurisprudence), suffered centuries of neglect by the authorities and individuals (Suleiman, 1988).

In 2000, shortly after the return of civilian rule in Nigeria following decades of military regime, many states in the predominantly Muslim North re-introduced the *shari'ah* legal system. Subsequently, this brought about remarkable development in the socio-economic and religious spheres of life in the states which include the institutionalization of *waqf* (Nuruddeen, 2014). According to Maidoki and Sani (2015), although a low-profile *zakkah* and *waqf* committee was established by Sokoto State government in 1988, but Zamfara State

pioneered the establishment of a full-fledged *waqf* committee in 2000. Subsequently, other states followed which include; Sokoto (2001), Jigawa (2001), Yobe (2002), Gombe (2003), Bauchi (2003), Kaduna (2003), Kebbi (2003) and Kano (2003) among others. These committees are mandated by their respective state governments to embark on public sensitization on *waqf*, collection, preservation and management of *waqf* properties. During its data-collection interview with the management staff of Sokoto State *Waqf* Committee, this study discovered remarkable achievements realized in various areas of poverty alleviation in the state through *waqf*.

Thanks, to intensive public sensitization, *waqf* is now one of the most effective ways of expressing philanthropy for sustaining the welfare of the needy, the poor, the family, and the society (Muhammad, 2016; Elesin, 2017). Globally, *waqf* serves a special mechanism through which wealth is transferred from private ownership to public ownership (Haneef *et al.*, 2015). Personal assets or any useful property can be endowed in *waqf* for the services of all aspects of life; religious, social, economic, and educational sectors under certain conditions and regulations laid down by the (Obaidullah, 2014).

For centuries, *waqf* has been benefitting people and defraying public expenses (Shirazi *et al.*, 2015). It has been a major means of funding mosques, graveyards, orphanages, schools, hospitals, bakeries, warehouses, mills, and numerous humanitarian or religious foundations (Mahamood & Ab Rahman, 2016). Similarly, Alias (2012) and Ali (2014), 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 (Nuruddeen, 2014).

### 2.3.3 Fundamental Pillars of Waqf

Being a major resource-redistribution mechanism, the *waqf* institution is primarily established to ensure sustainable poverty alleviation and effective social security service in the Muslim Community (Ali, 2013; Muhammad, 2014; Shirazi, Obaidullah & Haneef 2015). As illustrated in Figure 2.5 below, a genuine *waqf* is built upon four fundamental pillars (Iman & Sabit, 2014), these are:

1. *Divine Ownership*: The moment a property is surrendered to *waqf* it belongs to nobody but Allah (swt) alone. The benefits derived from it are channeled for public purposes, or specific category of people for whom the property is endowed, such as members of a family, guests, itinerant travelers, and sick people. Thus, the *waqf* property must have two basic features; absolute independence of ownership of a particular person, and sustainable capacity of yielding the desired benefits.

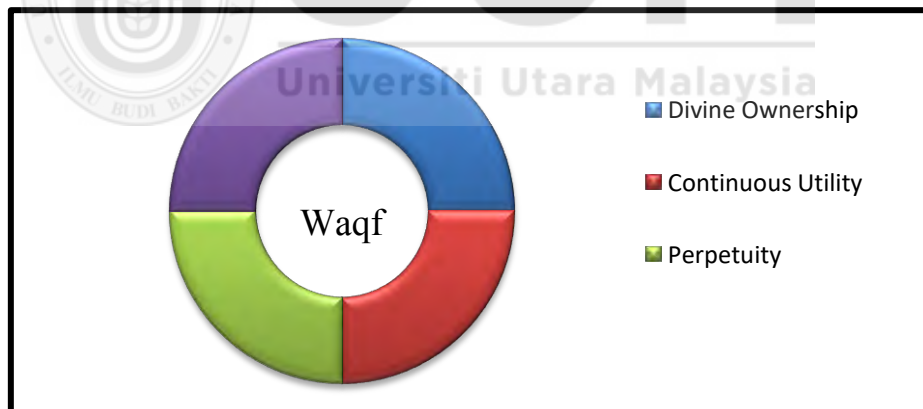


Figure 2.5  
*Components of Waqf*  
Source: Developed from the study's data

2. *Continuous Utility*: This is compliance with the Prophetic tradition narrated by Ibn Majjah and al-Baihaqee that says:

*Among the actions and good deeds for which a believer will continue to receive reward after his death are knowledge which he taught and spread, a righteous son whom he left behind, or a copy of the Qurán which he left as a legacy, or a mosque he built, or a house he built for travelers, or a*

*stream he caused to flow, or a charity he gave from his property when he was alive and well, for which he will continue to receive reward after his death* (quoted by Ismail *et al.*, 2014, p. 100).

3. *Perpetuity*: The time of utilizing a *waqf* property should not be limited since its absolute ownership belongs to Allah. Therefore, the property should not be subject to liquidation, or confiscation by any person or authority (Obaidullah and Shirazi, 2014)
4. *Constituted Management*: *Waqf* properties should always be under proper care of trustees; either individuals, NGOs or governments (Usman & Tasmim, 2016). The trustees are not only entrusted with the responsibility of caring for the properties, but also ensuring optimum generation of benefits, or income, through diverse profitable investments, and expending them appropriately in the designated purposes. To this effect, according to Aslam (2013) and Ali (2014), the trustee, or management team, of *waqf* properties should always be cautious in discharging their trusts as they are dealing with assets meant for public welfare.

#### **2.3.4 Legal Conditions of *Waqf* Creation**

According to Ibn Jazzey (2010), the creation of a *waqf* involves some legal obligations which include the following:

- i. The *waqf* founder should be legally fit and apt to take such an action. This disqualifies a minor, an insane, or a person who does not own the property.
- ii. The property must be a real asset that has some meaning of perpetuity such as land, buildings, livestock, books, jewellery, etc.
- iii. The purpose of the *waqf* must be an act of charity from both points of view of  
and of the founder.

- iv. The donation should be given on a permanent basis.
- v. The beneficiaries, person(s) or purpose(s), must be alive and legitimate.

### 2.3.5 Types of *Waqf*

*Waqf* can be classified into different kinds based on its purpose or uses. According to Azharee (2014) and Iman and Sabit (2014), the following are the most common types of *waqf*:

- i. **Posterity or Family *Waqf*:** Kahf (1998) postulated that this *waqf* started shortly after the death of Prophet (S.A.W.), during the caliphate of Umar (635-645). In this case, the revenues of *waqf* must first be given to the children and descendants of the *waqf* founder and only the surplus, if any, should be given to the poor.
- ii. **Philanthropic *Waqf*:** This aims at supporting the poor segment of the society and all activities that are of interest to people at large such as public utilities for the poor and needy, libraries, scientific research, education, health services, protection of animals and environment, lending to small businessmen, provision and/or maintenance of parks, roads, bridges, dams etc. In the early days of Islam, Prophet Muhammad (S.A.W.) initiated this type of *waqf* with the objective of reducing the welfare disparity and economic inequality among the social strata.
- iii. **Religious *Waqf*:** This focuses on maintenance of Religious institutions, such as mosques, cemeteries and *madaris* and their adjacent premises and properties. Religious *waqf*, in any society adds to the social welfare of the

community because it helps satisfy the religious needs of the people and reduces the direct cost of providing religious services for the future generation.

Primarily, *waqf* is based on the spirit of philanthropy and its objectives, therefore, are principally oriented in line with poverty alleviation and social security services (Ahmed, 2014). In modern times, *waqf* can be rejuvenated through innovative approaches and at the same time comply with Islamic principles. Alias (2012), Alpay and Haneef (2015) and Shirazi *et al.* (2015) presented an integrated approach on how traditional institutions of *waqf* may be revitalized through innovations. *Waqf* certificates of different denominations could be issued to raise the cash *waqf*, so that a number of individuals or institutions may buy them and finance the development projects (Hamad, 2012). Similarly, cash *waqf* could be encouraged among people through building confidence on management (Ismail & Possumah, 2014).

Moreover, as Ali (2014), Shirazi *et al.* (2015) and Alpay and Haneef (2015) clarified, *waqf* funds raised from issuing certificates and cash *waqf* can be used in creating a pool of funds for financing development projects. As *waqf* are generally applied on fixed assets, such assets are often under-utilized. On the other hand, if cash *waqf* are raised by issuing *waqf* certificates, they could be used more efficiently in a wide range of development projects (Haneef *et al.*, 2015).

Moreover, 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 Ali (2014) 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, as illustrated in Figure 2.6 below; the public endowment (*waqf ám*), exclusive endowment (*waqf khás*) and dual-utility endowment (*waqf mushtarak*) (Mahamood & Ab Rahman, 2016).

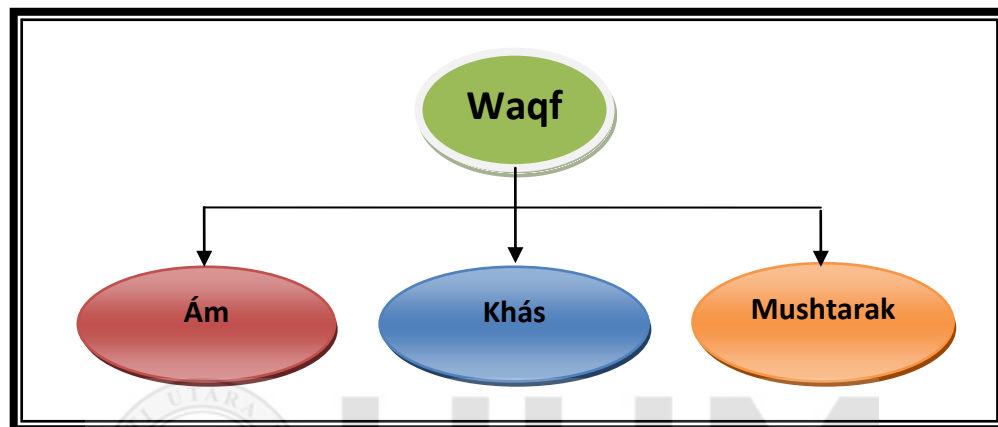


Figure 2.6  
*Categories of Waqf*  
Source: Developed from the study's data

### 2.3.6 Preservation of Waqf Properties

According to Raimi, Patel and Adelopo (2014), one of the major problems in relation to reviving *waqf* is lack of funds for regenerating the productivity of the *waqf* land/properties as well as other moveable and immovable assets. To address this problem, as Hassan (2010) and Mobin and Ahmad (2017) suggested, there is need to devise two measures of funding the development of *waqf* properties which comprise of the following:

- i. Establishment of cash *waqf* fund, and
- ii. Issuance of *sukūk*; offer an alternative investment.

### 2.3.6.1 Cash Waqf Fund

Cash *waqf* fund is established with money to support services to mankind in the name of Allah (Shirazi & Zarka, 2016). According to Azharee (2010), any durable and legally permissible property can be devoted as *waqf*. However, as Iman and Sabit (2014) clarified, consumables, such as cash and investable foodstuff, can also be surrendered to serve as *waqf*, as it is presently practiced in Northern Nigeria (Sokoto State *Zakkah* and Endowment Committee, 2014).

During the first century of Islam, *waqf* of building and land were the most popular forms of *waqf*, but subsequently it continued to take monetary forms (Ali, 2014; Shirazi, Obaidullah & Haneef, 2015). According to Khan and Jareen (2015), after the first century of *Hijrah*, cash *waqf* was in practice in two manners:

- i. Cash for interest-free lending to the entrepreneurs, and
- ii. Cash for direct investment and its net return to be channelled to the beneficiaries, or as specified by the donors.

However, dealing with this type of *waqf* in either manner requires extra caution to avoid *ribawi* transaction (Haneef *et al.*, 2015). Other relative challenges include keeping the *waqf* assets (financial assets) from diminishing in its values because financial assets are very much affected by price fluctuations. It is also necessary to protect the assets of cash *waqf* from wearing off and to preserve their characteristics of perpetuity (Aslam, 2013; Rochman, 2013).

Cash *waqf* is considered by historians in Ottoman Empire as specific category of Islamic Endowments which played important role in the socio-economic development of the empire (Cizacka, 2011). Cizacka, as quoted in Mahamood and Ab Rahman (2016), also mentioned



that cash *waqf* has become popular because it offers opportunity to people who do not have immovable properties to get the benefits of donating to *waqf*. Similarly, *waqf*-based microfinance institutions prefer cash *waqf* because of its flexibility in disbursement and investment (Rochman, 2013).

According to Mohsin *et al.* (2016) and Salleh (2017), the donors to cash *waqf* fund will give their cash money for the purpose of financing the development of *waqf* land/building/properties. The *waqf mutawalli* will manage this fund by utilizing it in the provision of revolving loans for development of *waqf* properties. These loans, as Mamun, Uddin and Islam (2017) clarified, that are payable to the fund, will be utilized again for financing other *waqf* properties. Since this fund will be generated out of cash *waqf* contributions solicited from individuals and institutions including the government, therefore, its administrative expenditures will be covered from the service charges which are permissible in as long as they represent the actual cost of administering a loan (Hassan & Siraj, 2016; Shaikh & Shaikh, 2017).

On the other hand, Suzuki, Pramono and Rufidah (2016) clarified, the cash *waqf* fund may also be utilized on the basis of *muḍā b* or *mus ā k* financing techniques and its profit will then be utilized for philanthropic purposes, such as helping the poor. However, the principal of *muḍā b* and *mus ā k* investments should always be kept intact (Haneef *et al.*, 2015). Moreover, the cash *waqf* fund may also receive special cash *waqf* contributions which may be utilized for the development of specific *waqf* assets or properties (Hassan and Siraj, 2017). In this case, as Elesin (2017) observed, the cash can be used to purchase other durable assets or spare parts for maintaining the existing *waqf* properties, such as buildings,

vehicles, etc. Alternatively, the cash can be for executing developmental projects, such as hospitals, schools, bridges and guest-houses (Thourlim, Rahman & Yanya, 2017).

### **2.3.6.2 Issuance of Sukūk**

According to Ibrahim (2015) and Saad, Haniff and Ali (2016), *sukūk* (the Arabic name for financial certificate) is a proven -compliant financial product which is used in many Muslim countries to finance projects for the development of *waqf* properties or a specific economic activity permitted by . Among the notable investments of *waqf* resources are the service apartments in Saudi Arabia built with *waqf* assets using *sukūk intifā'* on the basis of time-share ownership of property (Aloui, Hammoudeh & Ben Hamidah, 2015; Halim, How & Verhoeven, 2017).

Since the early 2000s, *sukūk* have become a viable alternative for fund raising by corporates and sovereigns (Wilson, 2008; Klein & Weill, 2016, Nagano, 2017). Recent studies conducted by Afshar (2013), Ibrahim (2015) and Saad, Haneef and Ali (2016), revealed the first corporate *sukūk*, worth RM 125 million, to have been issued in Malaysia by Shell MDS in 1990, followed by Bahrain in 2001. In the same year, Kumpulan Guthrie Berhad, a Malaysia corporate, also issued the first global corporate *sukūk*. Later, the Malaysian government issued the Malaysia Global *u kūk*, a landmark *sukūk ijarah* worth USD 600 million, and became the first country in the world to issue a global sovereign *sukūk* (Saad *et al.*, 2016). Since then, *sukūk* have been growing in popularity and have been utilized by both corporate sector and states for raising financing (Godlewski *et al.*, 2013; Morrison, 2016; Ayturk, Asutay & Aksak, 2017).

However, in 2016, global *sukūk* market witnessed a rebound after three consecutive years of decline following its peak in 2012 (Nagano, 2017; Ferdian & Dewqi, 2017). Global *sukūk* issuance posted a solid growth of 13.2% from 2015 to reach USD74.8 billion in December, 2016. Overall, *sukūk* issuer profile remained broadly similar to historical trends, with Malaysia continued to be the main driver for *sukūk* issuance for the year, commanding a market share of 46.4% of total issuances, followed by Indonesia and the United Arab Emirates (UAE), accounting for 9.9% and 9.0% share, respectively (Smaoui & Nechi, 2017; Ayturk *et al.*, 2017; Neifar *et al.*, 2017).

According to Naifar and Hammoudeh (2016) and Naifar *et al.* (2017), the total *sukūk* issuances of GCC countries stood at USD19.6 billion, compared to USD18 billion in 2015, driven by higher issuances from sovereigns. Higher issuances from this region suggested *sukūk* to have remained an important source of funding in financing their budget deficits amidst low oil prices and export earnings (Aloiui *et al.*, 2015; Naifar & Hammoudeh, 2016).

Elsewhere, Turkey recorded a notable rise in *sukūk* issuance at USD4.1 billion for the year, supported by a number of sovereign issuances with maturity ranging from one to five years (Nagano, 2017). The year 2016 also witnessed *sukūk* issuances from Senegal, Jordan, Ivory Coast and Kuwait (Halim *et al.*, 2017; Naifar *et al.*, 2017). In January, 2018, the federal government of Nigeria formally announced its first sovereign *sukūk* worth N100 billion to be used in constructing some major highways in the country ([www.dailytrust.com](http://www.dailytrust.com), 1/1/2018).

The issuer of a *sukūk* sells this certificate to an investor or a group who then rents it back to the issuer for a pre-determined rental fee (Afshar, 2013; Klein & Weill, 2016). The issuer can also make a contractual promise to buy back the *sukūk* at a future date at par value (Klein, Rima & Weill, 2017). However, as Naifar and Hammoudeh (2016) clarified, *sukūk* as a

product is linked to the returns and cash flows of financing of the assets purchased, or the returns generated from an asset purchased. This is because trading in debt is prohibited under (Jaziri, 2010).

As Naifar, Mroua and Bahloul (2017) observed, many *waqf* institutions simply do not have the funds to develop new capacity while keeping their existing work going on. *Waqf* assets, through the issuance of *sukūk*, offer an alternative investment (Smaoui & Nechi, 2017; Ferdian & Dewi, 2017). Therefore, *sukūk* can be used as a tool to finance for the development of *waqf* properties. In this case, as Godlewski, Turk-Ariss and Weill (2016) explained, the main objective is to provide long term support with a focus on building earning capabilities and showing results. As perceived by Morrison (2016) and Aloui, Hammoudeh and Ben Hamidah (2015), the primary condition of issuing *sukūk* is the existence of assets on the balance sheet of the government, monetary authority, corporate body, banking and financial institution or any other entity which wants to mobilize financial resources through *sukūk*.

According to Aloui *et al.* (2015) and Nagano (2017) the essential underlying concepts of *sukūk* consist of the following:

- i. There should be transparency and clarity of rights and obligations.
- ii. The income accrued from securities must be related to the purpose for which the funding is used, and not simply to be interest-free.
- iii. The securities should be backed by real underlying assets, rather than being simply paper derivatives.

Although there are several types of *sukūk*, but in the context of *waqf*-based financing, *ijā sukūk* and *mus ā rakah sukūk* are the most popular in the real estate financing and for creating

funds for construction of new complexes or roads (Wilson, 2008; Godlewski *et al.*, 2013; Afshar, 2013). According to Naiftar and Hammoudeh (2016) and Nagano (2017), the development of *waqf* assets through the issuance of *sukūk* may be most suitable by using the *mus ā k* financing principle.

*Mus ā k sukūk* represents an undivided proportionate ownership of an asset with the corresponding right to the -compliant income streams generated by the asset (Afshar, 2013; Aloui *et al.*, 2015). According to Klein and Weill (2016) and Elesin (2017), in order to develop the *waqf* assets into quality assets through issuance of *mus ā k sukūk*, a descriptive model of developing *waqf* assets through issuance of *mus ā k sukūk* should be structured in line with the Islamic financial guidelines on *mus ā k* mode of finance.

According to Godlewski *et al.* (2013) and Afshar (2013), *mus ā k* venture can be established to facilitate the issuance of the *mus ā k sukūk* from time to time. The parties in *mus ā k* venture include the following:

- i. The Company (Issuer);
- ii. The Lead Arranger/Facility Agent;
- iii. The Investors (*mus ā k* partners); and
- iv. The Trustee.

*Mus ā k sukūk* is regarded as an important vehicle of resuscitating *waqf* institution because firstly, it represents new source of funds on basis of profit-and-loss-sharing (PLS) system (Ferdian & Dewi, 2017; Naiftar & Hammoudeh, 2016). Secondly, it is vital to developing *waqf* lands (Ibrahim, 2015; Ferdian & Dewi, 2017). Ayturk, Asutay and Aksak (2017) observed that there is a great deal of surplus cash sitting in Islamic financial

institutions waiting to be tapped by new financial instruments. Through *mus ā k sukūk* this pot of gold can be unlocked to benefit not only the *waqf* sector but also the whole economy (Halim, How & Verhoeven, 2017).

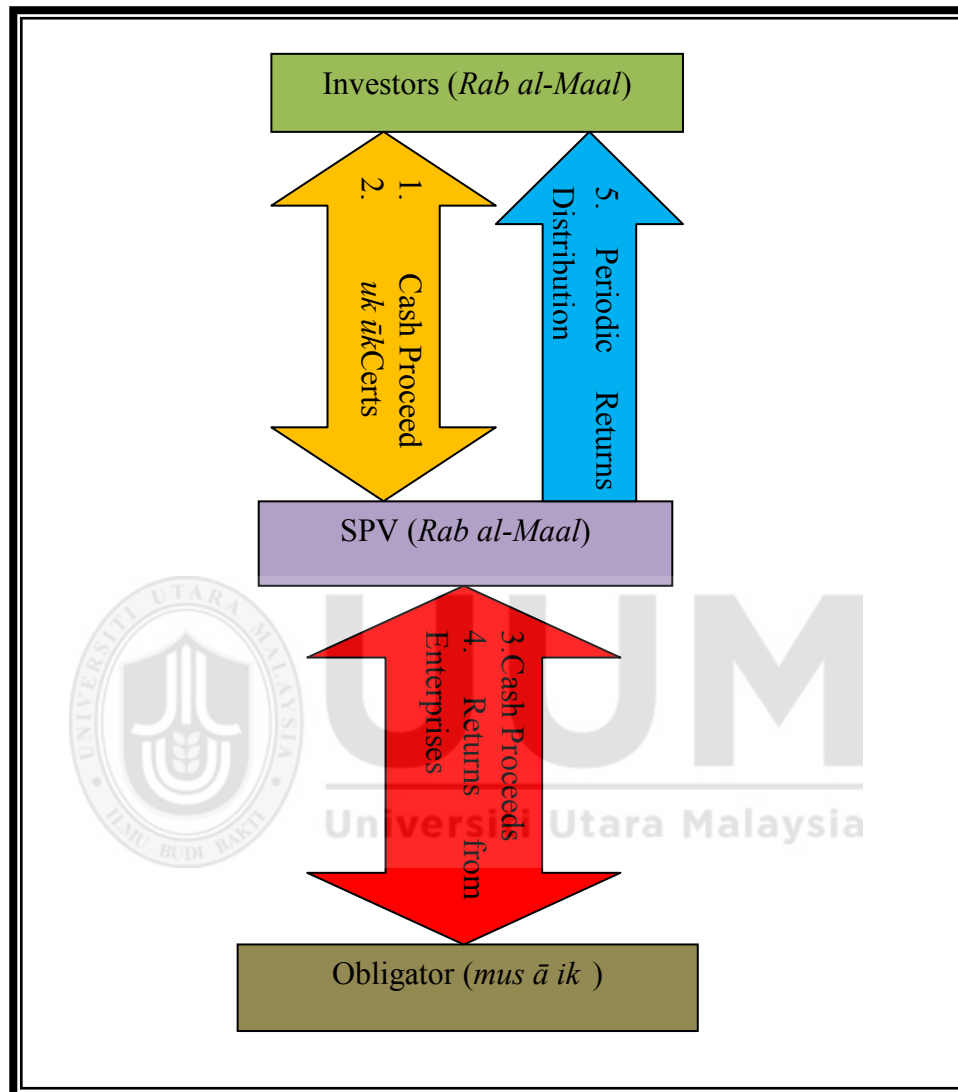


Figure 2.7  
*Mus ā k uk ūk* Investment  
 Source: Developed from the study's data

Moreover, as Saad, Haniff and Ali (2016) clarified, *mus ā k* transactions involve partnership arrangements entered into by *mus ā k* partners comprising *sukūk* holders or both *sukūk* holders and the obligors. The issuer of *mus ā rakah sukūk* typically acts as a *wakeel* for the *sukūk* holders, or acts as one of the *mus ā k* partners (Morrison, 2016; Klein and Weill, 2016). As depicted in Figure 2.7 above, the *mus ā k* venture can entail

cash investments or participation in kind (deemed as capital contribution) by the *mus ā k* partners (Ibrahim, 2015; Smaoui and Nechi, 2017). In this case, as Godlewski *et al.* (2013) and Afshar (2013) observed, the *mus ā k* partners will enter into a profit-and-loss-sharing (PLS) arrangement whereby profits will be shared according to pre-agreed profit-sharing ratio and losses will be shared according to each *mus ā k* partner's capital contribution.

According to Ibrahim (2015), Nagano (2017) and Ayturk, Asutay and Aksak (2017), as the *waqf* management board creates a *mus ā k* venture, it will also appoint a *Waqf* Asset Manager (WAM) to serve as an agent in developing the land in consultation with the management board. In clarifying this issue, Morrison (2016), Klein, Rima and Weill (2017) and Ferdian and Dewi (2017) described how to mobilize the fund through *mus ā k sukūk* by adopting the following procedure:

- i. The WAM and special purpose vehicle (SPV) enter into a *mus ā k* venture to develop *waqf* land for a specific period based on a pre-determined PLS ratio.
- ii. The WAM enters into a two-year forward lease agreement with a Construction and Property Management Company.
- iii. On behalf of the *waqf* management board, WAM contributes land to the *mus ā k* venture.
- iv. The SPV contributes cash as capital to build commercial building on the *waqf* land.
- v. The WAM may appoint a developer to construct the building and when it is leased, the returns will be distributed according to a predetermined ratio.
- vi. The WAM will undertake to buy, at a pre-agreed price, the *mus ā k* shares of the SPV on a periodic basis and at the end of five years, the SPV will no longer have any share in the *mus ā k*.

Similarly, as Saad *et al.* (2016) and Halim *et al.* (2017) explained, the procedure can also be followed in order to initiate issuance of *mus ā k sukūk* for the development of *waqf* lands into quality assets situated at different places in the town, cities and rural areas. The commercial buildings constructed on *waqf* lands will generate regular revenue that will be used to render various financial services to the poor (Hassan & Siraj, 2016; Aziz & Mohammad, 2016; Mobin & Ahmad, 2017).

### **2.3.7 Historical Origin of Waqf Management**

During the early period of Islam, the arrangement of *waqf* management is relatively simple because the donor and manager constitute the same person (Rashid, 2011). Therefore, as Mahamood (2011) and Cizakca (2011) explained, in this setting there is no great need for alignment of interest between donor and manager, since misalignment of interest logically implies at least two different persons. On this, Rashid (2011) noted that ‘Umar bin al-Khattab appointed himself as a manager for *waqf* property he donated in Khaibar. After his demise, it was a person from his family not his successor in the Caliphate leadership that assumed the managerial function of his *waqf* property.

Therefore, during this period, even the Caliph did not allow the government to interfere in the *waqf* administration (Karim, 2010; Rashid, 2011). With a descendent becoming manager (*mutawalli*) of *waqf* property, in many cases, the original intention of donor could be compromised because this descendent (manager) may have different interest regarding the *waqf* services (Mahamood, 2011; Rashid, 2011; Ibrahim *et al.*, 2016). This brought about the necessity of the institutionalization of *waqf* to ensure government surveillance on its activities.



According to Mahamood (2011) and Shirazi *et al.* (2016), the responsibility of a *waqf* manager, or *mutawalli*, is to administer the *waqf* properties to the best interest of the beneficiaries. The first duty of *waqf mutawalli* was to preserve the property then to generate revenues for the beneficiaries (Rashid, 2011). Similarly, the person assigned with responsibility for making policy gets a specific mandate, authority and power upon being appointed. Therefore, that person is in due course accountable to the authority for his actions (Rizvi, Basha & Mirakhor, 2016; Qutb, 2017). According to Pyman, Hassan and Ahmad (2016), the *waqf* manager (*mutawalli*) is responsible for the day-to-day functions of *waqf* institution and is accountable to the *waqf* management board as regards to his social responsibility.

#### **2.3.7.1 Current Condition of *Waqf* Management in Islamic World**

Recent studies conducted by Rashid (2011), Shirazi (2011) and Iman and Sabit (2014) revealed that the present situation of *waqf* institutions is undoubtedly unimpressive. They can be fairly said that in many areas there has been a calamitous collapse of *waqf* (Cizakca, 2011). Rashid (2011), Ismail and Pussomah (2014) and Mahamood and Ab Rahman (2016) lamented that *waqf* institutions in many parts of the Islamic World are not given proper attention and, therefore, vast *waqf* properties are subjected to ill-management. The inevitable consequence is much dilapidation and disrepair of these sacred properties (Ali, 2014; Basir *et al.*, 2017). Even the best *waqf* buildings, with tremendous commercial potential, are not getting basic repairs and maintenance (Karim, 2010; Rashid, 2011).

Recent on-the-site surveys (Ihsan, Hameed and Mohammad, 2011; Kassim *et al.*, 2014; Muhammad, 2016) discovered many *waqf* properties, some originally of the highest quality, are now some sort of cheap commodity, available in the commercial market. On top of which

the virtual collapse of institution of *waqf* has resulted in a vacuum which still, in most Muslim countries, could not be filled (Rashid, 2011; Cizakca, 2011; Ismail & Pussomah, 2014). The causative factors that led to the decline of *waqf* glory include; legislative lacunae, administrative lapses, lack of political will, indifferent attitude of the management committee of the *waqf*, and lack of honesty and integrity.

Pyeman, Hassan and Ahmad (2016) opined that since the deteriorating situation of institutions of *waqf* needs urgent attention, there is need for comprehensive assessment and evaluation of the whole *waqf* administrative framework. Indeed, as Kassim *et al.* (2014) and Muhammad (2016) observed, the current reappraisal of the role of *waqf* institution in many countries offers opportunities to learn from the mistakes of the past and to move for managing the *waqf* assets in a professional way within a modern administrative framework.

In their scholastic analysis on the current administration of *waqf* institution in the Muslim world, Habidin, Hussin, Muhammad, Janudin and Fuzi (2017) identified two essential measures to be devised for meaningful improvement. First, existing *waqf* properties must be better managed and used for enhancing security of tenure, and for the interest of the beneficiaries. Second, in-coming *waqf* properties must be used to help resource redistribution and strengthen civil society.

#### **2.3.7.2 Ideal *Waqf* Administration**

In its second *research question*, the study is enquiring about the role of *waqf* in poverty alleviation generally, and the viability of the current *waqf* administration in Sokoto State as far as effective poverty alleviation is concerned. The findings from the reviewed literature on these issues will contribute in validating the *grounded theory* already generated from the

primary data. On this issue, fundamental principles of corporate administration are analyzed from diverse perspectives of scholars. According to Kuran (1986), Ahmad (1991), Mir (2010), El Fadl (2014), Chapra (2014), Shafiq, Klassen and Johnson (2014) and Qutb (2017), the core of the Islamic management ethics are not in contradiction with the conventional principles of corporate governance.

The normative function of ideal corporate governance is to internalize the concept of social responsibility into the definition of the company or organization and into the managerial practice (Donaldson & Preston, 1995; Jensen, 2001; Harrison & Wicks, 2013). However, a question may be asked as to why the approach of conventional business management is introduced into the Islamic management of *waqf*; a non-profit sector, which, by its origin and mission, already has a strong socio-religious dimension?

The literature on *waqf* management quite strongly supports the application of principles of conventional corporate governance due to their compatibility with the relevant principles (Shafiq *et al.*, 2014; Shah, 2015; Choudhury & Malik, 2016; Salem, 2017). The factors of ideal *waqf* management, such as a professionally committed *mutawalli* of *waqf*, practicing religious conviction, and a society-oriented vision towards open and direct democratic consultation (*shura*), should exhibit a significant positive effect on the social responsibility (Bridoux and Stoeckhorst, 2014; Hossein, 2016). Ibrahim *et al.* (2016) noted that “one of the operational tasks needed to facilitate development of *waqf*, is related to the challenge of adapting modern management techniques to the prevailing economic relations among societies where *waqf* exists” (p.77).

Moreover, several literatures have considered *waqf* as an NGO-type voluntary sector (Kassim *et al.*, 2014; Raimi *et al.*, 2014; Mohsin *et al.*, 2016; Mamun *et al.*, 2017). In this way, as Saad and Sarif (2017), Salawu and Aina (2017) and Miles (2017) opined, the *waqf* management structures may be made more efficient, transparent and responsive with the principles of corporate governance.

### **2.3.7.3 Accountability in *Waqf* Administration**

Although, as Shafiq *et al.* (2014) and Bhatti *et al.* (2015) rightly observed, *waqf* is a religious institution, but it shares common accountability-related problems and challenges with conventional NGOs, such as mismanagement, maladministration and neglect of responsibilities. Therefore, the principles and practice of NGO accountability could provide some useful insights as well as practicable framework in which *waqf* institution could gain some valuable pointers regarding the potentials of accountability in improving its administrative efficiency and effectiveness (Chapra, 2014; Yusuf & Bin Bahari, 2015; Khan *et al.*, 2015; Meutia & Febrianti, 2017; Salawu & Aina, 2017).

Within NGO accountability literatures, there are numerous works that focus on the issues relating to accountability (Mir, 2010; Shah, 2015; Albassam & Ntim, 2017; Davis & Winn, 2017). The works of Bovens, Goodins and Schillemans (2014) and Idowu, Zu and Gupta (2017) in this case are very prominent in which they clarified the notion of *upward accountability* and *downward accountability*. In presenting these conceptual elements, this study draws experience from NGO literature on issues relating to accountability and explores the extent to which improved accountability relationship towards the poor may improve the effectiveness and efficiency of *waqf* management (Bovens *et al.*, 2014; Tricker & Tricker, 2015; Habidin *et al.*, 2017).

As the effort to improve the effectiveness of *waqf* management tends to focus on upward accountability to the Board of Trustees, there is also a downward accountability to beneficiaries (Karim, 2010; Ihsan & Ibrahim, 2011; Li *et al.*, 2014). Although there are many ways to improve *waqf* management, but downward accountability to beneficiaries must be given due consideration (Grossi *et al.*, 2015; Sulaiman *et al.*, 2015). In this case, the beneficiaries are not merely placed at the receiving ends or as mere assistance receivers, but are taken on board in the running of *waqf* activities in order to improve managerial efficiency (Abdallah *et al.*, 2015; Saad & Sarif, 2017). Therefore, based on the postulation of Ebrahim, Battiloma and Mair (2014), downward accountability to beneficiaries offers an opportunity for an improvement on the effectiveness and efficiency of *waqf* management.

In *waqf* management, the upward accountability to Allah and any constituted authority is paramount, but the downward accountability to the beneficiaries is equally mandatory (Ibrahim *et al.*, 2016; Habidin, 2017; Basir *et al.*, 2017). According to Rizvi *et al.* (2016), Tarik and Mirakhor (2016) and Askari *et al.* (2017), accountability to Allah is practically manifested in accountability to beneficiaries when they are taken on board in the management and utilization of *waqf* properties.

#### **2.3.7.4 Managing *Waqf* Funds in Poverty Alleviation**

The second *research question* is basically enquiring about the nature of *waqf* involvement in alleviating poverty. The expositions of scholars in this aspect will fully support the research *capacity-building theory* of poverty alleviation. In the early days of Islam a person who engaged in making business arrangement between entrepreneurs and investors was known *as-sarraḥ* (Iqbal & Molyneux, 2016). In contemporary conception, this arrangement is known as *financial intermediation* (Phelan, 2016). Financial intermediation in this context can take

different forms, such as *ijā* , *muḍā b* , *salam*, *mus ā k* and *muzā* ' (Khan, 2012; Mirakhor, 2014). Today, as Phelan (2016) and Honcharenco (2017) revealed, financial intermediation is the backbone of commercial and financial institutions whereby borrowers and lenders are brought together under certain contractual agreement to conduct businesses and investments.

According to Ziegler (2013) and Greenbaun, Thakor and Boot (2015), modern financial intermediation guarantees security and reliability in domestic and foreign financial transactions that involve services such as issuance of promissory notes and letters of credit. The noble provides a bundle of formal intermediation contracts to facilitate efficient and transparent execution of entrepreneurial projects (Alpha *et al.*, 2016). These contracts are comprehensive enough to provide a wide range of various intermediation services such as custodial services, payment system, asset transformation and risk management (Dar and Presley, 2000; Rahman, 2017).

According to Khan (2012), Ali (2014), Borio *et al.*(2017) and Céspedes, Chang and Velasco (2017), intermediation contracts are classified into three groups, as illustrated in Figure 2.8 below. The first and most significant group deals with intermediation through formation of partnerships in capital and entrepreneurial skills based on the -compliant principles of partnership (Khan, 2012). These partnerships, as Khan (2012) and Samad (2004) identified them, include *salam*- and *ijā* -type (debt-financing partnerships), *mus ā k* -type (PLS or equity-financing partnerships) and *muḍā bah* (profit-sharing partnership).

Hassan (2012), Hashim (2012) and Ali (2014) clarified the second group that deals with inter-personal trusts in relation to keeping and utilizing properties, which include *w de e'*

(deposit), *ariyyah* (borrowing) and *qard hassan* (interest-free consumption loan). The third group as explained in Hashim (2012), Ahmad (2013), Abedifar *et al.* (2015) deals with the placing of assets with intermediaries on the basis of trust for the sake of protection or security of properties. This contract consists of *damán* (guarantee), *rahn* (collateral or pledge) and *hawalah* (transfer of debt or liability).

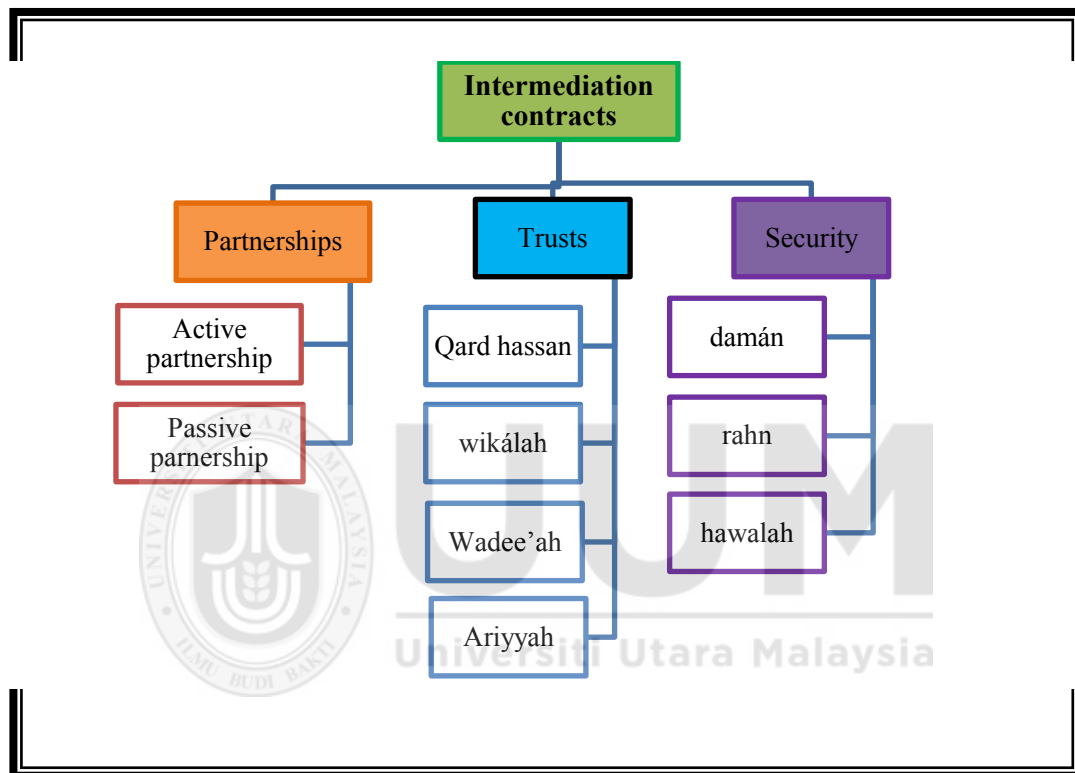


Figure 2.8  
*Instruments of Islamic Financial Intermediation*  
 Source: Developed from the study's data

The recent works of Phelan (2016), Honcharenco (2017) and Cespedes *et al.* (2017) indicated the indispensability of effective financial intermediation for the success of any poverty alleviation scheme. According to Ashrafzadeh *et al.* (2017) and Rahman (2017), business contracts brokered through effective financial intermediation are the catalysts of viable human resource development. Similarly, such contracts offer comprehensive mechanisms for effective risk management and mitigation in entrepreneurial investments and business transactions (Abdul-Rahman *et al.*, 2014; Suandi, 2017).

### 2.3.7.5 Features of Conventional Financial Intermediation

According to Khan (2012), Beck and Demirguc-Kunt (2013) and Rahman (2017), interest-based financial intermediation, as operated by conventional financial institutions, is based on inherent exploitative policies whereby a large number of small depositors' funds are channeled to a small number of big investors/industrialists. As depicted in Figure 2.6 below, according to Iqbal and Molyneux (2016), this intermediation is done by way of paying a fixed interest (*riba*) to the providers of funds and charging higher – but still fixed – interest to the users of the funds. In this case, the difference is the margin, or profit, of the financing agency. Abubakar and Aduda (2017) and Ashrafzadeh *et al.* (2017) described three features of this lopsided structure of financial intermediation as highlighted below:

- i. The entrenched groups find it almost effortless to perpetuate the *status quo*, since the financing system will provide them with all the capital they need at a fixed cost against the security of their capital base. Newer groups seeking to enter into this fraternity would be handicapped by the lack of collateral security which they can offer. They would thus be at the mercy of the entrenched groups to provide the same.
- ii. The institution of interest allows this financial intermediation to be carried out without the institution getting involved in the business affairs of the capitalist. Only in the event of default does the institution take any interest in the management of the business.
- iii. The granting of finance by the institution is not necessarily tied to any underlying real transaction. All what the institution is concerned for is that the money may be used to



gamble, or for spurious consumption. This, in fact, has serious implications for the consumer behaviour in a society where poverty is becoming endemic.

As depicted in Figure 2.9 below, Islamic financial intermediation does not reject the occurrence of risks neither does it welcome them, but it takes effective measures of mitigating and managing them. Therefore, service providers of Islamic financial intermediation are required not to offer bribes or receive interest, but to exercise fair justice (*al-'Adl*), give true evidence of any investment outcome (Dar & Presley, 2000; Abedifar *et al.*, 2015; Borio *et al.*, 2017). As enshrined in the noble *Shari'ah*, all formal financial contracts should be guided by their relevant rules that require contractual agreement to be rendered in writing or witnessed by trustworthy individuals (Jaziri, 2010; Jaza'iri, 2011; Azharee, 2014). Moreover, securities or guarantees will be required where necessary in order to ensure the fulfilment of obligations (Ibn Jazzey, 2010).

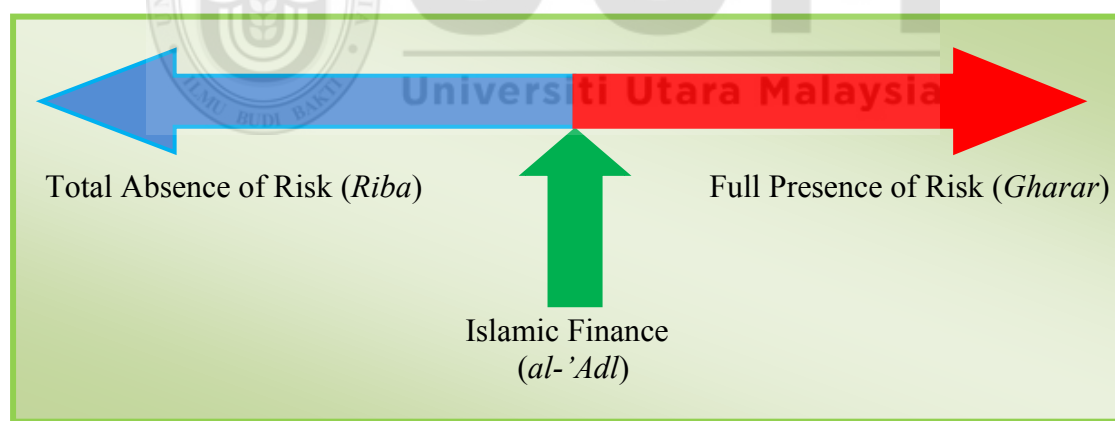


Figure 2.9  
*Islamic and Conventional Financial Intermediation*  
 Source: Developed from the study's data

#### 2.3.7.6 Impact of Profit-and-Loss-Sharing (PLS) Partnerships on Poverty Alleviation

The last three *research objectives* are all about exploring most effective mechanisms for resuscitating the earning potentials of the poor with *waqf* funds to make them self-reliant with

highly profitable and dependable MSMEs. In finding an appropriate guide towards solving these fundamental questions, this study finds it imperative to examine the numerous views of scholars on various entrepreneurial and business transactions which inevitably require the application of PLS financing techniques.

According to Khan (2012) and Iqbal and Molyneux (2016), the PLS system of investment partnerships is the basic distinguishing feature between Islamic and conventional/traditional banking and financial systems. This system, as Samad (2004) and Borio *et al.* (2017) observed, is adopted in Islamic finance to serve as a mechanism for avoiding interest-based transactions. It is a clear manifestation of Islamic teachings in business and financial transactions that call for fairness and transparency among the contractual parties (Hassan, 2012; Hashim, 2012).

Impliedly, as Suzuki *et al.* (2016) and Mamun *et al.* (2017) advocated, the cash *waqf* should adopt profit-and-loss-sharing (PLS) system in financing MSMEs. This is imperative because, apart from the maintenance of distributive justice, the PLS system of financing embraces efficient financial allocation as debt financing usually goes only to the most productive and potentially profitable enterprise (Abdul-Rahman, 2014; Ashrafzadeh *et al.*, 2017; Rahman, 2017). Similarly, PLS system guarantees effective disbursement of interest-free loans which reduces inflation, because credit creation will always be proportionate to investment activities (Abedifar *et al.*, 2015; Abubakar & Aduda, 2017).

According to Beck and Demirguc-Kunt (2013) and Suandi (2017), the PLS system transparently distributes the profit earned and the loss incurred from conducting business ventures for all contracting parties by fixing the profit ratio/share in advance for each party.

From this system the rate of returns for contracting parties will not be known in advance, it will only be known after completing the business ventures, ex-post rate of returns (Khan, 2012; Gharbi & Khamoussi, 2016).

#### **2.3.7.7 PLS Partnerships and *Waqf* Institution**

According to Qaradawee (2008), under PLS theory risk and returns will be equitably balanced between the contracting parties. The rationale behind this principle, as Khan (2012) and Abdul-Rahman *et al.* (2014) explained, is that there should be no profit-sharing without risk-sharing (*al ghunm bi-l-ghurm*). Therefore, the justification for earning profit is having engaged in an economic venture and thus contributed to the economy. As for the nature of PLS formula, Abubakar and Aduda (2017) emphasized that Islamic finance relies on equitable risk-sharing between the party that provides the capital and the entrepreneur.

In their recent studies, Alhassan *et al.* (2016), Rahman (2017) and Hoamid (2017) explained how PLS system will be used to match those who have funds and those who need them for investment. In this regards, *waqf* institution plays the role of capital provider (*rabbul maal*) and the owners of MSMEs are the entrepreneur (*mudárib*) (Haneef *et al.*, 2014; Mohsin *et al.*, 2016; Mamun *et al.*, 2017). The bankability obstacle curtailing the owners of MSMEs from getting financing from conventional banks is removed by the *waqf* institution when their businesses are financed based on simple and transparent arrangement (Amuda *et al.*, 2016; Ashrafzadeh *et al.*, 2017).

### **2.4 Role of Microfinance in Poverty Alleviation**

In order to augment the achievement of the third *research objective*, this study embarked on reviewing diverse works of scholars and researchers on various aspects of microfinance and

its impact on poverty alleviation. The findings will contribute in validating the research *capacity-building theory* that has been constructed from the primary data.

Over the last four decades, micro-finance has evolved as a major financial innovation in providing collateral-free credit access to the poor around the world (Aziz & Mohammad, 2016; Amuda *et al.*, 2016; Suzuku *et al.*, 2016). Microfinance assumes that, to the micro-entrepreneurs, lack of collateral is the most serious obstacle in availing formal credit which hinders the overall investment and profitability micro-businesses (Mamon *et al.*, 2017). Therefore, its fundamental objective is removal of that obstacle in order to enable the active poor acquire necessary financial backing to develop their earning potentials (Amuda *et al.*, 2016; Noordin *et al.*, 2017).

However, the economic significance of microfinance varies from one country to another depending on the country's stage of development, policy objectives, administration, etc. (Salleh, 2017; Shaikh *et al.*, 2017; Noordin *et al.*, 2017). Primarily, as Hassan and Siraj (2016) observed, microfinance aims at providing collateral-free financial services to the poor to assist them develop their MSMEs, increase their income level and eventually get them out of the poverty trap.

According to Agarwal (2016) and Banarjee and Jackson (2017), the success of microfinance programs to provide services to the poor is measured on various social goals which differ from one microfinance institution to another. However, it is mostly measured on the basis of clients' ability to meet their basic needs, acquire assets or even to start small businesses (Akanga & Akanga, 2017). Another measure also is by reducing the vulnerability of the poor to cope with shocks and to finance their emergency needs (Yadav & Mittal, 2016).

Findings from previous studies conducted in Morocco, India, Yemen and Nigeria, especially by Adewale (2006), Wilson (2008), Banarjee and Jackson (2011), Kassim, Saad and Gumel (2014), Fararah, al-Swidi and Yusoff (2014), Quinones and Remenyi (2014) and Abbas and Shirazi (2015) mostly employing qualitative methods on cross sectional and panel data, suggested positive impacts of microfinance on poverty alleviation generally through the following spheres:

- i. Increase in the number and effectiveness of skill-acquisition programs meant for the active poor in order to develop their earning capacity;
- ii. Increase in the perception of women empowerment and material well-being;
- iii. Participation in microfinance to improve potential resistance to vulnerability;
- iv. Increase in profit generation from self-employment; and
- v. Improvement of asset ownership

However, despite its economic significance, there are still mixed results on how effective microfinance is achieving its fundamental objectives amidst massive operational shortcomings (Quinones & Remenyi, 2014; Alpay & Haneef, 2015; Agarwal, 2016). For example, crippling operational problems erupted in Nicaragua in 2008, Kolar state in India in 2009, Bosnia and Herzegovina in 2009, Nigeria in 2010, Indian state of Andhra Pradesh in early October 2010 and Pakistan in 2010. It was found that consumer credit did increase the borrowers' well-being in terms of income and food consumption, as well as increasing probability of future financing (Agarwal, 2016). Moreover, access to micro-saving products have been found to increase the household income and make the clients less vulnerable to health shocks, as revealed by studies in Nigeria, Kenya, Bangladesh, Pakistan, Malaysia and Indonesia (Adewale, 2006; Kassim *et al.*, 2014; Haneef *et al.*, 2014; Suzuki *et al.*, 2016; Mohsin *et al.*, 2016; Toindepi, 2016).

One of the giant steps taken by the United Nations General Assembly in 2005 towards achieving the Millennium Development Goals was the declaration of International Year of Microfinance (Panel, 2013; Eichenauer & Khack, 2016). According to Fosu (2017), this declaration was aimed at addressing the constraints that exclude poor people from full participation in the financial sector. Similarly, at the World Summit at the United Nations in September 2005, Heads of State recognized “the need for access to financial services, in particular for the poor, including development of their earning potentials through capacity-building programs” (Obaidullah & Shirazi, 2014, p.15).

More significantly, the achievements realized by the Grameen Bank in developing the earning capacity of the active poor and providing access to finance had spurred many attempts to replicate the model all over the world (Ali, 2014; Mellor and Malik, 2017; Li and Wang, 2017). According to Cheng *et al.* (2017) and Banerjee and Jackson (2017), both private and public sectors have jumped onto the bandwagon, creating thousands of microfinance institutions (MFIs). This is shown by the increase of cross-border commitment of funders in developing the earning potentials of the poor improving access to finance in many countries (Abbas & Shirazi, 2015; Agarwal, 2016; Akanga & Akanga, 2017). Moreover, the commitment of governments across the world to the development of microfinance has increased significantly in 2016 (Banarjee & Jackson, 2017; Agbola, Acupan & Mahamood, 2017).

The remarkable successes of microfinance capacity-building programs across the world have refuted the common assumption that poverty is uncontrollable phenomenon in developing countries (Agarwal, 2016; Yadav and Mittal, 2016; Khan and Sharon, 2016). However, as Toindepi (2016) and Ali *et al.* (2017) observed, the major challenge remains as to how to

make the services of microfinance institutions effective enough in achieving the objectives of poverty alleviation programs and improving people's general welfare. When assessing microfinance services in Nigeria, Kassim, Saad and Gumel (2014) discovered that some MFIs have been credited for successfully implementing the strategies of microfinance as sustainable means for poverty alleviation while others have been criticized for exploiting the poor for economic gain.

#### **2.4.1 Historical Antecedence of Microfinance**

According to Quinones and Remenyi (2014), the earliest institutionalization of micro-credit rendering services was recorded in the 14th century A.D. in Germany in form of cash endowment (*Rahmenstiftung*). In the 15th century A.D. the services were also officially organized in the Ottoman Empire as cash *waqf* (Cizakca, 2011). Gradually, this *waqf*-based microfinance institution spread all over the Islamic World (Mahamood & Ab Rahman, 2016). Today, Islamic microfinance is playing a significant role in credit creation and human resource development (Aziz & Mohammad, 2016; Mobin and Ahmad, 2017; Shaikh & Shaikh, 2017).

According to Ikeanyibe (2009), the practice of microfinance is an integral part of cultural heritage in many countries. In Nigeria, the diverse ethnic groups in the country have their unique patterns of rendering financial assistance to their members (Ikechukwu, 2012). This may take a form of refundable loan as it is usually rendered to celebrants or gratuitous donation as it is rendered to victims of calamities, such as fire inferno, flood and house collapse (Ibrahim, 2012).

It is through these traditional microfinance services, that a large number of low-income earners get access to credit and insurance (CBN, Revised MF Policy, 2013). Unfortunately, as Shirazi *et al.* (2015) evidently discovered, the informal financial institutions generally have limited outreach due to paucity of loanable funds. Unlike the Islamic banking that is growing at the rate of 15-20% annually, Islamic microfinance is still in its infancy as it has less than 1% of the total global microfinance coverage (Hassan & Dridi, 2011; Ali, 2014).

According to Basher (2010), the first formal microfinance institution was founded in Bangladesh by Professor Muhammad Yunus, during the year 1976. This pioneering model, called Grameen Bank was meant to provide micro-credit (i.e. *grameen*) to the improvised poor without requiring collateral. The experiment was very successful, so much so that by 1996 the bank had mobilized more than three million clients, disbursed more than US\$1 billion, and mobilized US\$306 million from the poor (Khandker, 2006).

In credit creation, as Basher, (2010) clarified, priority was given to women who account to above 94% of the total beneficiaries with 90% success in loan recovery, because loans are collectively guaranteed by communities. In fact, as Hamad (2012) opined, communal guarantee on loans is more encouraging than collateral. These loans, as Ali (2014) confirmed, were not for consumption, but for establishing or sustaining MSMEs to alleviate grass-root poverty (Alias, 2012). By 1996, Grameen Bank had more than 1000 branches, making it the largest bank in Bangladesh. This remarkable success motivated many less-developed countries to follow the trend, such as Indonesia and Bolivia. Many of such banks are sponsored by endowments, religious organizations or NGOs (Ali, 2014).



According to Quinones and Remenyi (2014), microfinance is practically proved as an effective tool for sustainable poverty alleviation. Between 2008 and 2010, despite the economic meltdown that affect many countries, microfinance industry was able to extend its outreach to more than 100 million poor and low-income earners with a total credit creation standing at USD43.8 billion (CGAP, 2008). This is what strengthened the institution to become an integral part of the mainstream financial system around the world. Specifically, however, the outreach of Islamic microfinance within the period under review remained very narrow. This is in view of the size of its financing services that stood at only 0.5% of global microfinance despite an estimated 650 million Muslims that were living on less than US\$2 a day (CGAP, 2008; 2013). Apparently, varieties of Islamic financial products that are employed by the Islamic microfinance to alleviate poverty are still largely unknown to the poor (Alkhibri, 2015). This could be one of the causative factors behind its slow progress.

#### **2.4.2 Classification of Microfinance Service Providers**

Salarzahi and Armesh (2010) observed that microfinance services, particularly, those sponsored by government, have adopted the traditional supply-led, subsidized credit approach mainly directed to the agricultural sector and non-farm activities, such as trading, tailoring, weaving, blacksmithing, agro-processing and transportation (Shirazi *et al.*, 2015). Although the services have resulted in an increased level of credit disbursement and gains in agricultural production and other activities, the effects were short-lived, due to the unsustainable nature of the programs.

Shirazi *et al.* (2015) classified microfinance service providers into four types;

- i. Microfinance banks (MFBs) which are licensed and prudentially regulated by the Central Bank as commercial banks to serve the microfinance market exclusively.
- ii. Microfinance institutions (MFIs) which are registered under varieties of regulation, such as Trusts Act and Companies Ordinance, as an NGO microfinance agency.
- iii. Rural support programs (RSPs) which are registered under the Companies Ordinance as NGO rural-based microfinance organization to be supervised by Securities and Exchange Commission.
- iv. Government developmental plans aimed at alleviation poverty by provision of microfinance services under enabling business environments.

In Nigeria, however, the Central Bank of Nigeria (Revised MF Policy Framework, August, 2013) categorized the Microfinance Banks (MFBs) in the country into three, as follows:

1. ***Unit Microfinance Bank***: This is a bank that has a minimum paid-up capital of N20 million (twenty million Naira). The CBN permits it to operate in only one locality within a selected State in Nigeria without any branch, or cash centre elsewhere.
2. ***State Microfinance Bank***: This bank must have a minimum capital base of N100 million (one hundred million Naira) and is allowed to operate in one State, or in the Federal Capital Territory (FCT), with as many branches as required within the State.
3. ***National Microfinance Bank***: This is a bank that has a mandate from the CBN to operate in every State in Nigeria. However, its capital based should

not be below N2 billion (two billion Naira). With this, it can open branches everywhere in Nigeria with prior approval by the CBN.

As at end-2014, there were three national microfinance banks (MFBs), 56 state MFBs and 793 unit MFBs in Nigeria. The total deposit client base of 7.4 million comprises of 3.6 million males and 3.7 million females. Collectively, they have N137.5 billion deposit liability and N139.8 billion credit portfolio (CBN *55 Years of Development Financing*, 2014).

#### **2.4.3 Shortcomings of Microfinance Institutions in Poverty Alleviation**

Despite the enormous contribution of microfinance institutions to overall economic development, there are some impediments that endanger their desired effects on poverty alleviation. The impediments, as Kibet, Achesa and Omwono (2015), Pei-Wen *et al.* (2016) and Haomid *et al.* (2017) clarified, are summarized as follows:

- i. ***Charging Fixed Interest Rates***: Usually, MFIs pursue a standard and generalized policy of lending rates in different loan categories. However, profitability of a similar project may be different because of differences in geographic or demographic conditions. For example: a project located in community better equipped with infrastructure may become more profitable than a similar project in a community that lacks good infrastructure. In such cases, charging a fixed specific interest rate irrespective of project features may be counter-productive from a poverty alleviation objective.

- ii. ***Higher Interest Rates and Focus on Short Term Loans:*** One of the reasons behind the most common accusation against conventional MFIs is charging of higher interest rate and the imbalance in their investment portfolio and capital structure. Although the major portion of the capital and liability structure is long term, their investments are generally short term which creates additional pressure on liquidity. As a result, MFIs charge higher interest on their clients to maintain short term investable funds and to cover up the high administrative costs.
- iii. ***Symmetric Information Problems:*** Although conventional microfinance institutions focus on participation of women in entrepreneurial development, eventually such loans may end up in the hands of their husbands or being diverted to other purposes. Such diversion of credit can easily lead to higher loan defaults and lead to undesirable outcome for the micro-financing institutions.
- iv. ***High Operational Cost:*** One of the major financial challenges of the traditional microfinance institutions is their high operational and administrative cost for monitoring loan application closely. This is because they engage in small collateral-free credits to a large number of borrowers. In his recent study, Pei-Wen *et al.* (2016) reported that the administrative cost of five MFIs in South Asia is in the range of 24% to 400% for per dollar lent.
- v. ***Credit Rationing:*** Imperfect information on behalf of the loan officers and higher interest rates may lead to the problem of credit rationing where only projects with higher profit probability may be selected. That way the true spirit of poverty

alleviation through microfinance may be hampered and overall economic welfare may be endangered.

- vi. ***Non-Conforming to Popular Religious Beliefs:*** A major challenge that faces conventional MFIs while operating in Muslim communities is the non conformity of their credit system with the relevant Islamic regulation. As usury (*riba*) is prohibited in Islam, the clergy in the rural areas and conservative Muslim societies exhibit resistance to conventional micro-financing. Another issue is the focus of credit to women. In some cases, this focus has created social conflict in conservative populations. In extreme cases, although women are the recipients of credit, the credit ends up with the male member of the family, leading to misappropriations and credit diversion.
- vii. ***Debt Trap:*** Increased dropout and non-graduation from poverty among the borrowers may result in a vicious cycle of poverty. As conventional MFIs engage in strict recovery measures such as peer group pressures and social segregation, unsuccessful borrowers are to some extent forced to repay loans at any costs. Haomid *et al.* (2017) discovered that the microfinance borrowers often take loans from other sources to pay installments and are trapped in a vicious debt cycle.
- viii. ***High Dropout Rate and Non-Graduation from Poverty:*** The objective of micro-finance is to enhance micro-businesses and eventually alleviate poverty through ensuring a sustainable growth in their income level. Unfortunately, as micro-businesses often involve some basic activities that possess low returns, the borrowers fail to attain desired income growth and fail to upgrade from poverty. Such non-

graduation from poverty and other factors such as access to other competing MFIs for credits could lead to higher dropout rates.

- ix. ***Low Rate of Return on Investment:*** Conventional MFIs engage in financing micro-business activities that usually substitute the agricultural activities with what require fewer skills and less financing. Often, such micro-business activities are related to the production of basic commodities, transportation, and trading at smaller scale ventures. However, as more and more households become involved in such ventures, return on such loans decreases as the supply side of such activities increases.

#### **2.4.4 The Problem of Financial Exclusion in Nigeria**

According to Amuda, Razak and Ahmad (2016), lack of access to financial services is considered as one of the key constraints on inclusive economic growth in the developing world. In fact, this is the key constraint on the growth of micro, small and medium businesses (MSMEs) – often the single source of income for poor households, which hampered employment, economic growth and shared prosperity (Kassim, Saad & Gumel, 2014; Mahamood *et al.*, 2015; Yadav & Mittal, 2016).

Recent studies showed that there are 2.6 billion people around the world that are living on less than USD 2 a day, about 600 million of them are small-holder farmers, 180 million are micro-entrepreneurs, and 800 million youth (CGAP, 2016). While it is estimated that 2.5 billion adults lack access to savings or credit, with 1.3 billion of them being women. Similarly, about 200 million MSMEs have very limited or no access to credit at all (The World Bank, 2016). In the face of this reality, microfinance surfaced as a key component of development efforts to assist the low-income population.

According to Acha (2009), Okpara (2010) and Tomlinson (2015), a large number of economically-active Nigerians are grossly excluded from productive financial services. In 2015, a survey conducted by Enhancing Financial Innovation and Access (EFInA) discovered 46.3% of Nigerian adults, numbering 39.2 million, were excluded from functional financial services. The study evidently placed Nigeria far behind Botswana, Kenya and South Africa which have 33%, 32.7% and 26% as their respective financial exclusion rates (Tomlinson, 2015).

According to Adewale, Afolabi and Abumere (2015), several factors have accounted for the persisting gap in access to financial services of MFIs in Nigeria. These factors include the following:

- i. Uneven distribution of microfinance banks in Nigeria. A large number of the banks are apparently concentrated in certain areas in the country which proprietors perceived to possess high business volume and profitability.
- ii. Many Microfinance banks (MFBs) have carried over the inefficiencies and challenges that were previously faced by Community Banks in the 1990's.
- iii. Shortage of knowledge and inadequate operational skill in micro financing affect the performance and efficiency of the MFBs in the country.
- iv. Inadequate funds for intermediation due to insufficient savings mobilization, inability to attract investable capital, and the absence of effective Microfinance Development Fund.

#### **2.4.5 Concept of Islamic Microfinance**

Essentially, the basic elements of conventional microfinance are in consonance with the guidelines except in few cases, such as interest-based financing. Both systems of

microfinance, as Ali (2014) argued, are aiming at ensuring sustainable growth with equity for social welfare and justice. Similarly, they incline towards providing better lives for the poor, giving them support on additional income, promoting entrepreneurship and encouraging risk-bearing ventures (Shirazi *et al.*, 2015).

Islam encourages community-based activities that are morally acceptable and socially wholesome as clearly enjoined in the primary sources of :

..... وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ ﴿٥٢﴾

.....And assist one another in righteous deeds and piety, but do not assist one another in criminality and transgression. And fear Allah. Verily, Allah is Severe in punishment. (al-Mâ'id 5:2).

Similarly, the Holy Prophet (SAW) specifically emphasized the significance of partnership in a *Hadith Qudsee* saying:

Allah, the Most High, says; 'I made two of the two partners involved in a joint venture so long as they do not cheat each other, and if they do, I get out of the company' (in *Abu Dawud*, No. 3383).

Such communal activities shape the nature of microfinance institutions, because they operate under the principles of group-based lending and joint liability in such financed partnerships as *muḍābah*, *musāka* and *salam* (Ali, 2014; Kassim *et al.* 2015; Agarwal, 2016).

According to Abbas and Shirazi (2015) and Iqbal *et al.* (2017), the PLS principle of Islamic Microfinance is the motivating factor that is drawing the attention and interest of non-Muslim communities in every part of the world. Islamic microfinance is often introduced as participative microfinance in such communities where -compliant investments are carried out in a systematic manner (Yadav & Mittal, 2016).



Over the past four decades, Islamic banking has grown significantly at annual rate of over 20% with an overall capitalization of USD\$4.5 trillion at present (UN-HABITAT, 2015). Compared to Islamic banking, Islamic microfinance is an evolving concept with a rapidly-increasing outreach in the Islamic world and has grown considerably to more than 2,500,000 borrowers in 2015 (Khan and Shaorong, 2016; Mahmood *et al.*, 2015 and Ali *et al.*, 2017). As an effective alternative to conventional micro-financing, Islamic microfinance institutions are gradually gaining ground in non-Muslim countries as well (Quinones & Quinones, 2014; Yadav & Mittal, 2016, Agbola *et al.*, 2017).

Nordin *et al.* (2017) and Shaikh *et al.* (2017) disclosed the major reasons of preference for Islamic microfinance in Muslims countries. In fact, majority of the committed Muslims confronted with the problems of poverty can be provided with Islamic microfinance services as they reject the interest-based loans by commercial banks in their countries. A study by Siddiqui (2008) showed that 20.7% of microenterprise owners in North Africa did not apply for loans primarily because of religious reasons. Similar studies based on Afghanistan, Indonesia, Syria, and Yemen further testified that given the choice some conventional microfinance clients would tend to switch over once Islamic products are offered (CGAP, 2008). This story remains the same in the case of Nigeria and many OIC countries showing greater preference for Islamic microfinance over conventional microfinance (Kassim *et al.*, 2014).

#### **2.4.6 Comparative Analysis of Islamic and Conventional Microfinance Systems**

Despite many similarities between the Islamic and conventional systems of microfinance, they differ in some crucial aspects (Iqbal *et al.*, 2015; Mahmood *et al.*, 2015; Ali *et al.*, 2017). Apart from the basic difference in principles between profit-based systems and interest-based

systems, as depicted in Figure 2.7 below, Islamic MFIs also differ from conventional MFIs in their liability and capital structure (Ali *et al.*, 2017). Moreover, as Quinones and Remenyi (2014) and Agarwal (2016) observed, unlike conventional MFIs that mostly depend on interest-free or low-interest foreign aid, Islamic MFIs may collect funds from religious contributions through the institutions of *waqf*, *zakkah*, and other charities. Similarly, as depicted in Figure 2.10 below, the conventional MFI's asset portfolio is of fixed interest nature, while the Islamic MFI's asset portfolios are featuring diversity in terms of modes of financing and areas of financing by apportioning the outcome of PLS amongst the contracting parties (Ali, 2014; Shirazi *et al.*, 2016).

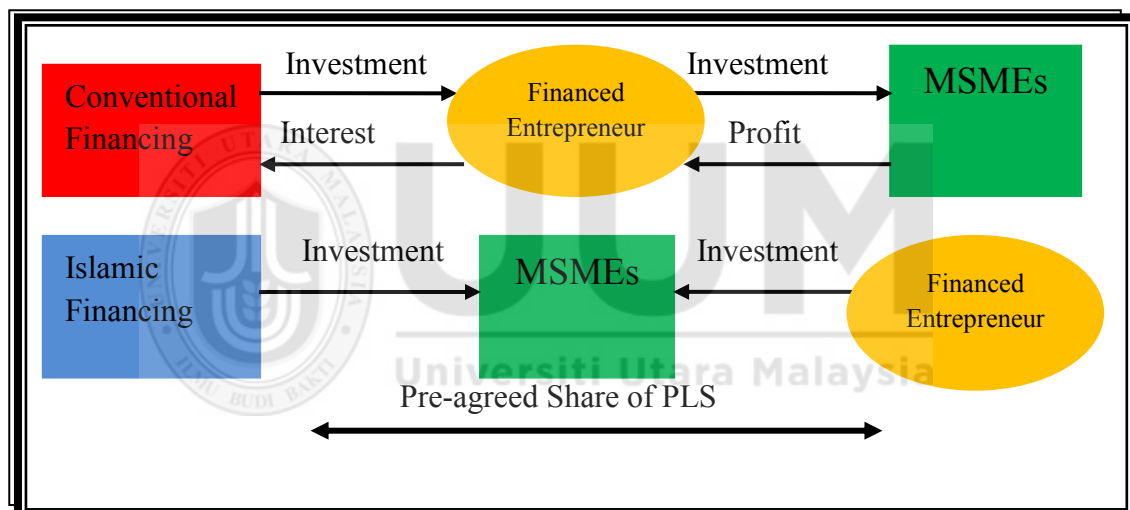


Figure 2.10

*Comparative Analysis of Islamic and Conventional Micro-financing*

Source: Developed from the study's data

Similarly, apart from interest-free loans (*qard-hassan*), the principles of Islamic financing can be broadly classified as business partnerships (*sharikát al-'uqood*) and exchange contracts (*mu'w d t*) (Kassim *et al.*, 2014; Yadav & Mittal, 2016; Agbola *et al.*, 2017). Another significant difference between the two financial institutions is regarding the nature of their relationship with their clients (Hassan, 2012; Iqbal *et al.*, 2015). In the case of Islamic microfinance, the relationship is one of direct trading or participation, and not that of lender-

borrower as it is the case with conventional microfinance (Khan, 2012). Similarly, unlike conventional MFIs, Islamic MFI does not trade in debts (Siddiqui, 2008).

## **2.5 Role of MSMEs in Poverty Alleviation in Nigeria**

Empirical studies have shown that there is no effective and sustainable poverty alleviation without full involvement of MSMEs (Tumwine *et al.*, 2015; Rotich *et al.*, 2015; Pei-Wen *et al.*, 2016; Adetayo & Anaolapo, 2016; Georgiadis & Pitelis, 2016). In order to buttress the achievement of the third *research objective*, this study embarked on reviewing relevant works of previous scholars on MSMEs and their role in poverty alleviation.

With the *capacity-building theory* already constructed from the primary data, the findings from this reviewed literature are used in validating its practicability. According to Suzuki *et al.* (2017) and Ayturk *et al.* (2017), micro-businesses and medium enterprises are generally identified by amount of fixed capital and the number of workers and usually they involve economic activities in three broad categories; production, trading, and providing transport services.

### **2.5.1 Background of the Nigerian Economy**

According to Oriakhi (2016), Nigeria is the largest economy in Africa, with a GDP greater than USD 500 billion and steadily grew to over 7% per annum. This growth, as Watts (2016) disclosed, was driven primarily by the non-oil sectors, such as financial services, telecommunications, entertainment, etc. Foreign direct investment (FDI) inflows have been strong, averaging USD2 billion per quarter since 2013, with over 70% of this in the non-oil sectors (Essien, 2015). Nigeria's economy is actually more diversified than it seems, with the Oil sector contributing only about 40% to GDP. Each of the 36 contiguous States of the

Federation of Nigeria, illustrated in Figure 1.5 below, is blessed with numerous natural and mineral resources, most of which are still unexploited on commercial basis (Essien, 2015).

Nevertheless, more has to be done to diversify the economy with the significant natural and human resources with which Nigeria is blessed (Rubatzky and Yamaguchi, 2012). There is no doubt that Oil has contributed substantially to Nigeria's revenue since its discovery in 1956 and more especially, since 1970 when its price was on the upward trend (Chinedu *et al.*, 2010). Yet, oil receipts and their management have challenged governance to the core over time in Nigeria. Deeper economic diversification is an urgent necessity to undertake structural transformation, buffer the domestic economy from externally transmitted shocks and accelerate growth accompanied by job creation (Adewale *et al.*, 2015).

According to Emeka (2007) and Adewale *et al.*, (2015), agriculture is the dominant economic activity in terms of employment with 70% of the population actively engaged in farming. Roughly, 75% of Nigeria's land is arable of which only 40% is cultivated (National Planning Commission, NEEDS II, 2011). The United Nations Food and Agriculture Organization rated the productivity of Nigeria's farmland as low to medium, but with medium to good productivity if properly managed (2012 *Annual Report*).

Despite two major rivers that cut across the country; the Niger and the Benue, and their numerous tributaries that spread evenly in all parts of the country, agriculture is largely depending on annual rainfall (Essien, 2015; Adewale *et al.*, 2015). Blessed with all sorts land and climatic topology; rainforest, savanna and sub-Saharan desert, with highest, middle and low rates of annual rainfall; there is no grain, cereal, fruit or vegetable existing in the world that is arid in Nigeria (Rubatzky & Yamaguchi, 2012). The large varieties of fauna and flora

create a very rich source of biodiversity in the country that breeds millions of cattle, sheep and goats (Rubatzky & Yamaguchi, 2012).

Nigeria is ranked the sixth largest producer of petroleum in the OPEC with an estimated proven oil reserve of 32 billion barrels which is sufficient to last about 37 years at the current rate of daily production of 2 million barrels (NPC, NEEDS, 2005). Moreover, its proven natural gas reserves estimated at 174 trillion cubic feet will last for 110 years at the current production level (NPC, NEEDS, 2015). This is the commodity that dominates the Nigerian economy since the early 1970. Presently, the revenue accrued from crude oil accounts for 40% of GDP and 95% of the country's foreign exchange earnings and 75% of the Federal Government revenue source (Chinedu, Titus & Thaddeus, 2010; Oriakhi, 2016; Watts, 2016).

Apart from the huge deposit of petroleum resources in the coastal areas, Nigeria is endowed with a wide variety of different natural resources that consist of various precious stones and metals such as gold, uranium, gemstones, marble, coal, gypsum, kaolin, tin ore, columbite, graphite, barites, tantalite, sulphur, soda and salt (Obaje, 2009). Statistically, the level of exploitation of this natural wealth is very low in relation to the volume of their deposit in the country. Each of the 36 contiguous States of Nigeria and Abuja (FCT) is endowed with more, or less, of these natural resources as shown in Appendix F

### **2.5.2 National Policy Redemption Measures**

Considering the swelling number of underserved and unserved entities in the sub-sector of Micro, Small and Medium Enterprises (MSMEs), the Federal Government of Nigeria promulgated a policy to ensure adequate funding and maximum financial inclusion of economically-active Nigerians (CBN Revised MF Policy Framework, 2013; Adewale *et al.*,

2015). In the revised edition of Microfinance Policy, Regulatory and Supervisory Framework, it is stipulated in Section 6.10 that a fund for Microfinance Development should be established purposely to finance Microfinance Banks and Institutions (CBN Revised MF Policy, 2013). This revised edition also prescribes 80:20 lending allocation to micro businesses and SMEs respectively. Thus, the Central Bank of Nigeria (CBN) a new common terminology to refer to the two business segments as *Micro, Small and Medium Enterprises Development Fund* (MSMEDF). The Policy stipulates the earmarking of N220 million as inception capital (CBN Revised MF Policy, 2013).

### **2.5.3 Poverty Alleviation through Effective Financing of MSMEs**

As the reviewed literature on MSMEs justifies the achievement of the third *research objective* of this research, it also supports the *capacity-building theory* of poverty alleviation generated from the primary data. 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 (Aslam, 2013; Mahamood & Ab Rahman, 2016). It was a gate-way for financing MSMEs and facilitating research and innovation (Ali, 2014). This made *waqf* an effective tool of curbing hunger, deprivation and grinding poverty (Ali, 2014; Alpay & Haneef. 2015).

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 & Hassan, 2013; Aslam, 2013; Ali, 2014; Ismail & Possumah, 2014; Shirazi *et al.*, 2015). According to the studies, this integration will not only reduce the

operational costs of microfinance to realistic level, but will expand the scope of *waqf* in the area of alleviating poverty with effective financing of MSMEs (Ali, 2014; Alpay & Haneef, 2015).

In Pakistan, as Shirazi *et al.* (2015) 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 the NGOs. Currently, *waqf*-based microfinance institutions are principal actors in the war against poverty proliferation in Indonesia, Sudan, Bangladesh, Syria, and Bosnia through financing of local MSMEs (Sadeq, 2005; Haq *et al.*, 2009; Ali, 2014; Malik *et al.*, 2014; Haneef *et al.*, 2015).

Going by the predominant views of Muslim scholars (Rochman, 2013; Hunt-Ahmad, 2013; Adnan & 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) and Shirazi *et al.* (2015) 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 capacity-building programs. Thus, as illustrated in Figure 2.11 below, a reasonable amount of *waqf* funds should be used to establish, or run, vocational training institutions and capacity-building programs for the poor (Ali, 2014; Ismail & 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).

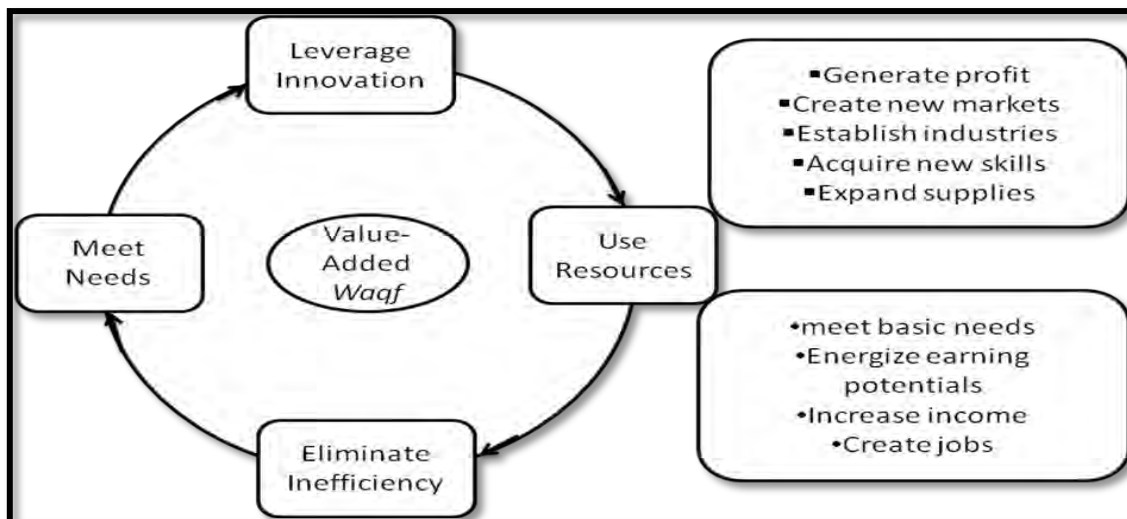


Figure 2.11  
*Utilization of Waqf Funds for Overall Human Resources Development*  
 Source: Adapted from Zulkhibri, M. 2016-a

Although the formal institutionalization of Islamic finance is still in its infancy stage in many countries, but a mechanism can be devised through which *waqf* can be used effectively to alleviate poverty (Zulkhibri, 2016). To achieve this lofty objective, as Ashraf & 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 the spread of poverty. However, as Chowdhury (2011) 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*.



## 2.6 Conclusion

As summarized in Table 2.3 below, in this chapter the researcher was aiming at deducing relevant ideas and opinions of previous researchers that validate *capacity-building theory* of poverty alleviation which was generated from the primary data of this study. As summarized in Figure 2.11 below, all the literary works reviewed by the researcher were based on the four *categories* (themes) of the analyzed data which include the following:

- i. Poverty prevalence
- ii. Role of waqf in poverty alleviation
- iii. Role of microfinance in poverty alleviation
- iv. Role of MSMEs in poverty alleviation

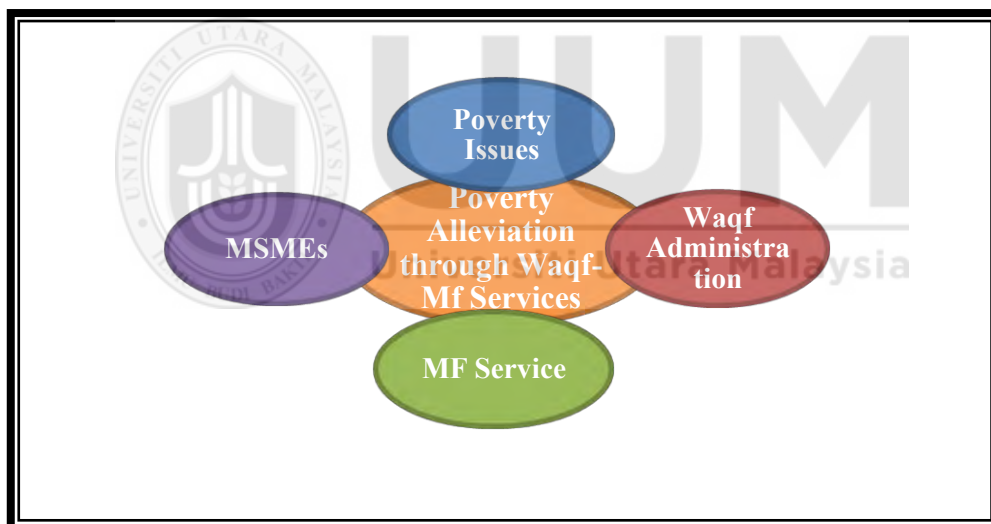


Figure 2.11

*Categories of the Analyzed Data*

Source: Developed from the study's data

Table 2.3

*Capacity-Building Theory of Poverty Alleviation in the Reviewed Literature*

Research Theme	Theory Presentation	Key Proponents	Supporting Ideas
Poverty Alleviation Strategies	Poverty is all about isolation from sources of wealth, and dormancy of earning potentials	Fields, 1975; Lucas, 2004; Barrios <i>et al.</i> , 2006; Panel, 2013; Dabla-Norris <i>et al.</i> , 2015; Balla & Lapayre, 2016; Eichenaver & Khack, 2016; Majundar <i>et al.</i> ,	<ul style="list-style-type: none"> <li>• Poverty is a consequence of diverse geographical and environmental constraints.</li> <li>• The major causative factors of</li> </ul>

		<p>2016; Ferrini <i>et al.</i>, 2016; Ravallion, 2016; Kakwani &amp; Son, 2016; Deaton &amp; Then, 2017; Fou, 2017; Alkire <i>et al.</i>, 2017; Van den Broeck <i>et al.</i>, 2017; Sheikh <i>et al.</i>, 2017; Mobin &amp; Ahmad, 2017 and Arshad, 2017.</p>	<p>poverty among the active poor are; isolation from the sources of production, deprivation of basic infrastructure, illiteracy, financial exclusion and bad governance.</p> <ul style="list-style-type: none"> <li>• Poverty can be effectively alleviated with meaningful changes in in the socio-economic and political environment.</li> <li>• Neglect of individual and collective responsibilities lead to poverty prevalence.</li> <li>• Isolation from sources of production results into poverty. Success of poverty alleviation program depends on identifying and dealing with the root-causes.</li> <li>• For any meaningful development, there must be all-inclusive governance.</li> <li>• Good management of <i>waqf</i> funds requires productive credit-creation.</li> <li>• Upward and downward accountabilities are equally crucial in managing <i>waqf</i> funds.</li> <li>• Skill-acquisition programs and MSMEs financing are the best ways of utilizing <i>waqf</i> funds and proceeds.</li> <li>• Perpetuity of <i>waqf</i> properties can best be guaranteed through capacity-building of the active poor.</li> </ul>
Role of <i>Waqf</i> in Poverty Alleviation	For effective and sustainable poverty alleviation, <i>Waqf</i> funds should be used in capacity building of the active poor	<p>Karim, 2010; Ihsan <i>et al.</i>, 2011; Chowdhury <i>et al.</i>, 2011; Amuda <i>et al.</i>, 2016; Aziz &amp; Muhammad, 2016; Hassan &amp; Siraj, 2016; Pyeman <i>et al.</i>, 2016; Suzuki <i>et al.</i>, 2016; Ibrahim <i>et al.</i>, 2016; Saad &amp; Sarif, 2017; Mobin &amp; Ahmad, 2017; Mamun <i>et al.</i>, 2017; Shaikh &amp; Shaikh, 2017; Noordin <i>et al.</i>, 2017 and Thourlim, <i>et al.</i>, 2017.</p>	

Microfinance and Poverty Alleviation	Microfinance is primarily meant to develop the earning potentials of the active poor for poverty alleviation	Ali, 2014; Kassim <i>et al.</i> , 2014; Quinones & Remenyi, 2014; Abbas & Shirazi, 2015; Shirazi <i>et al.</i> , 2015; Mahmood <i>et al.</i> , 2015; Iqbal <i>et al.</i> , 2015; Agarwal, 2016; Yadav & Mittal, 2016; Khan & Shaorong, 2016; Toindepi, 2016; Akanga & Akanga, 2017; Agbola <i>et al.</i> , 2017; Banarje & Jackson, 2017; Ali <i>et al.</i> , 2017; Mellor & Malik, 2017; Li & Wang, 2017; Cheng <i>et al.</i> , 2017; Feng <i>et al.</i> , 2017.	<ul style="list-style-type: none"> <li>• Intermediation is the primary function of microfinance institutions.</li> <li>• Financial Intermediation requires collection of surplus funds from the rich and disbursing them to the active poor for investment.</li> <li>• Ideal intermediation guarantees security of funds and reliability in financial transactions.</li> <li>• Disbursement of loans should be for debt and equity financing in order to build the earning potentials of the poor.</li> <li>• Skill-acquisition training is one of the fundamental functions of MFIs.</li> </ul>
Role of MSMEs in Poverty Alleviation	Capacity building through effective financing of MSMEs	Bello, 2013; Wanambisi & Bwisa, 2013; Fararah <i>et al.</i> , 2014; Alvarez & Barney, 2014; Rotich <i>et al.</i> , 2015; Tunawine <i>et al.</i> , 2015; Kibel <i>et al.</i> , 2015; Alhassan <i>et al.</i> , 2016; Igbokwe & Okafor, 2016; Pei-Wen <i>et al.</i> , 2016; Adetayo & Anaolapo, 2016; Kanyarhi & Akonkwa, 2016; Georgiadis & Pitelis, 2016; Kunyare & Mungai, 2017.	<ul style="list-style-type: none"> <li>• The ability of micro, small and medium entrepreneurs (MSMEs) to obtain financing would bring to the service of the nation a large reservoir of entrepreneurial skill which will otherwise remain dormant for lack of resources.</li> <li>• Through effective financing techniques more MSMEs will be created and developed for generation of employments which alleviate poverty</li> <li>• PLS enhances allocative efficiency as debt financing goes only to the most productive and profitable businesses.</li> </ul>

- Through the managerial participation in the success of financed businesses, greater information, skill and expertise should become available to MSMEs, thereby making them more efficient and productive.
- PLS encourages joint investment thereby taking more people out of unemployment.

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Source: Developed from the study's data

The literature review on poverty issues further augmented the achievement of the *research objectives* pertaining to the alleviation of poverty through *waqf*, microfinance and MSMEs.

Based on this clarification, the study came up with following conclusions:

- Poverty is nothing other than isolation from the sources of income generation. This isolation can be due to political, geographical, societal or traditional underpinnings.
- Under ideal socio-economic and political condition poverty can be successfully alleviated through good corporate governance, development of earning potentials of the poor and effective financial inclusion.
- Over a long time, poverty alleviation programs are being carried out at international, national and local levels, but with minimum successes. To achieve the desired goal, the relevant policies and strategies must be all-inclusive with the poor fully taken on board in their implementation.
- The Islamic poverty alleviation strategies are proved to be highly effective because they are poor-based in approach. For any such strategy to succeed, the condition of the poor should be fully taken into consideration. Their basic needs, which include

food, clothing and shelter, should be satisfied first before moving to capacity-building measures.

Moreover, in the literature review, the achievement of the *research objectives* was further strengthened with the diverse views of scholars on corporate governance, especially in relation to *waqf* and microfinance institutions. In order to establish the credibility of *capacity-building theory* of poverty alleviation, the researcher deduced the following points:

- i. Success in *waqf* administration depends on total compliance with the fundamental principles of good corporate governance.
- ii. In managing the *waqf* funds, both upward and downward accountability should be given equal priority. By being accountable upwardly, the management should abide by the rules and regulations laid down by the governing and regulatory agencies. On the other hand, downward accountability requires full involvement of beneficiaries in the planning and implementation of policies.
- iii. Negligence of either of the two parts of accountability paves the way to mismanagement of *waqf* funds and, consequently leads to loss of public trust in *waqf* institution.
- iv. *Waqf* funds are meant for continuous utilization rather than immediate consumption. Continuous utilization is best demonstrated in the development of human resources and earning potentials. Therefore, *capacity-building theory* should be the basis for the management of *waqf* funds.
- v. *Capacity-building theory* calls for what the reviewed literature referred to as human resource development (HRD). This is where *waqf* funds are used to resuscitate and develop the earning potentials of the active poor through skill-acquisition trainings coupled with financial empowerment.

- vi. The reviewed literature confirmed that there is no effective poverty alleviation without functional education and relevant entrepreneurial skills. Thus, the construction of *capacity-building theory* of poverty alleviation by this study.

Furthermore, the reviewed literature confirmed to this study that with vibrant MSMEs poverty will be drastically alleviated. Empirical inferences showed how dependable jobs are created through empowerment of MSMEs thereby reducing the rate of unemployment and poverty. The achievement of the relevant *research objective* is, therefore, reinforced. However, scholars caution against financing enterprises undertaken by unskilled and uneducated people. It is discovered in the reviewed literature that entrepreneurial skills and functional education can generate and sustain MSMEs, and productive enterprises will quickly crumble and die under unskilled and uneducated entrepreneurs. Thus, this study constructed the *capacity-building theory* to salvage MSMEs from pre-matured death due to lack of operational skills and financing. Moreover, from the clues obtained from the reviewed literature, the study deduced the following points:

- i. The numerous Islamic financing techniques are proved to be very effective instruments that can be used by the proposed WIMIM to finance the active dependable enterprises.
- ii. Investment loans should be disbursed only to the active poor with proven skills and expertise in the relevant enterprises. Thus, business-oriented *capacity building* takes priority over investment.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The researcher decided to adopt *qualitative research method* for conducting this study due to its *exploratory* nature. The study aims at finding out the meanings of diverse feelings, perceptions, views and opinions of participants on various issues surrounding the *central phenomenon* of the research. Therefore, as Lewis (2015) and Glaser (2017) opined, the manner in which *exploratory* research questions are framed requires the adoption of *qualitative research method*.

According to Creswell (2014), Hartas (2015) and Berger (2015), with *qualitative technique*, research data is comprehensively and lucidly interpreted and transcribed in words rather than numbers. Similarly, as Berger (2015) and Litosseliti (2017) clarified, human views, feelings and reactions could only be properly reported and interpreted *qualitatively*. Therefore, scholars, such as Creswell and Poth (2017), credited *qualitative research method* with the acknowledgement of abstraction and generalization of findings. In his recent publication, Brannen (2017) categorized opinions, beliefs, vision, images, forms and structures in various spoken and printed words as well as recorded sounds into *qualitative* data. Incidentally, these are the characteristics of the data being collected by this study.

The essence of collecting this data is to understand the diverse perspectives, reactions and counter-reactions of participants on various issues relating to the *central phenomenon* of the research. This makes the study to be characteristically *exploratory* in nature because, as Sakaran and Bougie (2013) clarified, the researcher found the need to expand and clarify the scanty knowledge on the research *central phenomenon* as it relates to the survey area. This

study is not only *finding out* the extent of poverty prevalence in the Sokoto State, but also its repercussions, causative factors and the roles of *waqf* and microfinance institutions in alleviating it by harnessing the available human and material resources.

### 3.2 Research Design

As illustrated in Figure 3.1 below, Creswell (2014), Glesne (2015) and Lewis (2015) described *research design* as a specific procedure involved in the research process that includes data collection, storage, transcription, analysis and report of the research findings. Therefore, in an attempt to explore the exact situation of the research problem, the research design adopted by this study was fully based on the *grounded theory approach*. This is because, as Charmaz (2006), Strauss and Corbin (2008), Creswell (2014) and Creswell and Poth (2017) clarified, *grounded theory research* is essentially aiming at making the research findings to be exact representation of the real-life situation.

In this case, therefore, the research design followed by the researcher was solely based on four major steps;

- i. Sequential collection of primary data through varieties of interview and observation,
- ii. Analysis of primary data and generation of practical theory grounded in the data,
- iii. Validation of the theory through relevant literature review, and
- iv. Presentation and application of the research findings.



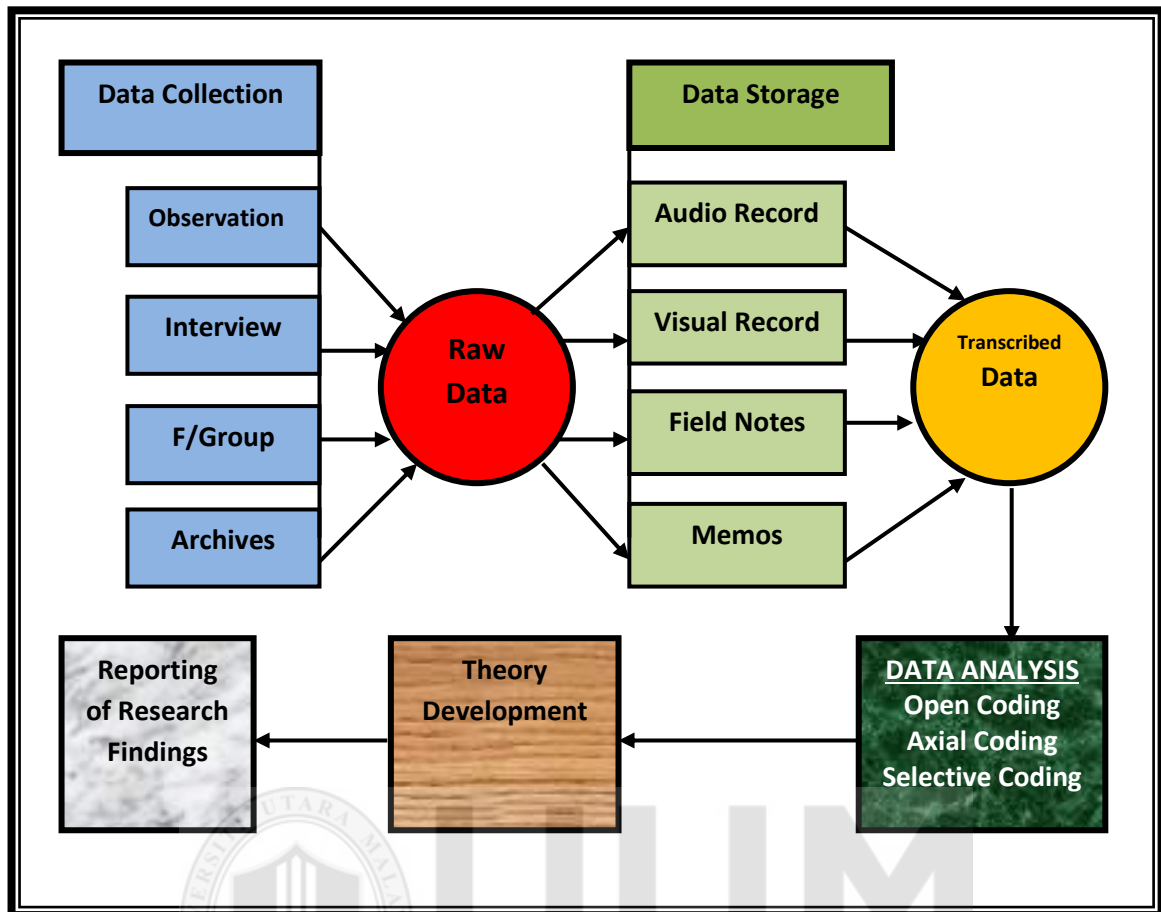


Figure 3.1  
The Research Framework

Source: Developed from the study's data

These research findings and their accompanying *grounded theory* are usually ecologically valid because they are similar to the data from which they were established (Corbin & Strauss, 2008; Glesne, 2015; Lewis, 2015). Indeed, as Charmaz (2006) and Lyons and Coyle (2016) declared, a *grounded theory* is often fresh and new because it is not tied to any pre-existing theory. Therefore, it has the potential for innovative discoveries in socio-cultural and religious researches.

Basically, this study was set up to *explore* effective mechanisms for alleviating poverty in Sokoto State, Nigeria, through *waqf*-based microfinance services. In order to *explore* and *understand* this central phenomenon of the study, consideration was made of the *external*

*forces* that shape it which include the prevalence of poverty in the State, the role of MSMEs in poverty alleviation and diverse Islamic financing techniques used to empower the active poor.

Being *qualitative*, this study, therefore, did not require preset *variables* as they are technically utilized in *quantitative* research (Glesne, 2015; Wilson, 2017; Dillaway, Lysack & Luborsky, 2017). Neither did it require predetermined *theoretical framework* or *hypotheses* (Frieze, 2014; Creswell and Poth, 2017). Alternatively, the study used the term *central phenomenon* as the subject-matter of the study (Creswell, 2014; Lewis 2015; Eisner, 2017). It was this central phenomenon that was empirically *explored* by using *open-ended research questions* as clarified by scholars (Aurini, Heath & Howells, 2016; Litosseliti, 2017).

### **3.2.1 Ethical Consideration**

According to Sakaran and Bougie (2013) and Creswell (2014), basic ethical issues must be taken into consideration by a researcher before embarking on data collection. These ethical issues, as Creswell (2014), Brannen (2017) and Glaser (2017) clarified, include the following:

- i. Explaining the purpose of the research to the participant, what is intended to do with the data, who will have access to the data and how long the data will be stored;
- ii. Observing the awareness of participants regarding the nature of *qualitative* research;
- iii. Clarifying the scope of enquiries to the participants;
- iv. Ensuring the protection of participants' anonymity;
- v. Non-interference in the environmental setting and condition of the site;

- vi. Giving all possible kick-backs, incentives or reciprocals to the participants that will express researcher's appreciation for their cooperation;
- vii. Embracing the norms and tradition of the environment in which data is being collected; and
- viii. Selecting neutral and objective participants, where the case may be, in order to obtain reliable and authentic data.

Having considered the above-mentioned ethical guidelines throughout the period of data collection, the researcher usually preferred to *go native* by sharing the experiences of participants. It was along this line that the researcher defined his role as a data collector, but not as a therapist offering advices or a judge evaluating the circumstances (Creswell, 2014). Considering the maximum cooperation enjoyed from the participants, the researcher decided to reciprocate them with regular cash donations as well as lively refreshments during the focus group interactive discussions. Similarly, as Creswell (2014) and Brannen (2017) posited, in order to ensure full protection of participants' anonymity, the researcher used various pseudonyms for their identification, such as UDUS-1, *WAQF.COM1*, POLIACT, etc.

### **3.2.2 Grounded-Theory Qualitative Research Approach**

The primary data collected was analysed based on *grounded theory method*. Therefore, researcher decided to use *grounded theory analysis* because it provides explicit and sequential guidelines for conducting qualitative research (Charmaz, 2006; Corbin & Strauss, 2008; Creswell, 2014). Similarly, this process of data analysis streamlines and integrates data collection and analysis; legitimizes qualitative research as scientific inquiry and offers specific strategies for handling the analytic phases of inquiry, (Charmaz, 2006; Creswell, 2014; Friese, 2014; Glasne, 2015; Wilson, 2017).

According to Glaser and Strauss (1967), Charmaz (2006) and Creswell (2014), in *grounded theory* data analysis the researcher looks systematically at qualitative data with the aim of generating a theory that will support the research findings. In this case, *theoretical sampling* of *Grounded Theory* approach was adopted by this study in order to explore a theory that is of relevance to the research *central phenomenon* (Lewis, 2015; Brannen, 2017; Eisner, 2017). In view of this, therefore, the researcher started the analysis with a systematic preparation and organization of the data (Miles, Huberman & Saldana, 2013; Glasne, 2015; Bernard *et al.*, 2016 and Creswell & Poth, 2017).

### 3.2.3 Data Saturation

According to Denzin (2009, p.127), there is no “one-size-fits-all” method to reach *data saturation*. This is because research designs are not universal. However, scholars are unanimous on some general principles and concepts regarding *data saturation*; no new data, no new themes, no new coding, and ability to replicate the study (Guest *et al.*, 2006). Therefore, this study reached its *data saturation* by exhausting the required information on the research central phenomenon through observation and interviews with individuals and members of focus groups. As the research objectives were achieved and the *grounded theory* was eventually constructed, the researcher felt to have fully accomplished the study. This is because, as Bernard (2012, p.202) evidently stated, there is no specific number of interviews needed for a qualitative study to reach data saturation, but that the researcher “*takes what he can get*”.

During the interview sessions, most of the questions used by this study were structured to facilitate asking multiple participants the same questions in order to get varieties of opinions, views and reactions on the same issue. In this case, the responses from focus groups and

beneficiaries of *waqf* and microfinance services were of vital significance. This, indeed, was what facilitated the achievement of *data saturation* as it was a constantly-moving target (Guest *et al.*, 2006).

However, the researcher was always cautious against the *shaman effect*, whereby someone with specialized information on a particular issue should overshadow the data, whether intentionally or inadvertently (Bernard, 2012). Therefore, different participants were invited to answer similar questions on the same issues relating to *waqf*, microfinance, poverty and MSMEs in Sokoto State. Similarly, the researcher was also very careful when confronting *gatekeepers* during his visits to headoffices of the State *Waqf* Committee and Microfinance Banks as they might restrict access to key informants which could eventually hamper complete data collection and data saturation (Denzin, 2012).

As regards to the focus group interviews, this study used them to elicit multiple perspectives on special thought-provoking topics but not typically sensitive areas (Guest *et al.*, 2006). It was a focus group that clarified to the researcher the diverse impediments to financing agro-allied businesses in Sokoto State. This method drove the study through *openness*, which was about receiving multiple perspectives about the meaning of truth in situations where the researcher could not be separated from the phenomenon (Natasia & Rakow, 2010). Therefore, considering the need to consult a large number of participants, this study used focus groups to elicit a number of perspectives on specific issues in order to reach *data saturation*.

### 3.2.4 Data Validity and Reliability

According to Creswell (2014), validity of data and research findings is acquired through strategies such as, triangulation, member checking and external auditing. This study, however, has adopted *data triangulation method* in order to not only achieve the validity of its findings, but also to ascertain the attainment of data saturation (Denzin, 2009, 2012). According to Denzin (2009) *data triangulation* involves the employment of multiple external methods to collect and analyse data. Therefore, this study used *methodological triangulation technique* by correlating data from multiple data collection methods which include individual and focus group interviews and observation. Poverty issues in Sokoto State have been discussed in various fora at different occasions with participants of diverse backgrounds and conflicting perspectives. Similarly, multifarious opinions were obtained on the same issues relating to *waqf*, microfinance and MSMEs in the State using different data collection techniques thereby putting *methodological triangulation* into practical implementation.

According to Denzin (2012), *methodological triangulation* is a reliable method by which the validity of the research findings is ensured through multiple data. As the same questions on *waqf*, microfinance and poverty were posed to practitioners, professionals, experts and beneficiaries, similar responses were mostly obtained. Through this process, the study was able to not only *validate* the consistency of the data that emanated from different sources but also to confirm the direct relationship between *data triangulation* and *data saturation*; the one (data triangulation) ensures the other (data saturation). Therefore, *methodological triangulation* was used as a bridge by the study to reach the point of data saturation.

Moreover, through this triangulation the researcher was able to explore different levels and perspectives of the same phenomenon. When enquiring about causative factors of poverty in

Sokoto State, for instance, the poor (SYCO), public affairs analysts (PUBLIC-C) and professionals (UDUS-1) were consulted at different occasions. Their diverse views gave the true picture of the problem.

By adopting *methodological triangulation* the researcher is confident that the data collected and analysed is empirically genuine, credible and reliable because it retained its *consistency in diversity*. In fact, it was due to its significance in validating qualitative research findings, that Bernard (2012) and Denzin (2012) posited *methodological triangulation* to be reframed as *crystal refraction* (many points of light) to extrapolate the meanings inherent in the data.

### 3.3 Research Data Collection

This study collected its primary data through four exploratory strategies which include *interviews, observation, focus group discussion* and *archival studies*, as illustrated in Figure 3.2 below.

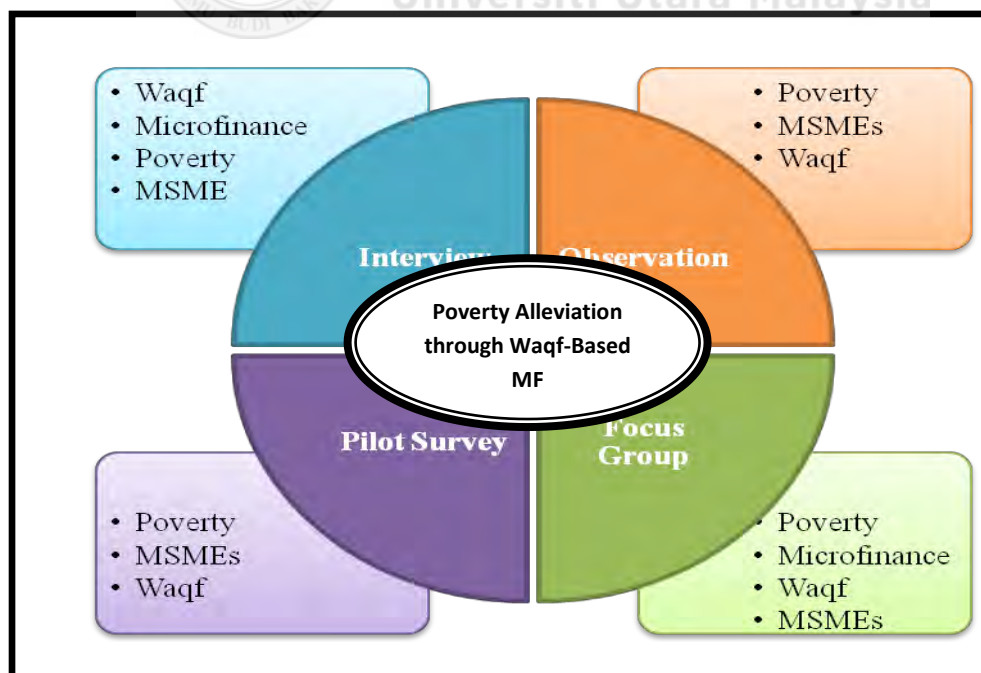


Figure 3.2

*Primary Data Collection Scheme*

Source: Developed from the study's data

However, as Corbin and Strauss (2008), Ritchie, Lewis, Nicholls and Ormston (2013) and Creswell (2014) disclosed, prior to the commencement of data collection; the study has considered the following guidelines:

- i. Identification of participants and relevant sites of the research work. Therefore, the researcher prepared the list of participants at Sokoto State *Waqf* Committee, five Microfinance Banks in the State, Usmanu Danfodiyo University, Sokoto; Shehu Shagari College of Education, Sokoto; Sokoto State Polytechnic, Sokoto; Ja'iz Bank Plc, Sokoto; State Ministry for Rural Development and other relevant institutions and Agencies.
- ii. Obtaining official and personal permission, where necessary, to conduct interviews and consultations with the designated participants.
- iii. Determining the types of *primary* data to be collected during the research period using the designated data-collection methods.
- iv. Developing data-collection formats, or self-designed interview and observational *protocols*. As for the *interview protocol* used by the researcher, it contained the key questions and corresponding spaces for recording the anticipated responses of interviewees. While the *observational protocol* was used for taking field-notes in chronological order.
- v. Acquiring efficient data-collection *audio-visual aids* to be used when and where necessary. In this case, the researcher used two devices; Samsung smart phone for snapping pictures and taking videos, and a Sony tape recorder for recording interviews and *focus group* discussions. Almost all the primary data were acquired by using these two devices, unless where they were not allowed to be used.
- vi. Bearing in mind the ethics of data-collection in order to avoid any act or behaviour that is capable of subjecting the participants to frustration, intimidation, humiliation



and implication. In this case, the researcher was very cautious especially when participants were met in their official working places, or at their respective homes.

In fact, it was the compliance with these guidelines that led to the successful collection of the required primary data. With the augmentation of relevant secondary data obtained from journals, institutional working papers, textbooks, on-line portals and other sources, the *grounded theory* was not only validated but the *research questions* were also systematically traced and their answers sought for accordingly (Steward & Kamins, 2012; Lewis, 2015; Bryman & Bell, 2015; Creswell & Poth, 2017).

### 3.3.1 Sampling Techniques

All the 63 participants in this study were sourced through various sampling techniques. This study used these sampling techniques in order to not only construct a *grounded theory* but also to secure true population representation. According to Paradis, O'Brien, Nimmon, Bandiera and Martimianakis (2016), appropriate *sampling* is necessary in order to make a multi-faceted qualitative research not only manageable and economical but also qualitatively credible and reliable. This will also provide opportunity to process the information in a more efficient way (Creswell, 2014). Moreover, this study has realized that sampling strategy will accelerate the speed of primary data collection.

In seeking relevant and sequential information, this study adopted *theoretical sampling* of the participants among the professionals, experts and practitioners in poverty-alleviation programs, *waqf* and microfinance services. This is because it was only with *theoretical sampling* technique that the study could obtain full and reliable data on managerial and policy issues during its *interview* sessions. Moreover, with this sampling technique, as Corbin and

Strauss (2008) and Creswell (2014) rightly observed, the speed in collecting the *primary data* can be efficiently accelerated. As regards to selection of focus group participants, the study employed *purposive sampling* technique because the researcher was only seeking for diverse professional views, reactions and opinions on pre-planned themes (Sakaran & Bougie, 2013; Lewis, 2015; Fisher, 2017).

However, when it came to *exploring* the impact of *waqf*, microfinance and other poverty-alleviation agencies on the target beneficiaries in Sokoto State through *interview*, the study adopted *simple random sampling* technique. This is because, as Corbin and Strauss (2008) and De Costa (2016) pointed out, this sampling technique guarantees the reliability of the data and the findings could be evidently generalized. Therefore, as Creswell (2014) advised, apart from considering the character of the participants other key features also were considered which include; sex, age, occupation and cultural background, as shown in Tables 3.1 and 3.2 below:

Table 3.1  
*Randomly-Sampled Beneficiaries of waqf services in Sokoto and Environs*

Sex	No.	Age	Occupation	Area Interviewed
Male	3	25	Irrigation	<i>Waqf</i>
		37	Farming	
		55	Trading	
Female	2	27	Tailoring	
		43	Snacks production	

Source: Developed from the study's data

Table 3.2

*Randomly-Sampled Beneficiaries of microfinance services in Sokoto and Environs*

Sex	No.	Age	Occupation	Area Interviewed
Female	3	25	Restaurant	Microfinance
		37	Grain selling	
		55	Trading	
Male	2	27	Tailoring	
		43	Irrigation	

Source: Developed from the study's data

### 3.3.2 Interview

Based on *grounded theory* method, almost all interviews conducted were open-ended but yet fully directed, shaped but yet emergent, and paced but yet flexible (Glaser & Strauss, 1967; Charmaz, 2006; Creswell, 2014). According to Davies and Hughes (2014), *interview* is one of the most effective data-collection methods, but it requires high degree of caution and expertise to avoid influencing participant's answers. In their recent studies, Berger (2015) and Aurini, Heath and Howells (2016) explained various ways of conducting interview. Based on their exposition, the researcher conducted his interview in the following ways, depending on the circumstances and locations of the interviewees:

- i. *Face-to-face interview*, especially with elites, experts, officials and practitioners in poverty alleviation, *waqf*, microfinance and MSMEs;
- ii. *Focus group interview* (ranging from 7 to 11 members) with the researcher leading the interactive discussion on issues bordering the research central phenomenon;
- iii. *Telephone conversation*, using cassette recorder to take the responses when the interviewee could not be consulted physically; and
- iv. *Internet correspondence*, using e-mail addresses and *WhatsApp* numbers of participants to send questions and receive responses accordingly.

Going by what Miles, Huberman and Saldana (2013), Lewis (2015) and Creswell and Poth (2017) said, in order to secure full cooperation and acquire the desired data from the interviewees, pre-set interview questions were sent to selected participants through their respective e-mails and/or *WhatsApp* numbers, least two weeks before the proposed meeting date. According to Creswell (2014), the *structured interview* can be conducted face-to-face, or through telephone because the answers are straightforward and relatively brief. Therefore, some participants were actually interviewed through normal telephone calls and also through *WhatsApp* correspondences. However, as Davies and Hughes (2014) advised, all the data collected from the interviews were systematically recorded, tabulated and analyzed accordingly.

The personalities designated for the interview on various issues of the research central phenomenon are the following:

- i. The General Overseer of State *Waqf* Committee and six Chairmen of various Sub-committees. These personalities were regularly contacted on various issues relating to the services of *waqf* institution in Sokoto State.
- ii. Respective Managers of five Microfinance Banks in the State which include Nagarta, Police, Yabo, Rima and Gwadabawa MF Banks. From these officers, the researcher was able to get relevant information on microfinance services in Sokoto State.
- iii. Three Professors/Associate Professors from Usmanu Danfodiyo University, Sokoto. As professionals in Nigerian economy, anthropology and sociology, these indigenous scholars were regularly consulted on various issues relating to the research central phenomenon.

- iv. Three Chief Lecturers/Principal Lecturers from Shehu Shagari College of Education, Sokoto. As indigenous experts in Islamic economics, jurisprudence and business education, these academicians were regularly contacted on relevant issues.
- v. Two Chief Lecturers from Sokoto State Polytechnic, Sokoto. Due to their expertise in accountancy and business management, these scholars were regularly consulted by the researcher on issues of interest to the study.
- vi. Five randomly-selected beneficiaries of *waqf* services in the State. This was in order to discover first-hand impact of *waqf* services in the society.
- vii. Five randomly-selected beneficiaries of microfinance services in the State. This was in order to discover first-hand impact of microfinance services in the society.
- viii. Special Adviser to the State Governor on MSMEs. From this participant, the researcher was able to explore the views, opinions, measures and reactions of State and Federal Governments towards poverty alleviation.
- ix. Twenty-five indigenous experts proportionately spread across the three *focus groups* organized by the study. The cross-fertilization of views on salient issues relating to the central phenomenon being studied gave useful enlightenment to the researcher.
- x. Seven local personalities that commented on diverse poverty issues during the *fieldwork* which covered the pilot survey and observational tour in, and around, Sokoto city.

Before commencing the interview contacts with the participants, copies of *interview protocols* were produced to simplify recording. These protocols, as Creswell (2014) clearly clarified, were duly filled by the researcher immediately after the interviews in order to

compare the notes across all interviewees. Corresponding notes were written on each of the issues listed in the interview protocol shown in Figure 3.3.

Interview Protocol	
(To be filled immediately after interview)	
Interview Code Number	<input type="text"/>
Interviewee.....	
Age.....	Sex.....
Profession.....	
Rank.....	
Post.....	
Institution/Ministry/Corporate Organization/NGO.....	
Department.....	
Location.....	
Date.....	
Duration: Hours.....	Minutes.....
<ul style="list-style-type: none"> <li>• How did the interviewee appear to me?</li> <li>• Atmosphere / location</li> <li>• Disposition to talk / motivation to take part on the interview</li> <li>• Gestures, non-verbal signals, eye contact</li> <li>• Interaction during the interview</li> <li>• Difficult phases</li> <li>• Duration of the interview</li> <li>• Specifics of the interview or the interview situation</li> <li>• The main points derived from the interview</li> </ul>	

Figure 3.3  
Interview Protocol (Creswell, 2014).

With the *research questions* already at hand, as Zikmund *et al.* (2012) and Fisher (2017) revealed, a vogue idea of the *central phenomenon* will naturally lead the interviewer to ask questions that seek for the realities in the practical life. In this case, therefore, the interviews conducted with officials of selected institutions, experts and professionals were *unstructured* whereby broad and open-ended questions were asked. For instance, when discussing with the General Overseer of Sokoto State *Waqf* Committee, some of the open-ended questions include the following:

*Sir, what can you say about the activities of the State Waqf Committee generally?*

This type of question, as Sakaran and Bougie (2013) assured, allows the participant to express him/herself freely on many crucial issues. Subsequently, the researcher asked him the question below to serve as a logical follow-up to preceding answer:

*O.K. sir, but how can you assess the outcome of these activities over the past five years?*

At any moment, the researcher used to encourage the participant to express himself further on vital issues that were gradually being brought forward (Zikmund *et al.*, 2012; Lewis, 2015). Indeed, this is what made the researcher to prefer conducting one-on-one interview with all the key participants. In this manner, any response would be followed by an applauding question, such as:

*Thank you, sir! But what do you think contributed towards realizing these wonderful achievements?*

After studying the data collected from the *unstructured* interviews with key participants, more in-depth information on the research themes was obtained through *structured* interviews (Lewis, 2015; Fisher, 2017). In this case, as Creswell (2014) opined, series of predetermined questions were poised to participants in order to obtain specific information that was lacking, or insufficient, in the data already obtained from the *unstructured* interviews. For instance, when the researcher was with the General Overseer of the State *Waqf* Committee, he inquired by asking:

*Sir, in which year was this Committee established?*

*Who were the General Overseers from its inception to date?*

Afterwards, the normal open-ended questions continued as follows:

*To what extent is your Committee educating the public on the importance of donating for waqf?*

*What sources of publicity are you using to get your messages delivered to the public?*

*How can you rate the effectiveness of your public enlightenment campaigns?*

*So far, what are the problems and challenges facing your Committee?*

The interview with the top management officials of Sokoto State *Waqf* Committee was followed by on-site visits to some selected places within the *survey area* in order to have face-to-face contact with randomly-selected sample of *waqf* beneficiaries. *Structured interview* was conducted with the sampled beneficiaries pertaining to the current *waqf* activities in the State. This was in order to explore their feelings and opinions regarding the *waqf* services rendered to them. Similarly, their views were sought for on the applicability and suitability of integrating *waqf* and microfinance to alleviate poverty in the State as experimented in other countries (Ali, 2014; Alpay & Haneef, 2015; Shirazi *et al.*, 2015).

### **3.3.3 Observation**

This was when the researcher immersed himself in the daily lives and routines of the common people of the survey area; a process referred to as *fieldwork* (Creswell, 2014). According to Tailor, Bogdan and De Vault (2015), in addition to the collection of data through interviews, *purposeful observation* can be used to secure concrete information on the themes of the research central phenomenon. It was against this backdrop, therefore, that this study deemed it necessary to get close to some *research subjects* to explore their views and reactions. The essence was to ascertain whether people and events were practically portraying what they were reported to have been occurring in the society during interview sessions (Friese, 2014; Glesne, 2015; Creswell & Poth, 2017).

Similarly, this study used the opportunity to access tacit knowledge of the *research subjects*. Therefore, a lot of time had been spent in monitoring the activities of *waqf* sub-committees in Sokoto State and reactions of potential beneficiaries to their services. Other socio-economic



factors, such as people's attitudes towards *waqf* were also closely monitored. Moreover, the operational activities of the five microfinance banks in Sokoto State were critically *observed*, especially what pertains to credit creation generally, and MSME financing in particular.

When gathering the field observational data, the researcher can play the role of either *participant* observer or *nonparticipant* observer (Taylor *et al.*, 2015). In this case, therefore, the researcher was a *nonparticipant observer* when he witnessed the disbursement of investment capitals to some active poor to engage in micro, small and medium enterprises (MSMEs) by the State *Waqf* Committee in Sokoto city on 15<sup>th</sup> February, 2017. Other places visited for the sake of this research include the following:

- i. Sokoto *Yar Marina* Market and *Yar Makera* Market in Sanyinna town, to observe the type of local MSMEs in their traditional manner of operation;
- ii. Wamakko local farmlands, to observe active farmers at work and the challenges facing their occupation.

#### **3.3.4 Focus Group Interactive Discussion**

A *focus group* is a specially organized group of demographically diverse people whose reactions are studied in guided or open discussions about a crucial issue in order to determine the likely reactions of a larger population (Sakaran & Bougie, 2013; Creswell, 2014). According to Dillaway, Lysack and Luborsky (2017), *focus group* is characteristically qualitative in approach where a special composition of participants are asked about their perceptions, opinions, beliefs, and attitudes towards a service, concept, activity, idea, or operation.

Questions are asked during interactive group discussion where participants are free to talk, argue, agree and disagree with other group members (Eisner, 2017; Glaser, 2017). During this process, as Lewis (2015) and Johnson (2017) opined, the researcher will either take notes or use electronic device to record the whole discussion. Creswell (2014) and Fisher (2017) advise researchers to select members of the *focus group* carefully for effective and authoritative responses.

Against this background, the researcher organized *focus group* interactive discussions with the sole aim of acquiring vital information that can facilitate answering the *research questions*. In preparation for the *focus group* discussions, the researcher asked himself five fundamental questions that might lead him to achieve the desired objective, as follows:

- i. How to recruit the suitable participants?
- ii. What are the themes to be discussed?
- iii. How to administer the interactive sessions?
- iv. Where to convene the discussions?
- v. How to record the data accurately?

Initially, the recruitment appeared to be very challenging to the researcher. However, it was successful as the target participants came to realize the significance of the project and also what they will get as their remuneration. Moreover, the role played by the researcher's *snowballers* in convincing the target participants was very effective.

In order to secure calm and conducive atmosphere for the interactive sessions, as Bryman and Bell (2015) opined, classrooms in three different primary schools in Sokoto metropolis were used as the venue during the school closing hours. As shown in Tables 3.3, 3.4 and 3.5

below, the interactive sessions of the three *focus groups* were convened on 11<sup>th</sup>, 16<sup>th</sup> and 21<sup>st</sup> of March, 2017, respectively. Each group consisted of members that share common experience on the following thematic issues:

- i. Characteristics and challenges facing MSMEs in Sokoto State.
- ii. Financial services for the development of MSMEs in the State.
- iii. Poverty, its causative factors, prevalence and consequences in the State.

Although, Lewis (2015) and Creswell and Poth (2017) identified various types of *focus group*, but this study adopted the *dual-moderator* type. This is where one moderator controls the discussion to ensure lively environment and free expression, while the other moderator follows the logical treatment of the topics to ensure full coverage.

Table 3.3  
*First Focus Group on the Features of MSMEs in Sokoto State*

Sex	No.	Age	Qualification	Themes
Male	5	25	NCE	Poverty Alleviation and MSME
		37	B.Sc	
		40	B.A	
		42	HND	
		44	M.A	
Female	3	27	NCE	
		33	NCE	
		41	B.A	

Source: Developed from the study's data

Table 3.4  
*Second Focus Group on the Obstacles to MSME Development*

Sex	No.	Age	Qualification	Themes
Male	5	28	NCE	Microfinance, Poverty Alleviation and MSME
		30	B.Sc	
		35	B.A	
		36	HND	
		40	M.A	
Female	3	29	NCE	
		32	B.Sc	
		38	B.A	

Source: Developed from the study's data

Table 3.5

*Third Focus Group on the Impediments to Agric Financing*

Sex	No.	Age	Qualification	Themes
Male	5	26	NCE	Microfinance, Poverty Alleviation and MSME
		32	B.Sc	
		41	B.A	
		42	HND	
		42	M.A	
Female	4	27	NCE	
		35	NCE	
		40	B.A	
		41	B.Sc	

Source: Developed from the study's data

In all the three interactive sessions, the researcher played the role of co-moderator. The debates were promoted with their respective *topic guides*. These *topic guides* appeared to be challenging to the participants, but they drew out the differences in opinions. As the conversations were drifting, there were more enquiries on salient issues and points were sequentially and tactfully brought forward. Every participant had full freedom to express his/her opinions which guaranteed adequate outflow of ideas. In order to have full concentration, all the discussions were recorded electronically which were later played and transcribed accordingly.

The discussions in each of the three sessions were characteristically argumentative as many controversial issues were highlighted. However, the research was able to secure the following benefits:

- i. Greater in-depth understanding of the context and socio-economic fabric of Sokoto State which is the *survey area* of the research.
- ii. Crude information on the themes that constitute the research *central phenomenon* through cross-fertilization of ideas and exchange of opinions.

### 3.3.5 Participants' Background

In the process of *constant comparative analysis* of raw data, the researcher continued to get increasing number of participants that could supply more information on emergent issues surrounding the *central phenomenon* being studied. On reaching the *saturation* point, 63 participants were already involved, in one way or the other, in the series of interviews and focus group discussions either through *theoretical sampling* by the researcher and/or by *snow-balling* by participants (Miles *et al.*, 2013; Berger, 2015; Aurini *et al.*, 2016). As shown in Table 3.6 below, in order to increase the quality of data triangulation, these participants were drawn from various socio-economic and educational backgrounds (Corbin & Strauss, 2008; Ritchie *et al.*, 2013; Creswell, 2014).

Table 3.6  
*List of Participants in the Research Data Collection Process*

S/No.	Pseudonyms	Meanings	Affiliations
1	AGRIC-O	Senior Agric Officer	State Ministry of Agriculture
2	BENSER-1	Beneficiary of MFI Service	Self-employed
3	BENSER-2	Beneficiary of MFI service	Self-employed
4	BENSER-3	Beneficiary of MFI Service	Self-employed
5	BENSER-4	Beneficiary of MFI Service	Self-employed
6	BENSER-6	Beneficiary of MFI Service	Self-employed
7	BENSER-W1	Beneficiary of <i>Waqf</i> Service	Self-employed
8	BENSER-W2	Beneficiary of <i>Waqf</i> Service	Self-employed
9	BENSER-W3	Beneficiary of <i>Waqf</i> Service	Self-employed
10	BENSER-W4	Beneficiary of <i>Waqf</i> Service	Self-employed
11	BENSER-W5	Beneficiary of <i>Waqf</i> Service	Self-employed
12	COECHLEC-1	Chief Lecturer	S.S.College of Education, Sokoto
13	COECHLEC-2	Principal Lecture	S.S.College of Education, Sokoto
14	COECHLEC-3	Senior Lecturer	S.S.College of Education, Sokoto
15	FOGA-1	First Focus Group Member No. 1	Ministry of Education, Sokoto
16	FOGA-2	First Focus Group Member No.2	Ministry of Commerce, Sokoto

17	FOGA-3	First Focus Group Member No.3	Ministry of Finance, Sokoto
18	FOGA-4	First Focus Group Member No.4	Ministry of Education, Sokoto
19	FOGA-5	First Focus Group Member No.5	Ministry of Health, Sokoto
20	FOGA-6	First Focus Group Member No.6	Ministry of Lands, Sokoto
21	FOGA-7	First Focus Group Member No.7	Ministry of Water Resources, Sokoto
22	FOGA-8	First Focus Group Member No.8	Ministry of Education, Sokoto
23	FOGB-1	Second Focus Group Member No. 1	S.S. College of Education, Sokoto
24	FOGB-2	Second Focus Group Member No. 2	Government Technical College, Sokoto
25	FOGB-3	Second Focus Group Member No. 3	Sultan Abubakar College, Sokoto
26	FOGB-4	Second Focus Group Member No. 4	Sheikh Gummi College of Arts, Sokoto
27	FOGB-5	Second Focus Group Member No. 5	Yakubu Muazu Model Primary School, Sokoto
28	FOGB-6	Second Focus Group Member No. 6	Government Works School, R/Sambo
29	FOGB-7	Second Focus Group Member No. 7	Federal Government College, Sokoto
30	FOGB-8	Second Focus Group Member No. 8	Federal School of Science, Sokoto
31	FOGC-1	Third Focus Group Member No. 1	College of Agriculture, Wurno
32	FOGC-2	Third Focus Group Member No. 2	Federal School of Science, Sokoto
33	FOGC-3	Third Focus Group Member No. 3	College of Agriculture, Wurno
34	FOGC-4	Third Focus Group Member No. 4	Ministry of Agriculture, Sokoto
35	FOGC-5	Third Focus Group Member No. 5	Federal School of Science, Sokoto
36	FOGC-6	Third Focus Group Member No. 6	College of Agriculture, Wurno
37	FOGC-7	Third Focus Group Member No. 7	College of Agriculture, Wurno
38	FOGC-8	Third Focus Group Member No. 8	Ministry of Agriculture, Sokoto
39	FOGC-9	Third Focus Group Member No. 9	College of Agriculture, Wurno
40	GWAD-ASSMA	Assistant Manager	Gwadabawa Microfinance Bank
41	H-MASTER	Headmaster	Model Primary School, Bado
42	LOCAL-T	Local Qur'anic Teacher	Community-employed
43	NAG-ASSMA	Assistant Manager	Nagarta MF Bank, Sokoto
44	POLIACT	Chief Lecturer, Accountancy	State Polytechnic, Sokoto
45	POLIHOD	Head of Department, Business Management	State Polytechnic, Sokoto
46	POLI-MA	Manager	Police Microfinance Bank, Sokoto
47	PUBLIC-C	Public Commentator	Self-employed

48	RIMA-MA	Manager	Rima Microfinance Bank, Goronyo
49	SASME	Special Advisor on SMEs	Sokoto State Government
50	S-NURSE	Senior Staff Nurse	State Ministry of Health
51	SYCO	Sycophant (Praise-singer)	Unemployed
52	TRADER	Wholesale Trader	Self-employed
53	UDUS-1	Professor, Economics	Usmanu Danfodiyo University, Sokoto
54	UDUS-2	Associate Professor, Economics	Usmanu Danfodiyo University, Sokoto
55	UDUC-3	Associate Professor, Management	Usmanu Danfodiyo University, Sokoto
56	WAQF.COM1	General Overseer, State <i>Waqf</i> Committee	State Ministry of Religious Affairs
57	WAQF.COM2	Chairman, <i>Waqf</i> HRD Sub-Committee	State Ministry of Religious Affairs
58	WAQF.COM3	Chairman, <i>Waqf</i> Health Sub-Committee	State Ministry of Religious Affairs
59	WAQF.COM4	Chairman, <i>Waqf</i> Publicity Sub-Committee	State Ministry of Religious Affairs
60	WAQF.COM5	Chairman <i>Waqf</i> Social Security Sub-Committee	State Ministry of Religious Affairs
61	WAQF.COM6	Chairman, <i>Waqf</i> Investment Sub- Committee	State Ministry of Religious Affairs
62	WAQF.COM7	Chairman, <i>Waqf</i> Secretariat Sub- Committee	State Ministry of Religious Affairs
63	YABO-MA	Manager	Yabo Microfinance Bank

Source: Developed from the study's data

### 3.3.6 Archival Studies

With regard to *archival studies*, as Creswell (2014) clarified, it is used to obtain theoretical data from primary and secondary sources. Through this method the study got access to documented records on the activities of Sokoto State *Waqf* Committee and Microfinance Banks over the previous years. Even though the available records were not complete, or detailed enough to give satisfactory information, but they were particularly valuable for examining cultural and historical trends. It also helped greatly in enhancing the data collected through the *interview* method. The documents consulted include the following:

- i. Brief on Zakkah and *Waqf* Activities in Sokoto State, 2014.
- ii. Giant Stride: Reports on Zakkah and *Waqf* Activities and Events, 2014.
- iii. Prompt Interventions: Annual Report on Activities and Events, 2015.

- iv. Zakkah and *Waqf* in Sokoto State, Edition No.2, 2016.
- v. Zakkah and *Waqf* in Sokoto State, Edition No.4, 2016.
- vi. The Nigerian Microfinance Newsletter, July-December, 2010
- vii. The Nigerian Microfinance Newsletter, July-December, 2012
- viii. Revised Microfinance Policy, Regulatory and Supervisory Framework for Nigeria, August, 2013.
- ix. Microfinance for Entrepreneurship Development in Nigeria, 2012

### **3.4 Research Data Analysis**

Considering the enormity of data that was generated through *interview*, *observation*, and *focus group discussion*, a logbook was prepared in which all the diverse data were arranged in accordance with their respective sources. Already all the recorded interviews were immediately transcribed and converted into words in order to facilitate the use of computer-aided qualitative data analysis software (CAQDAS).

Based on the guidelines spelt out by Creswell (2014) the data analysis was carried out systematically by using *NVivo Version 10* computer software in order to facilitate the process of sorting, coding, categorization and preparation of graphical representation of data. The employment of this computer software has accelerated the process of data analysis significantly whereby the researcher was able to handle the numerous varieties of codes, identify different relationships, and illustrate the constellations of nodes and participants in graphical designs. With this software program, textual data matrixes were created for comparison and easy navigation through the data in order to locate specific concepts or ideas (Bernauer, 2015; Frank, Suzaka & Yakel, 2016).



As the transcribed interviews were systematically imported into *Nvivo* software, every relevant segment was coded through the three coding stages of *open*, *axial* and *selective* coding. According to Creswell (2014) and Lyons and Coyle (2016) by following these stages of coding, raw data will be objectively and transparently analyzed for easy comprehension and greater public acceptance.

Coding, as a process of data analysis, is one of the major steps taken by this study to consolidate and clarify the transcribed data as opined by eminent scholars (Miles, Haberman & Saldana, 2013; Glesne, 2015; Lewis, 2015; Creswell & Poth, 2017). Therefore, it was through the process of *open coding* that this study formed initial categories of information about the central phenomenon being studied from the data gathered. The researcher used it as a tool of breaking down, examining, comparing, conceptualizing and categorizing the raw data. This was during this initial process of data analysis that numerous *codes* were formed. In addition, as *codes* were developed, the researcher was also writing *memos* known as code notes to clarify ideas in relation to the phenomenon being studied (Glaser & Strauss, 1967; Creswell, 2014). Later, these *memos* constituted the basis for the development of research findings.

Subsequently, the *axial coding* technique was employed when the researcher embarked on analyzing these numerous codes in order to group them into *concepts* based on their commonalities (Charmaz, 2006; Creswell, 2014). It was in axial coding that the researcher ascertained correct representation of the interviewees' responses by the *codes* and *concepts*.

Finally, the analyzed data was displayed for reconsideration and rearrangement through *selective coding* process. This was when the researcher revised the data to verify its

authenticity by making comparison between numerous *concepts*. At this stage the revised data was finally structured whereby the *concepts* were grouped into *categories* (themes) based on higher-order commonalities (Creswell, 2014; Friese, 2014; Lewis, 2015; Glaser, 2017). It was through this thematic analysis that the four major categories, or themes, were finally generated which include;

- i. Poverty prevalence in Sokoto State;
- ii. Role of *waqf* in poverty alleviation in Sokoto State;
- iii. Impact of microfinance services on poverty alleviation in the State; and
- iv. MSMEs and capacity-building for poverty alleviation in the State.

*Category* one is composed of nine *concepts*, *category* two is made up of ten *concepts*, while nine and three *concepts* generated the third and forth *categories* respectively. It was from these 31 *concepts* generated from the sequential responses of participants and clarified with explicit *memos* that the *grounded theory* of this study was eventually constructed. This study, therefore, was systematically conducted through the trilateral process of *constant comparative analysis* whereby the data was concurrently collected, analyzed and directed towards theory generation (Charmaz, 2006; Strauss & Corbin, 2008; Creswell, 2014).

### **3.4.1 Grounded Theory Approach**

According to Charmaz (2006) and Creswell (2014), *grounded theory approach* is a written, and often visual, presentation that explains either graphically, or in narrative form, the procedural steps to be followed in conducting a study and their connectivity. In this case, therefore, the procedures followed by this *qualitative* research were based on the *grounded theory interpretive approach*. According to Charmaz (2006), Corbin and Strauss (2008) and Creswell (2014), *grounded theory interpretive approach* is all about concurrent data

collection and analysis with simultaneous construction of a theory, or an abstract analytical schema of the research *central phenomenon* that relates to a particular situation. Typically, *interpretative* research comprehends issues on qualitative methodology from inductive dimension (Corbin & Strauss, 2008).

The research methodology of this study, therefore, was aiming at utilizing *grounded theory* research method as an exploratory mechanism, presenting it and indicating its techniques. This method entails collection of empirical data, proceedings of data codification or analysis which entail *open coding*, *axial coding* and *selective coding* that bring about concept modification and integration thereby leading to theory construction (Charmaz, 2006, Creswell, 2014). Therefore, based on *grounded theory approach*, this study is an iterative process by which the researcher becomes more and more “grounded” in the primary data and develops increasingly richer concepts and models of how the phenomenon being studied really works (Charmaz, 2006; Corbin & Strauss, 2008; Creswell, 2014; Glesne, 2015; Lewis, 2015).

According to Strauss and Corbin (2008), Creswell (2014) and Wilson (2017), *grounded theory* aims at providing practical and simple explanations about diverse phenomena by offering helpful and relatively easy-to-remember layouts for people to understand their situations a little bit better. Although, as Charmaz (2006) and Glaser (2017) clarified, *grounded theory* has three research designs; systematic, emerging and constructionist designs, but the researcher chose to employ *constructive design* in conducting the study. Inclined towards interpretivism, *constructive design* emphasizes the use of three steps of data cleaning which include *open*, *axial* and *selective* coding during the *constant comparative analysis* of raw data (Bowen, 2006; Creswell, 2014). Similarly, this design emphasizes the

development of logic paradigm or visual picture of the theory generated from the analyzed data (Creswell, 2014; Lewis, 2015; Fisher, 2017; Glaser, 2017).

### 3.5 Conclusion

This chapter contains clarification of the research methodology adopted by the study. *Qualitative method* was used in conducting the research due to its exploratory nature. Therefore, from array of qualitative research approaches, *grounded theory* was chosen because the motive is not only to find the solution to the research problem but also to generate a theory from participants' responses that could strengthen the solution. Thus, the research approach chosen by this study shows how the solution to the research problem and theory are firmly grounded in the opinions, actions and reactions of the participants.

The research process went through four main stages; conception of the *research problem*, *constant comparative analysis* of data, construction and verification of *grounded theory* in literature review, and presentation and application of the *research findings*. Four techniques of data collection were employed, which include *interview*, *observation*, *focus group symposia* and *archival studies*. Subsequently, this study employed three techniques of sampling to source out its participants. *Theoretical sampling* technique was used to identify the appropriate interviewees that could supply relevant data, while *purposive sampling* technique was used to recruit participants in focus group discussions. However, when it came to selecting the beneficiaries of *waqf* and microfinance services, *simple random sampling* technique was applied to strengthen generalization of findings.

## CHAPTER FOUR

### DATA ANALYSIS AND FINDINGS

#### 4.1 Introduction

*Data analysis* is a process of making sense of recorded information and field-notes obtained through *interview*, *focus group* discussions and *observation* during the data-collection exercise in order to achieve the research objectives (Creswell, 2014; Friese, 2014; Lewis, 2015; Tailor *et al.*, 2015). In this study, data analysis was a continuous process which commenced from the first day of data collection. The process began with the researcher asking series of *generative questions* designed to generate a *grounded theory* of poverty alleviation in Sokoto State, Nigeria, through the integration of *waqf*, microfinance and MSMEs.

During the data analysis, every new raw data collected was screened, cleaned and organized through successive *open*, *axial* and *selective coding* processes (Charmaz, 2006; Creswell, 2014; De Coster, 2016). At all times, the researcher was engaged in *constant comparative analysis* of raw data by using the insights to inform the next *iteration* of data collection. This process continued until a strong theoretical understanding the *central phenomenon* being studied has emerged (Strauss & Corbin, 2008; Creswell, 2014). However, at all occasions, the researcher was applying specific pseudonyms to participants, such as AGRIC-O, BENSER-1, COECHLEC-1, FOGA-1, UDUS-1 and WAQF.COM1 in order to ensure full protection of their anonymities (Charmaz, 2006; Strauss & Corbin, 2008; Friese, 2014; Lewis, 2015). Similarly, diverse acronyms, such as PAI and PARA, were applied to shorten long description of some *concepts* (Bowen, 2006; Lewis, 2015; Lyons & Coyle, 2016).

## 4.2 Coding of the Raw Data

This study followed the process of constant comparison of data through a tripartite coding system that generates *codes*, *concepts* and *categories*, during which *memos* are also being generated (Creswell, 2014; Glaser, 2017). In this study, 57 *memos* were simultaneously written to clarify and correlate various responses during interviews, to report scenarios during fieldwork and to clarify the construction of the *grounded theory* (Strauss & Corbin, 2008; Glesne, 2015; Creswell & Poth, 2017). During the *open coding*, each transcript was analysed in key words or phrases reflecting single ideas, commonly referred to as *codes* (Charmaz, 2006; Creswell, 2014). Through this process, the researcher identified 165 *codes* in the numerous responses of participants during interviews and focus group discussions. Consequently, it was through *axial coding* that these *codes* were analyzed and grouped based on their commonalities and, eventually, 31 *abstract concepts* were generated (Chamaz, 2006; Strauss & Corbin, 2008).

Finally, as illustrated in *Nvivo* circular Figure 4.1 and clarified in Table 4.1, it was during the process of *selective coding*, that the researcher organized these *concepts* around the research *central phenomenon* to generate four *categories* (themes) of the whole analyzed data. The formation of these *categories* and their interrelationships were combined to form what Strauss and Corbin (2008, p.220) called *storyline* which describes 'what happens' in the *central phenomenon* being studied. Therefore, based on the four *research objectives* of this study, these *categories* were identified as follows:

- i. Poverty prevalence in Sokoto State
- ii. The role of *waqf* in poverty alleviation in Sokoto State
- iii. The role of microfinance in poverty alleviation in Sokoto State
- iv. The role of MSMEs in poverty alleviation in Sokoto State

Ultimately, it was along this process of *constant comparative analysis* of data, which Creswell (2014) described as *iteration*, that the *grounded theory* of this study also continued to germinate. Consequently, as no new information was further acquired during the data collection period, the researcher finally reached the point of *data saturation* and a full-fledged *grounded theory* was eventually generated (Creswell, 2014).

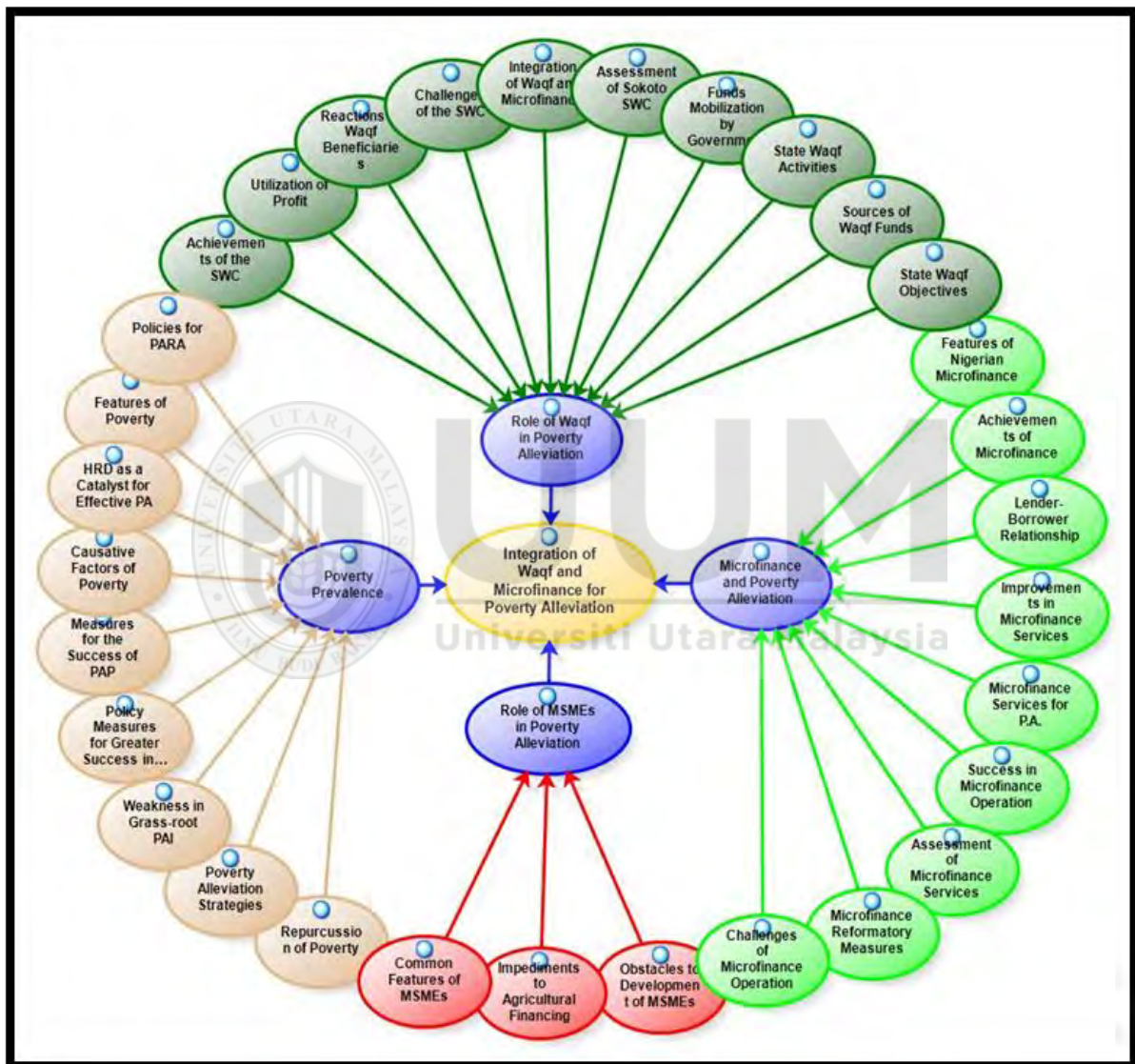


Figure 4.1  
Concepts and Categories of the Research Process  
Source: Developed from the study's data

Table 4.1

*Schema of the Research Thematic Development*

Research Title	Categories	Concepts
<b>Integration of Waqf, Microfinance and MSMEs for Poverty Alleviation in Sokoto State</b>	<i>Prevalence of Poverty Alleviation in Sokoto State</i>	i. Repercussions of Poverty Prevalence in Sokoto State
		ii. Features of Poverty in the State
		iii. Causative Factors of Poverty in the State
		iv. Failures of Previous Poverty Alleviation Programs in the State
		v. Corrective Measures in Current Poverty Alleviation Program
		vi. HRD as a Catalyst for Effective Poverty Alleviation
		vii. Weaknesses in Grass-root Poverty Alleviation Initiatives
		viii. Corrective measures in the Initiatives
		ix. Special Policies for Poverty Alleviation in the Rural Areas of the State
<b>The Role of Waqf in Poverty Alleviation in Sokoto State</b>		i. Objectives of Sokoto State <i>Waqf</i> Committee
		ii. Activities of the Committee
		iii. Achievements of the Committee
		iv. Challenges facing the Committee
		v. Sources of Funding the Committee
		vi. Mobilization of <i>Waqf</i> Funds
		vii. Utilization of <i>Waqf</i> Profit
		viii. Assessment of the Committee
		ix. Reactions of <i>Waqf</i> Beneficiaries
		x. Integration of <i>Waqf</i> and Microfinance for Poverty Alleviation in the State
<b>The Role of Microfinance in Poverty Alleviation in Sokoto State</b>		i. Features of Nigerian Microfinance
		ii. Microfinance Services for Poverty Alleviation in Nigeria
		iii. Achievements of Nigerian Microfinance in Poverty Alleviation



<b><i>The Role of MSMEs in Poverty Alleviation in Sokoto State</i></b>	iv.	Challenges facing Microfinance Operation in Nigeria
	v.	Requisites for Successful Microfinance Operation in Nigeria
	vi.	Improvements Required in Microfinance Poverty Alleviation Services
	vii.	Reformatory Policies for Microfinance Operation in Nigeria
	viii.	Assessment of Microfinance Services in Poverty Alleviation
	i.	Common Features of MSMEs in Sokoto State
	ii.	Obstacles to the Development of MSMEs in Sokoto State
	iii.	Impediments to agricultural Financing in Sokoto State

Source: Developed from the study's data

### 4.3 Poverty Prevalence in Sokoto State

Poverty prevalence in Sokoto State constitutes the nucleus of the *research problem*. It is the first *category* of the analyzed data upon which the study was conducted for the achievement of the first *research objective*. Apparently, there seems to be a lot of myths and mysteries surrounding this phenomenon which require intensive and extensive inquiries as well as thorough fieldwork. As depicted in Figure 4.2, following the *constant comparative analysis* of the raw data collected, nine *concepts* emerged which eventually constituted the first category.

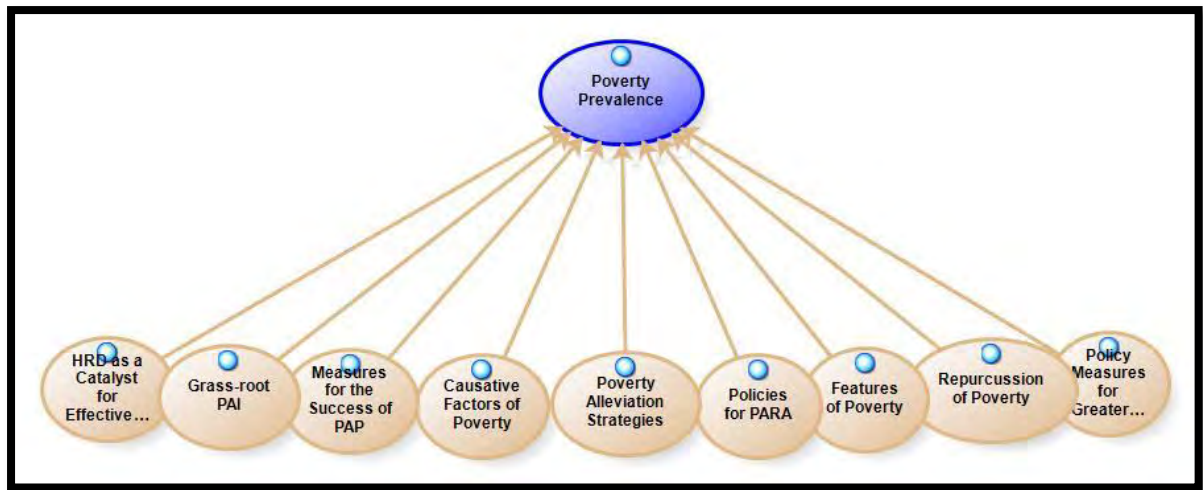


Figure 4.2  
*Poverty Prevalence in Sokoto State*  
 Source: Developed from the study's data

Through *theoretical sampling*, the researcher came into contact with increasing number of participants. Information secured from one participant on a particular *concept* would eventually stimulate the researcher to seek for further clarification on the same *concept* from other participants until the acquired data reached the point of *saturation* (Denzin, 2009; Guest *et al.*, 2006; Bernard, 2012).

#### 4.3.1 Repercussions of Poverty Prevalence in Sokoto State

Between 9<sup>th</sup> February and 13<sup>th</sup> March, 2017, the researcher conducted a comprehensive *fieldwork* and series of *interviews* in a bid to get first-hand information on poverty prevalence in Sokoto State and its physical manifestations. The results came out with some alarming discoveries. During this period, the researcher formulated some *generative questions* that led to subsequent contact with seven participants through *theoretical sampling*, as depicted in Figure 4.3 below. It was these participants (informants) that supplied the required information on the phenomenon being studied.

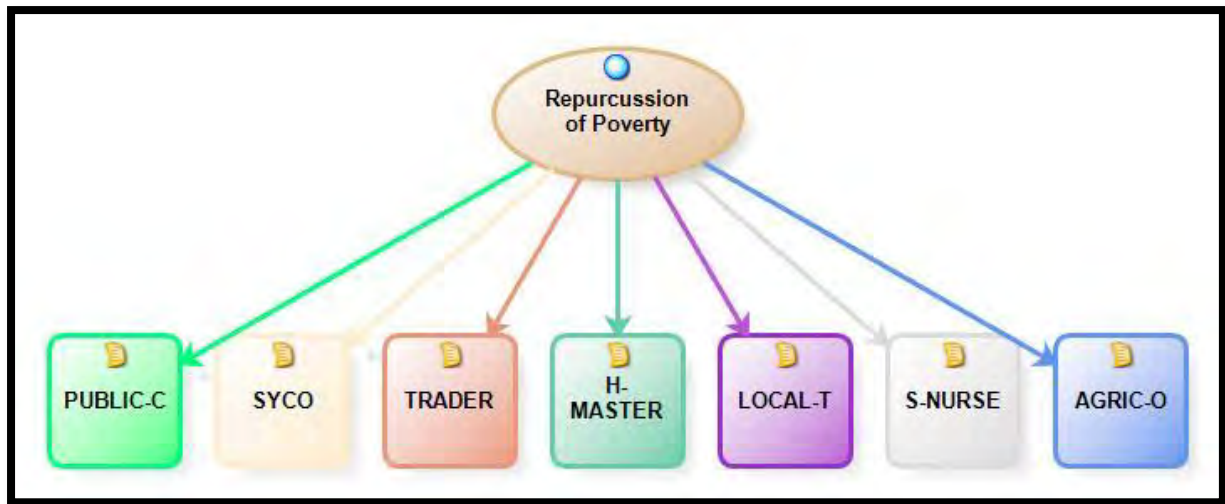


Figure 4.3  
*Repercussion of Poverty in Sokoto State*  
 Source: Developed from the study's data

According to AGRIC-O, poverty in Sokoto State is largely attributed to gross under-cultivation of the vast arable land bestowed to the State due to financial constraints, or inadequate financial empowerment of active farmers. He went further to say that;

*Sokoto State is an agrarian area 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. 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 (AGRO-O).*

In his view, however, H-MASTER attributed the increasing number of school drop-outs in the State to abject poverty. He explained further by saying, thus;

*Due to the inability of parents to pay school fees children roam about during school hours which culminates in rampant cases of juvenile delinquencies especially during political electioneering campaigns. However, it is yet to prove the effectiveness of the State of Emergency on Education recently declared by the State Government (H-MASTER).*

As regard to rampant child labour and hawking glaringly observed by the researcher in public-gathering places, especially motor parks, market places and main highways, LOCAL-T lamented by saying, thus;

*Ofcourse, almost all the affected children are censored directly, or indirectly, by their parents or guardians to partake in the unethical occupation. Pathetically, it was discovered that 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 45% of whom experiencing illegitimate pregnancy (LOCAL-T).*

Moreover, this study discovered that apart from apparent indecencies and immoral lifestyle that characterize their personality, many of these children are facing more persistent, frequent, and severe health problems. Furthermore, it also observed that there is overdependence of the State Government on funds allocation from the Federation account for its capital and recurrent expenditures. There is very small number of sources from which the State can generate revenue to cater for reasonable portion of its domestic expenditures. In his comment on this situation, PUBLIC-C affirmed it by saying, thus;

*This is because of the dwindling internally-generated revenue is mostly accruing from the scanty cottage industries that are sluggishly operating in the State. Therefore, apart from government financial intervention, there is need for a strong home-based financial augmentation of local enterprises by the home-based rich people. This is because State Government alone cannot create or empower local industries (PUBLIC-C).*

Apparently, as the study observed that there is nonexistence of any high-capacity manufacturing company in the State, besides the 50-year old cement factory, despite the availability of numerous agricultural and mineral raw materials. This is not unconnected to what TRADER mentioned as “*lack of investment capital coupled with nonexistence of interest-free credit-creating facilities in the State*”.

In its observation of the local health sector in the State, this study explored evidences of inadequate health services among the masses. When commenting on the matter, S-NURSE described the high mortality rate in the State as a product of abject poverty. Statistically, the participant explained how this is happening by saying, thus;

*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 die annually from poverty-complicated diseases. Moreover, 38% of all children below 15 years die annually from poverty-induced diseases (S-NURSE).*

In her response on the cause-and-effect of poverty in the family health care, the participant said, thus:

*Poor women experience higher rates of low-birth-weight babies, miscarriages, and infant mortality, probably due to improper diet and inaccessibility to adequate prenatal care for their babies. Many infants born into poverty have a low birth weight, which is associated with many preventable mental and physical disabilities (S-NURSE).*

The respondent confirmed that these poor infants are not only more likely to be irritable or sickly; they are also more likely to die before their first birthday. She further explained the negative effect of poverty on these children saying;

*As the children grow up they are liable to be living in absolute illiteracy because they tend to miss school more often due to multiple effects of malnutrition. Moreover, these children also have a much higher rate of accidents than do other children, and they are twice as likely to have impaired vision and hearing, iron deficiency anaemia, and higher than normal levels of lead in the blood, which can impair brain function. Eventually, as the participant lamented, these children are less likely to receive proper nutrition and immunization. Hence, they continue to live with more health problems (S-NURSE).*

Similarly, this study observed swelling number of beggars and sycophants besieging strategic places in the urban areas and trooping into socio-religious gatherings, such as wedding and appointment ceremonies. According to SYCO, most of these people are married with children but are forced into sycophancy and begging by what he described as “harsh conditions characterized by scarcity or total lack of essential materials to sustain minimum

*level of livelihood*”. Usually the presence of these sycophants and beggars in such places is noticed by ensuing pandemonium caused by their struggle to acquire or share the lots. The ban imposed by the State government on open-air begging in public places is apparently ineffective.

In its *observation* of the poor in some parts of Sokoto State, this study discovered these people to have shown little concern for their future but, instead, they prefer to “*live for the moment*” as PUBLIC-C revealed, by embracing self-defeating behaviour. Still some of them submit themselves to a *culture of poverty* in which nothing can be done to change their economic outcomes. The discovery revealed that in this culture of poverty—which passes from generation to generation—the poor feel negative, inferior, passive, hopeless, and powerless.

However, from their reaction, there is clear indication that most of the poor people in the State are willing to pursue education to any level and secure high-paid jobs if given the opportunity. But, ironically, they are economically constrained to pursue functional education which is a basic requirement for obtaining better-paying jobs.

Moreover, this study has discovered in its *observation* that in Sokoto State poverty is relatively less prevalent in urban areas than in rural areas. This is, apparently, due to relative abundance of employment opportunities and income growth in urban areas. Traditionally, the people of the State depend largely on seasonal agriculture for their livelihood.

Demographically, Sokoto State is largely populated by rural-based people who live exclusively on primitive form of agriculture and animal husbandry. The results from

*interviews* and *focus groups* discussions on MSMEs in Sokoto State revealed how agricultural activities are associated with the uncertainty of natural disasters and climatic cycle. During *observation*, the researcher discovered that, due to overdependence of the rural poor on seasonal agriculture, many of them suffer from poverty of a seasonal nature. Although poverty exists in urban areas, but the situation is relatively better. Generally, the urban poor engage in low-skilled and low-paying jobs such as day labouring, driving, masonry, and cleaning.

Furthermore, from the *pilot study* the researcher discovered incidences of mass migration of economically-active poor from rural areas to the State capital and other urban areas in the State. This discovery was later confirmed by some participants during the *interview* sessions. The participants in the *interview* sessions conducted by this study revealed how persistent rural-urban migration is negatively affecting the overall economy of the State. Apart from over-stretching the urban facilities, local agricultural products are reducing drastically. Therefore, the State has to resort to importation of many varieties of food items which are supposed to have been locally produced in sufficient or surplus quantity.

#### **4.3.2 The Features of Poverty in Sokoto State**

The *generative questions* during the fieldwork led the researcher to *theoretical sampling* of the people to be interviewed in subsequent processes of data collection on the issue. In Sokoto traditional setting, poverty is generally viewed as a situation, or condition, in which a person, household or community lacks necessary financial resources and basic essentials to enjoy a minimum standard of life and well-being that is considered acceptable in the society. On this issue, four experts in relevant fields gave their perception of this phenomenon in Sokoto State as depicted in the Figure 4.4 below:

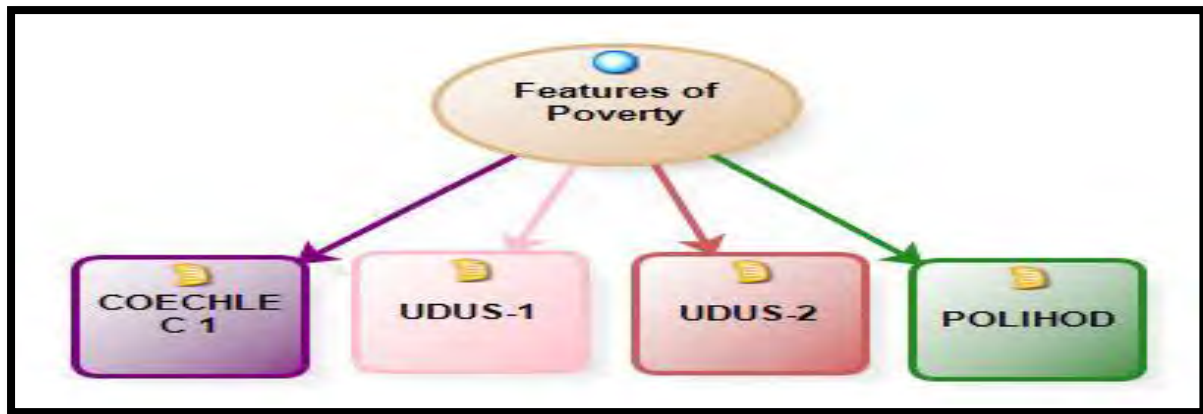


Figure 4.4  
*Features of Poverty in Sokoto State*  
 Source: Developed from the study's data

According to UDUS-1;

*The poor in this State do not have possibility to earn their production asset or capital due to severe financial exclusion. About 60% of the local population do not have any type of bank account (UDUS-1).*

Similarly, COECHLEC 1 described the poor in the State as “*the people isolated from the sources of wealth generation*”. He explained further by saying, thus;

*The poor in Sokoto community are those people who do not have their own factors of production such as land, capital, and entrepreneurial skill. Therefore, they remain trapped in poverty and destitution (COSCHLEC-1).*

The opinion of POLIHOD, however, did not seem to be much different when he described the poor in Sokoto traditional setting as “*the people who do have adequate and efficient factors of production, such as land, capital and infrastructure*”. Moreover, UDUS-2 gave his interpretation of the poor in the local environment as “*those people who do not have functional entrepreneurial skills to make their occupations and enterprises sustainable and dependable*”.

Considering all the four responses, the researcher observed that poverty is a condition that can be changed by devising certain economic measures both at micro and macro levels.



UDUS-1 attributed poverty to financial exclusion which the local authorities, in collaboration with financial institutions, could rectify through effective and vibrant microfinance services. Lack of or inadequate entrepreneurial skill or factors of production mentioned by COECHLEC-1, POLIHOD and UDUS-2 could also be tackled through special communal arrangement or government intervention in collaboration with financial institutions. Essentially, with efficient capacity building initiatives created by the government, poverty can be successfully alleviated in the society.

#### 4.3.3 Causative Factors of Poverty Prevalence in Sokoto State

Despite numerous poverty alleviation programs in the State over many decades, poverty rate among the local population appears to be rising. On this issue three participants, illustrated in Figure 4.5 below, expressed their views on the causative elements of this bedevilling phenomenon in the State.

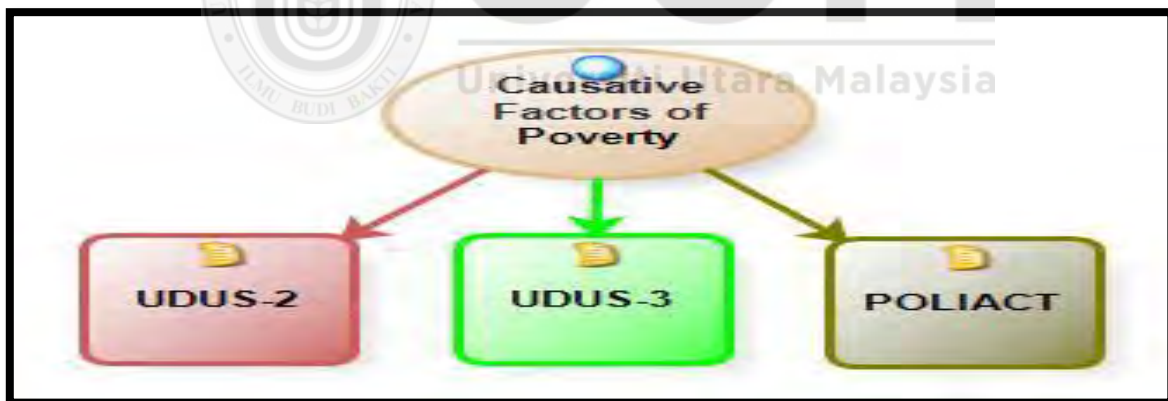


Figure 4.5  
*Causative Factors of Poverty in Sokoto State*  
 Source: Developed from the study's data

According to UDUS-3 the major causative factor of poverty in Sokoto State is;

*Urban-Rural Dichotomy; because Governments could not maintain equilibrium between the rural and urban areas in the provision of basic amenities, dichotomy is artificially created between the two areas. Hence, the problem of mass rural-urban migration in this State is becoming an issue of serious concern not only to authorities*

but also the general public. Therefore, unless the push and pull factors of this phenomenon are identified and tackled, poverty will continue to prevail in this State (UDUS-3).

The participant went on to elaborate by saying, thus;

*The push factors are those associated with the area of origin while the pull factors are those associated with the area of destination. Evidently, lack of economic opportunity tends to “push” people out of their areas of origin to look for better future. Among the push factors are; unemployment, lack of essential services, inherent poverty, poor harvest, drought and isolation from sources of wealth.*

*The pull factors, on the other hand, are the exact reversal of the push factors. These factors emanate from the urban areas tend to pull people towards to what is presumably better. They include the following; job availability, better social services, higher standard of living, alternatives to strenuous farming alternatives, and relief from living pressures (UDUS-3).*

From these responses, the researcher came to understand that the current influx of rural people, especially youth, into urban areas of the State has multiple causes, as illustrated in Figure 4.6 below.

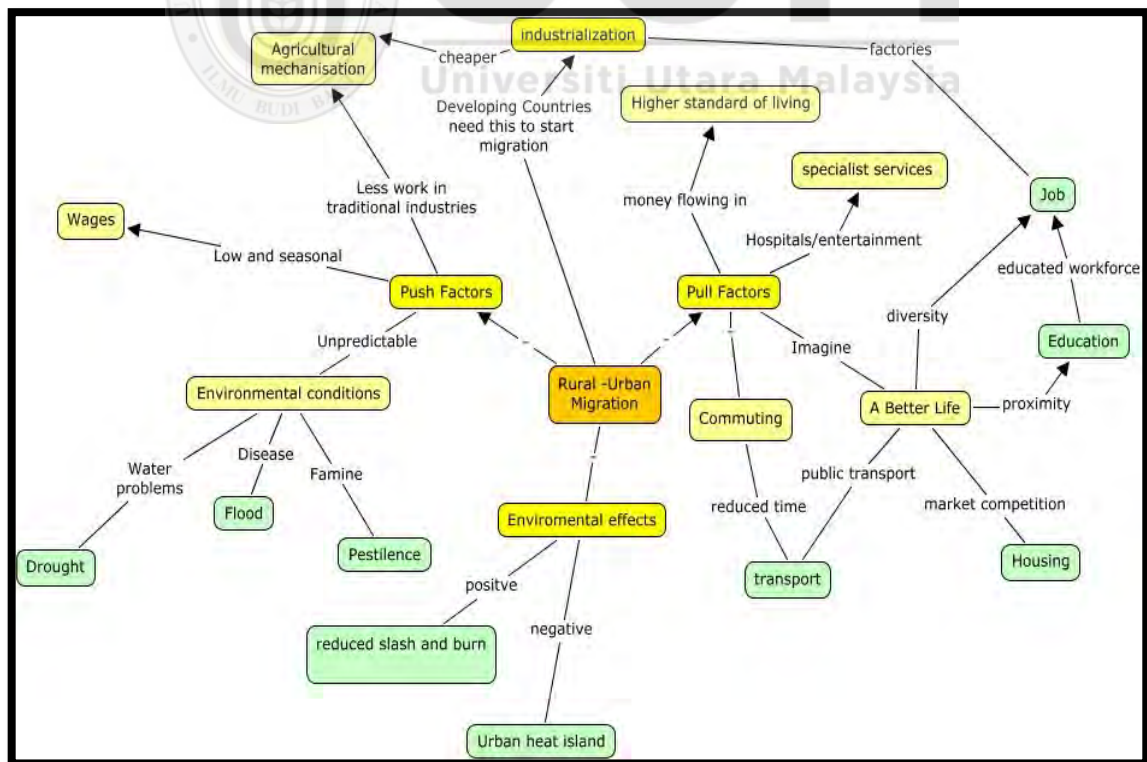


Figure 4.6  
Causative Factors of Rural-Urban Migration

In his response to the same question, POLIACT evaluated the situation from a different dimension which he described as “*the cause-and-effect relationship*” to be a contributory factor to poverty prevalence in the State. He went on to elaborate further by saying, thus;

*Yes, there used to be a cause-and-effect relationship between family size and poverty prevalence. The 100% Muslim-populated State is largely polygamous in its traditional family setting. In most cases, you will discover that larger families are more prone to suffer from severe poverty than smaller ones. Similarly, there is also a cause-and-effect relationship between ignorance and poverty, whereby illiteracy leads to low level of human capital and capacity. Moreover, as I explained earlier, poverty density is relatively higher in the localities that lack basic entrepreneurial infrastructure and facilities all over the State. That is why you see villagers flooding into urban areas (POLIACT).*

Moreover, from his view-point, UDUS-2 attributed poverty in Sokoto State to what he called “*inter-generational vicious circle*”. He lamented over the situation by saying, thus;

*Inter-generational vicious circle remains resistant to all previous poverty alleviation schemes in the State. Yes, if you observe, you will find that majority of the people in this State are not having any job from which regular income is acquired. Therefore, their sole source of livelihood is subsistence farming which, in many occasion, cannot sustain them to next harvesting season. In this case, many families, especially those with large unproductive members (the elderly, small children, the sick, unmarried girls and widows), will find themselves in desperate situation. These families with large number of children are having very little to eat and, virtually, no access to basic health facilities. As a result, the children are malnourished and unhealthy and have many health complications (UDUS-2).*

The participant, who specialized in Sociology, went further to explain the chronological development of this phenomenon by saying, thus;

*Eventually, this constitutes impediments to acquire both traditional (Qur'anic) and modern (Western) education, no matter how little the fees are. Consequently, at the death of their parents, these children are already married adults but without functional education or vocational skill to conduct any economic activity. Gradually, they will start to have their children to whom they will be handing over the desperate situation. Currently, this is the nature of vicious circle of poverty which is bedevilling the socio-economic environment in the State (UDUS-2).*

The participant, finally, concluded by suggesting the ways of breaking the vicious circle when he said;

*Well, there must be coordinated intervention from all tiers of governments, NGOs and faith-based charity institutions that will step in with financial assistance to build the earning potentials of the poor by financing local MSMEs. This is the only way of disconnecting this vicious circle of poverty that has been trapping many families for generations. Although there has been a lot of Poverty Alleviation Programs designed to break the vicious cycle of poverty in many households in Sokoto State, but still a lot has to be done especially in resuscitating the earning potentials of the active poor. For any poverty alleviation program to succeed, it must involve the strategic use of tools such as education, vocational training, human resource development, primary health care and income redistribution (UDUS-2).*

#### 4.3.4 Failure of Previous Poverty Alleviation Programs in Sokoto State

According to participants COECHLEC-1, COECHLEC-3 and POLIACT depicted in Figure 4.7 below, despite many decades of activities by various poverty alleviation programs in the State, it appears that there was no satisfactory result yet.

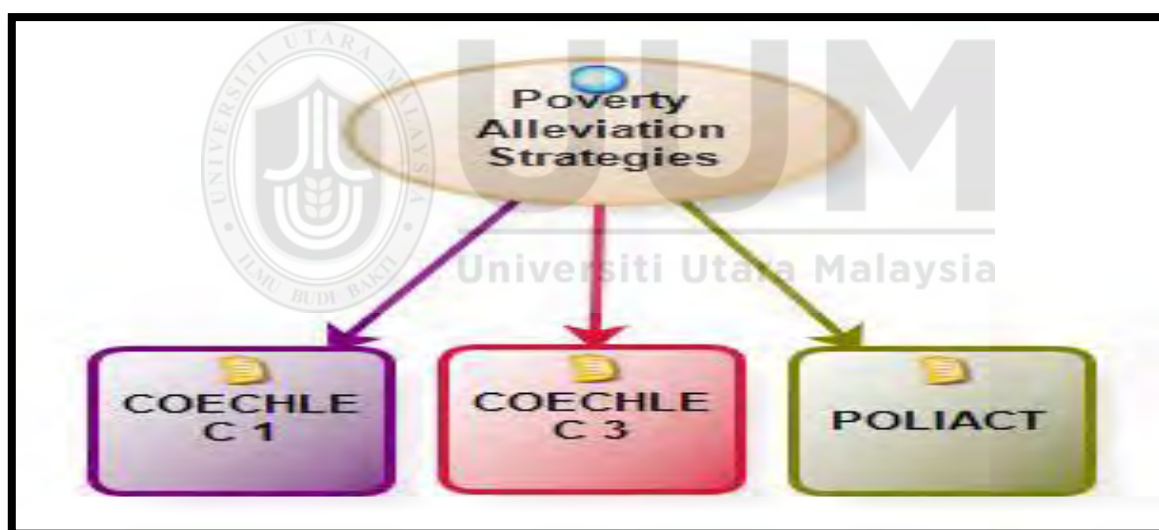


Figure 4.7  
*Failure of Previous Poverty Alleviation Programs*  
 Source: Developed from the study's data

In his response, COECHLEC-1 was saying, thus;

*There is no gainsaying that the fact that the level of poverty in Sokoto State is at a disturbing frequency. The gap between the rich and the poor is still widening at a geometric proportion. Majority are suffering in the midst of affluence in the State (COECHLEC-1).*

On the other hand, COECHLEC-3 expressed concern over what he described as “*deliberate underutilization of abundant natural resources*”. He elaborated further by saying, thus;

*As a State endowed with abundant human and material resources, Sokoto State has failed to harness her numerous potentials to take its right place among the richest States of the country (COECHLEC-3).*

Similarly, POLIACT commented on the issue when he said;

*The various poverty alleviation programmes enunciated and implemented by successive State governments could be said to be akin to mere window dressing as their impact on the target population have left much to be desired. In spite of the fact that various reasons could be advanced for the failure of previous poverty alleviation programmes in State, the lack of good governance is principally responsible for this failure and by extension the alarming level of poverty in the State (POLIACT).*

#### 4.3.5 Corrective Measures for the Current Poverty Alleviation Program

From the previous interviews, this study came to realize that poverty still constitutes a serious socio-economic problem in Sokoto State despite successive poverty alleviation programs over many years. Therefore, on the current poverty alleviation program operating in the State tagged *N-Power Poverty Alleviation Program*, six participants, depicted in Figure 4.8 below, expressed their opinions on how it can make positive impact.

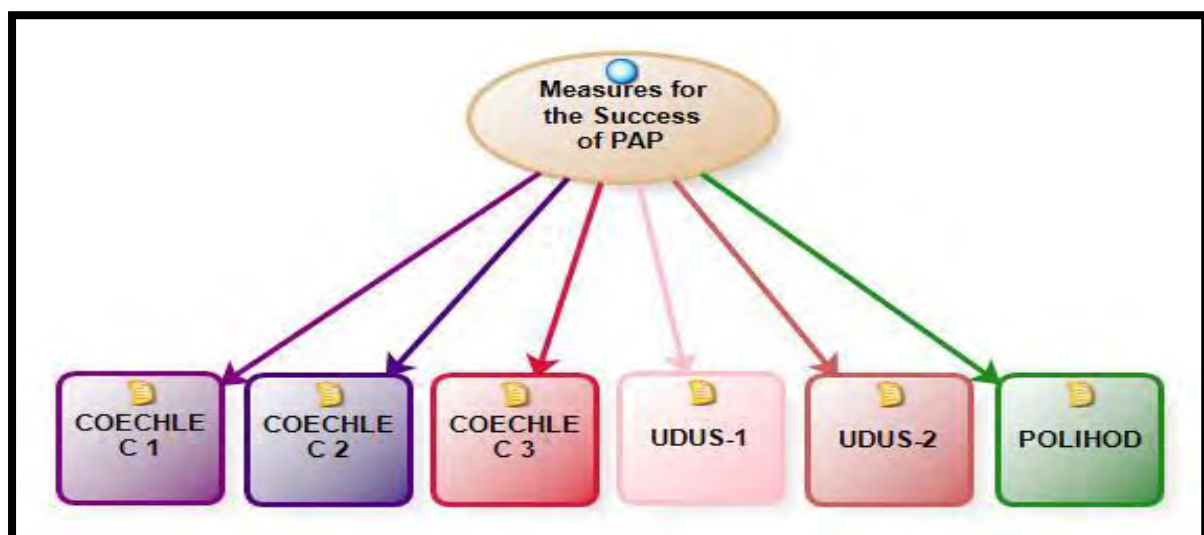


Figure 4.8

*Measures for the Success of Poverty Alleviation Program in Sokoto State*

Source: Developed from the study's data

According to UDUS-1, the current poverty alleviation program can only succeed by “*proper exploitation of human resources*” in the State. He went on to elaborate further by saying, thus;

*For the current poverty alleviation scheme to succeed there must be viable human resource development (HRD). The earning potentials of the active poor should be developed through various skill-acquisition and capacity-building trainings (UDUS-1).*

However, COECHLEC-1, perceived the success to come from a different direction when he said that “*there should be absolute accountability through transparent administration which will create reliability and cooperation for all stakeholders*”. On his side, POLIHOD advised the Government saying the “*authorities should ensure adequate funding and, if possible, all funds ear-marked for any programme should be made completely available before the commencement of the project*”.

Moreover, UDUS-2 was of the opinion that “*there should be practical commitment to achieve the desired goal by all stakeholders notwithstanding the changing dispensation*”. While COECHLEC-2 expressed his opinion by saying that “*there must be efficient infrastructural development to enhance all-round economic growth. This requires creation of community-based projects that will be all-inclusive in participation and accommodation of the yearnings and aspirations of the people*”. But COECHLEC-3 took a tougher opinion in that regard when he said; “*there is need for the adoption of punitive measures against saboteurs, no matter their positions or social class*”.

#### **4.3.6 Human Resource Development as a Catalyst for Effective Poverty Alleviation**

Now it became glaringly clear to the researcher from the responses of the previous participants that poverty cannot be effectively alleviated in Sokoto State without proper



human resource development (HRD). This study, therefore, would like to know the appropriate modalities to be adopted for the fulfilment of this ambition from professionals depicted in Figure 4.9 below.

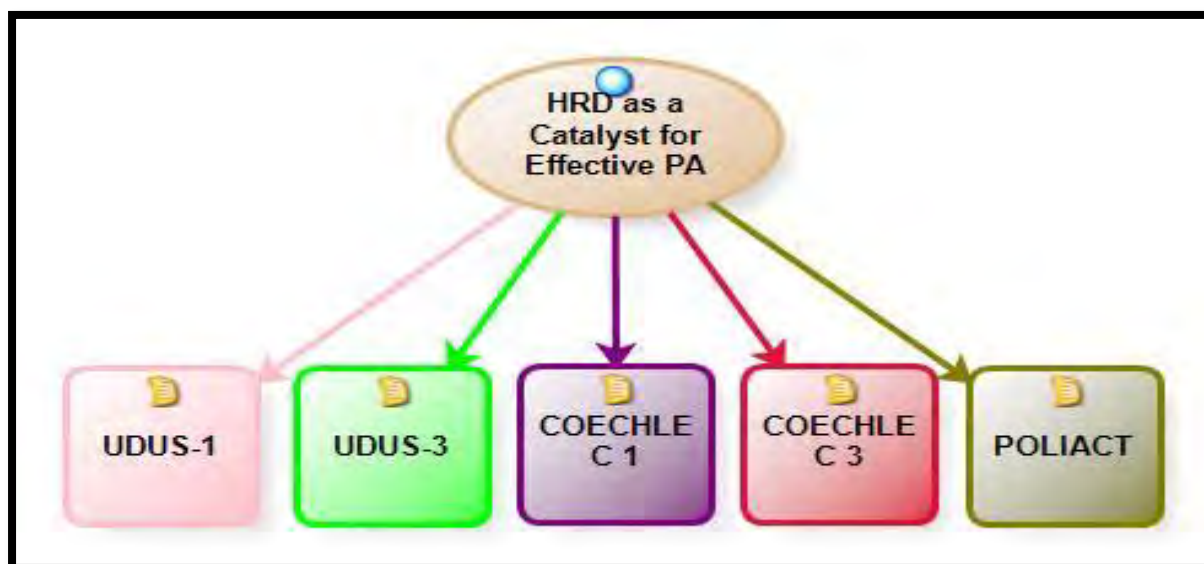


Figure 4.9

*HRD as a Catalyst for Effective Poverty Alleviation in Sokoto State*

Source: Developed from the study's data

In his response, COECHLEC-1 emphasized the need for training the active poor on a special discipline called Information and Communication Technology (ICT) when he said, thus;

*Training the active poor, especially the unemployed graduates, will introduce them to common terminologies used in the start-up ecosystem, and the requirements to commercialize innovations, including protecting intellectual property, describing an innovation and the benefits it provides (vs. features), navigating the development process and market and product validation (COECHLEC-1).*

Moreover, COECHLEC-3 supported the idea of capacity-building training especially on Agriculture and Agro-Processing Enterprises considering the agrarian nature of the State. He went on to clarify his point by saying, thus;

*This training will provide effective entrepreneurial skills to agropreneurs and subsistence farmers across the value chains in the following areas - Rice, Maize, Fruit Trees, Poultry, Dairy and Fisheries. The program will be held in major Agro-hubs across the State to ensure proportionate coverage (COECHLEC-1).*

In her opinion, however, UDUS-3 emphasized on the need for training the active poor in Fashion designing when she said;

*The training programme should be organized in order to help new and existing fashion designers, most of whom are females, develop entrepreneurial skills to grow their businesses. With the programme's partnership with renowned local and international fashion designers, participants will learn how to maximize the local and international demand for our fabrics, textiles and prints. It is a welcome development that this year the State Government will establish a textile company in Kalambaina town (UDUS-3).*

In the same vein, POLIACT called on the State authorities develop the earning potentials of the local population on Manufacturing and Retail when he said;

*Exposure to basic accounting and inventory management principles, which are vital to retail operations, will be provided. In addition, the training programme will offer practical skills in areas such as branding, marketing, finishing and quality control (POLIACT).*

Construction also is an area of vital importance in which active poor should be trained. This is in line with the opinion of UDUS-1 when he said;

*Through such training, participants will acquire specialised skill-set training in areas such as masonry, brick-laying, carpentry, and plumbing, all of which will create pathways for the State indigenes to gain employment (UDUS-1).*

Upon the views of the participants, the researcher is of the opinion that for any HRD training program to reap the desired fruits in Sokoto State, the organizers should take the following issues into consideration:

- i. Bi-weekly entrepreneurship publications in the print and online media to sensitize the public on the current MSMEs in Sokoto State and their significance.
- ii. Online forum for budding entrepreneurs to network with successful entrepreneurs and industry experts.



- iii. Unemployed youth to receive tailored on-line training in various aspects of entrepreneurship such as access to finance, access to markets, competitiveness, business strategy, and mind-set change.

#### 4.3.7 Weakness in Grass-root Poverty Alleviation Initiatives

So far, the study had collected a lot of data on diverse issues on poverty and its alleviation from different strata of the society. However, not much information had been acquired regarding the phenomenon in the rural areas where the bulk of the population reside. Generally, people are lamenting over persistent exclusion of rural areas in all the previous poverty alleviation programs. Apparently, this is one of the contributory factors in their failures. Four participants, depicted in Figure 4.10 below, commented on this issue;

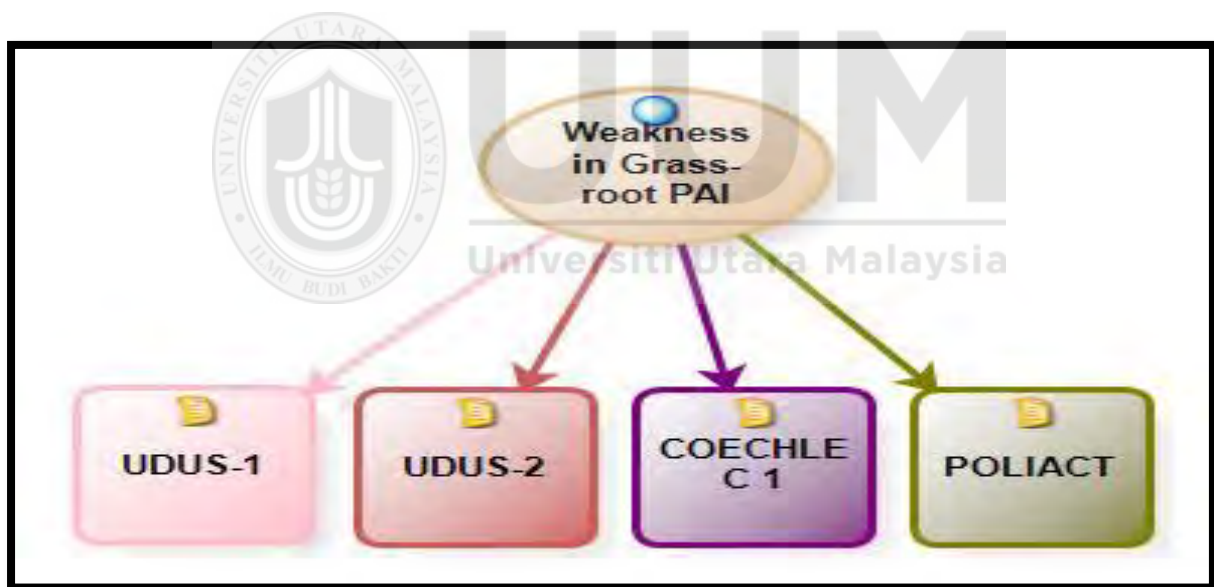


Figure 4.10  
*Weakness in Grass-root Poverty Alleviation Initiatives*  
Source: Developed from the study's data

When commenting on the persistent neglect of rural areas in all the previous poverty alleviation programs, UDUS-1 made a clarion call to the concerned authorities when he said, thus;

*Of course, it is true that rural areas are continuously neglected in the fight against poverty! Apart from the relative neglect of the informal sector, it is important to underscore the fact that some anti-rural economic policies are noticeable in Sokoto State. Such policies include persistent and massive denial of physical and social infrastructure, as well as poor transport linkages by road or water. The time of reflection and refocusing the anti-poverty policies is now! (UDUS-1).*

As for COECHLEC-1, he lamented over the negligence when he described the situation as “deplorable” and went on to say, thus;

*Poor access to development resources like land, credit, and technology in addition to concentration of industries in the State capital are serious impediments. Also bias of even agricultural expenditure towards powerful and rich urban dwellers is a matter of great concern (COECHLEC-1).*

When commenting on the issue, POLIACT justified the on-going allegation by saying, thus;

*Bias of domestic terms of trade against agriculture and other rural activities with relatively low producer prices for food, agricultural exports and other rural produce is a major obstacle to poverty alleviation in the rural areas. This is in addition to poor incentives to the rural economy and to economic activities in rural areas (POLIACT).*

However, UDUS-2 perceived the problem from a different dimension, when he argued saying:

*Apparently, there is denial of political power to the rural majority (even with the current local government reforms in financial allocation) so that the rural population is underrepresented in decision-making organs at all levels of society (UDUS-2).*

Urban-rural ratio of poverty prevalence was among the major issues discussed during the three *focus group* symposia. Amazingly, all the participants were unanimous on the allegation that rural areas are apparently neglected by the sponsors of all the previous poverty alleviation programs. This, according to the general views of the discussants, led to the current overwhelming manifestation of poverty all over the rural areas of Sokoto State. Going through the chronology of poverty alleviation programs in Sokoto State for the past 40 years, still it appears that this phenomenon is increasingly gaining wider ground in rural areas.

#### 4.3.8 Amendments in Grass-root Poverty Alleviation Policies

Ultimately, there is need for holistic approach to poverty reduction in Sokoto State considering the apparent failure caused by what seem to be discriminatory policies of fighting poverty in the past. Therefore, the researcher felt the need to consult some participants on the issue as shown in Figure 4.11 below.

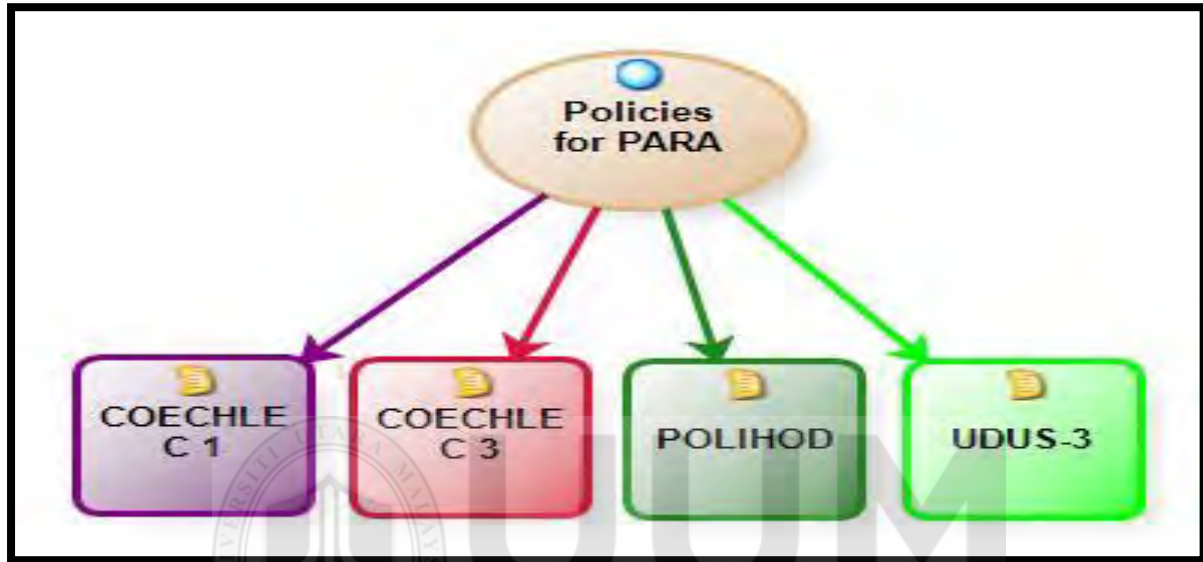


Figure 4.11

*Amendments in Grass-root Poverty Alleviation in Rural Areas*

Source: Developed from the study's data

In his opinion, COECHLEC-1 was saying *“of course, there is need for bottom-up and demand-driven identification and prioritization in order to allow for community ownership. Community participation would be enhanced in aspects of project circles, by decentralizing decision-making”*. On the other hand, COECHLEC-3 was of a different view when he said:

*There should be proper coordination, monitoring and evaluation, which involve streamlining and networking of existing poverty reduction programs into the support mechanism. Use of appropriate monitoring and evaluation mechanism will facilitate poverty reduction and eventual elimination (COECHLEC-3).*

Moreover, POLIHOD called for what he described as *“service delivery that comprises of targeted intervention and building on existing safety-nets of the poor, building mechanisms*

*into poverty reduction plan, provision of a support mechanism to finance projects which are initiated by intended beneficiaries and emplacement of pro-poor national growth strategies”.*

However, UDUS-3 was of a different opinion when she said:

*There should be capacity Building and Empowerment. This involves grassroots decision making, provision of access to productive inputs and assets such as credit, land etc; relevant and effective training and education, exposure to and adoption of appropriate technology, access to adequate infrastructure and social services, integration of informal sector into the main stream of economic activities (UDUS-3).*

In the light of the above opinions of participants, the researcher is calling on the current administration in the State to give proportionate priority to the rural areas in its developmental schemes. In fact, the overall policy objectives of all poverty alleviation programs in Nigeria, from independence to date, are geared towards developing the rural areas, raising the quality of life of the rural people, alleviating rural poverty and using rural development as a basis for laying a solid foundation for national development.

However, in order to achieve vibrant development on a sustainable basis, the policies to be adopted must empower rural dwellers by creating productive employment, enhancing their income, ensuring protection of the environment, promoting gender responsiveness, and ensuring adequate care for vulnerable groups. New rural-oriented poverty alleviation measures should be created which include the following:

- i. Promotion of even-development as a cardinal objective of integrated rural development.
- ii. Heavy reliance on the private sector to lead investment in the rural sector to promote economic growth.
- iii. Community Driven Participatory Approach (CDPA) in project identification design, implementation, monitoring and evaluation.

- iv. Rationalization and re-alignment of public-sector rural development institutions.
- v. Collaborative efforts between government and other stakeholders for input delivery and marketing of agriculture and other rural products.

#### 4.3.9 Special Policies for Poverty Alleviation in Sokoto State

The current poverty alleviation policies in the State need to be reviewed to address the contemporary socio-economic challenges. Five participants, depicted in Figure 4.12 below, expressed their opinions as to how these discriminatory policies should be amended urgently.

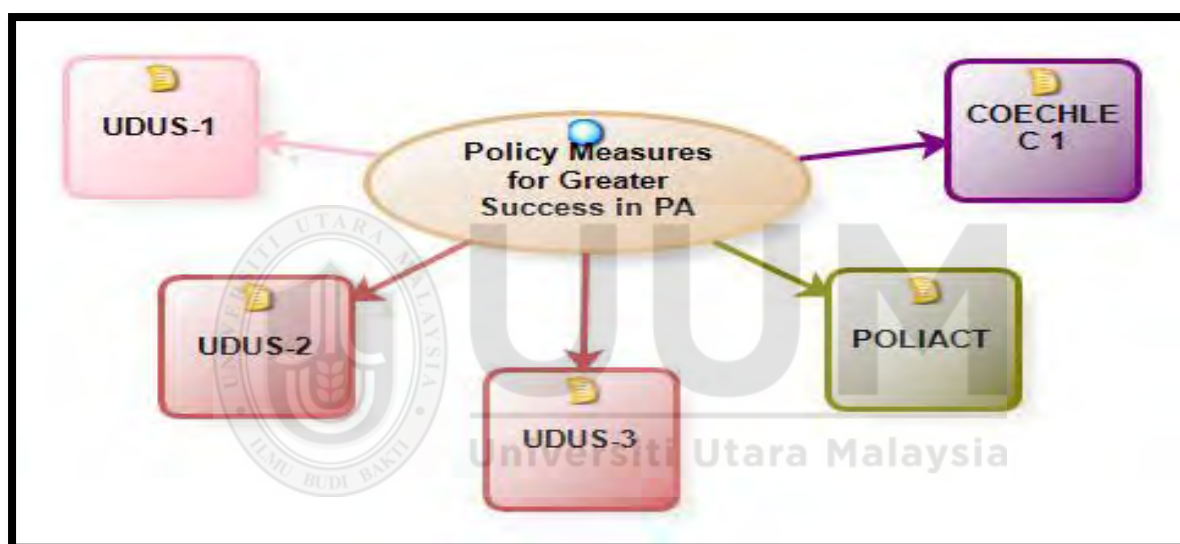


Figure 4.12  
*Special Policies for Poverty Alleviation in Sokoto State*  
 Source: Developed from the study's data

According to UDUS-1, for the current poverty alleviation program to reap greater success the Government should, as a matter of policy, address what he described as “*rural community organization and mobilization*”. He went on to explain further by saying, thus;

*This policy should consider the need for full participation of rural communities in the policy implementation is critical to the quality and sustainability of the developmental projects of government. For this, there should be appropriate support for rural community initiatives and programs through managerial, technical, financial and other appropriate assistance (UDUS-1).*

Moreover, UDUS-2 is of the opinion for the enactment of a new policy that caters for what he referred to as “*promotion of rural productive activities*”. He clarified the point by saying, thus;

*In this regards, emphasis should be placed on employment and income generating opportunity and activities. The policy areas under the promotion of rural productive activity should include agriculture, fisheries, animal husbandry, mineral resources development, manufacturing and industry, marketing and distribution, and rural financial systems (UDUS-2).*

In her opinion, UDUS-3 proposed a policy to be enacted which will cater for what she described as “*special programs for target groups*” . She clarified further, saying, thus;

*This is due to the fact that the powerless, marginalized and deprived rural people deserve special attention. This policy targets many groups in the rural areas that cater for the welfare of women, youth, children, the elderly/retired, beggars and destitute, emergencies and national disasters, and economically disadvantaged areas (UDUS-3).*

On the other hand, POLIACT called for the formulation of a special policy that caters for what he described as “*human resources development and utilization*”. He went on to say, thus;

*Under this policy, the emphasis is on recognition of the critical and dynamic role of the common man in rural development. The areas of concern under this policy should include health and population, culture and social development education, technology and skills development research and extension services, and information and communication technology (POLIACT).*

However, COECHLEC-1 viewed it differently when he suggested for a policy that caters for what he referred to as “*enhancement of enabling rural infrastructure*”. He clarified the point saying, thus;

*This policy will put emphasis on government taking adequate measures to promote the development and improvement of rural infrastructure with a view to stimulating and promoting sustainable growth of rural productive activities. The policy will be concerned with such areas as transport infrastructure and facilities, communications infrastructure, housing, environment, energy, and water and sanitation (COECHLEC-1).*

On *saturating* the required information on poverty issues, nine *concepts* eventually emerged which constituted the first research *category* (theme), as shown in the Table 4.3 below.

Table 4.3  
*Thematic Development on Poverty Prevalence in Sokoto State*

Category	Concepts
Prevalence of Poverty in Sokoto State	<ul style="list-style-type: none"> <li>i. Repercussions of Poverty Prevalence in Sokoto State</li> <li>ii. Features of Poverty in the State</li> <li>iii. Causative Factors of Poverty in the State</li> <li>iv. Failures of Previous Poverty Alleviation Programs in the State</li> <li>v. Corrective Measures in Current Poverty Alleviation Program</li> <li>vi. HRD as a Catalyst for Effective Poverty Alleviation</li> <li>vii. Weaknesses in Grass-root Poverty Alleviation Initiatives</li> <li>viii. Corrective measures in the Initiatives</li> <li>ix. Special Policies for Poverty Alleviation in the Rural Areas of the State</li> </ul>

Source: Developed from the study's data

#### 4.3.10 Research Findings on Poverty Prevalence in Sokoto State

The outcome of the *constant comparative analysis* of data on the first *category* revealed that poverty is widely spread in the State and, apparently, it is increasing geometrically. Traditionally, the people of the State regard poverty to be inherent, natural and destined. Therefore, many poor households tend to succumb to living in poverty for generations. The State is bestowed with abundant wealth-generating resources, but majority of its people are isolated from them by many preventable constraints. Hence, for poverty to be effectively alleviated in the State, there must be functional capacity building of the active poor by removing the barriers that are isolating them from the sources of production. The barriers include lack of functional education, lack of basic infrastructural facilities in poor and/or rural areas, unemployment due to dearth of local MSMEs, and financial exclusion.

At this stage of data collection, the study has fully achieved its first *research objective* and some part of the fourth objective. From the *constant comparative analysis* of numerous responses of participants, the study explored the following facts:

- i. The prevalence of poverty in the State is breeding many undesirable outcomes which include;
  - a. Agricultural decline
  - b. Soaring number of out-of-school children
  - c. Moral degradation of growing-up children
  - d. Dwindling local enterprises
  - e. Failures of health delivery services
  - f. Rampant unemployment among all levels of active poor
  - g. Numerous unexploited job opportunities and unharnessed sources of wealth generation
- ii. Causative factors of poverty in Sokoto State are real and apparent, which include;
  - a. Urban-rural dichotomy triggered by pull and push factors
  - b. Cause-and-effect relationship caused by the traditional family setting
  - c. Intergenerational vicious circle caused by permanent isolation from the sources of wealth generation
- iii. Failures of previous poverty alleviation programs in the State disclosed by empirical evidences.
- iv. Need for concerted efforts to tackle the poverty phenomenon in the State.
- v. Need for all-inclusive poverty alleviation policies to ensure equal coverage of rural and urban areas of the State.



#### 4.4 Role of Sokoto State *Waqf* Committee in Poverty Alleviation

Issues pertaining to Sokoto State *Waqf* Committee and its role in poverty alleviation constitute the second *category* of the analyzed data. As indicated in the *NVivo* output Figure 4.13 below, ten *concepts* gradually emerged as the raw data was systematically refined and condensed during the *constant comparative analysis* for the fulfilment of the second *research objective*.

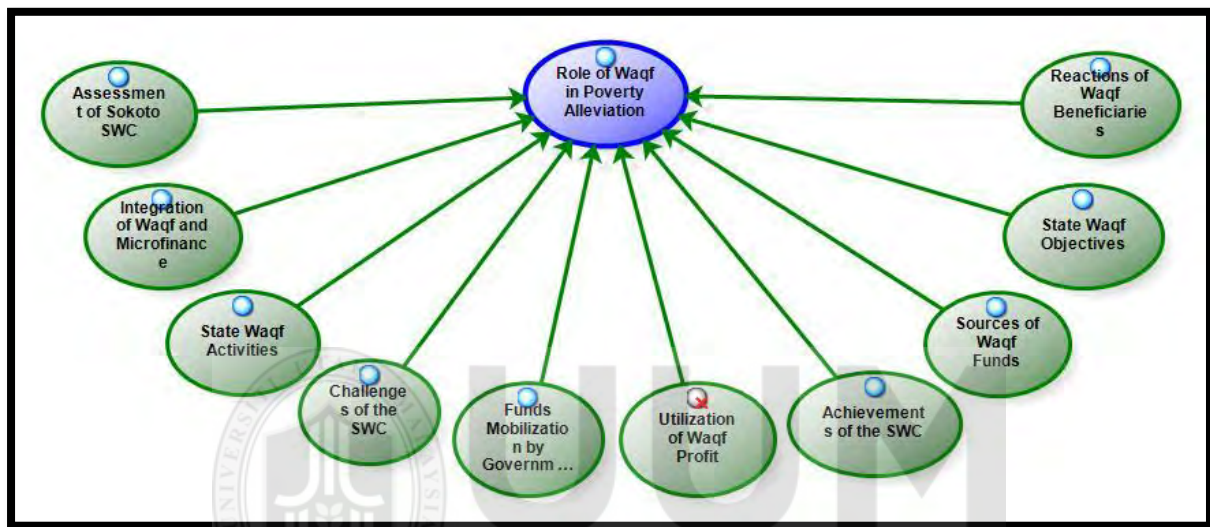


Figure 4.13  
*Sokoto State Waqf Committee and its Role in Poverty Alleviation*  
Source: Developed from the study's data

From the available records obtained from the Secretariat of the State *Waqf* Committee, this study learnt the historical background of current coordinated *waqf* activities. The Sokoto State *Waqf* Committee is an institution established in 1988 by Sokoto State Government of Nigeria. This Committee, headed by General Overseer, has its headquarters in Sokoto city, the State capital, and a branch in each of the 23 Local Government Areas of the State (*Sokoto State Waqf Committee, Annual Report, 2015*). The General Overseer is answerable to the Honourable Commissioner, State Ministry of Religious Affairs who, in turn, is answerable to the State Executive Governor.

According to the *Annual Report* (2015), this Committee was established with a mission that reads; “*To become a formidable endowment institution that could cater for the less-privileged in our society, country and beyond*”. The mission of the Committee is spelt out in the following phrase: “*To establish a solid and reliable system of endowment collection, management, utilization and investment for the benefit of the poor in the society*” (Annual Report, 2015).

#### 4.4.1 Objectives of Sokoto State *Waqf* Committee

As the State *Waqf* Committee was officially established and mandated to shoulder the affairs of *waqf* in the State, it must have pre-set objectives to be achieved both in short-term and long-term periods. In order to find out these objectives, the researcher consulted seven high-ranking officers in the administrative circle of the State *Waqf* Committee. These participants, as presented in Figure 4.14 below, gave their respective description of the objectives.

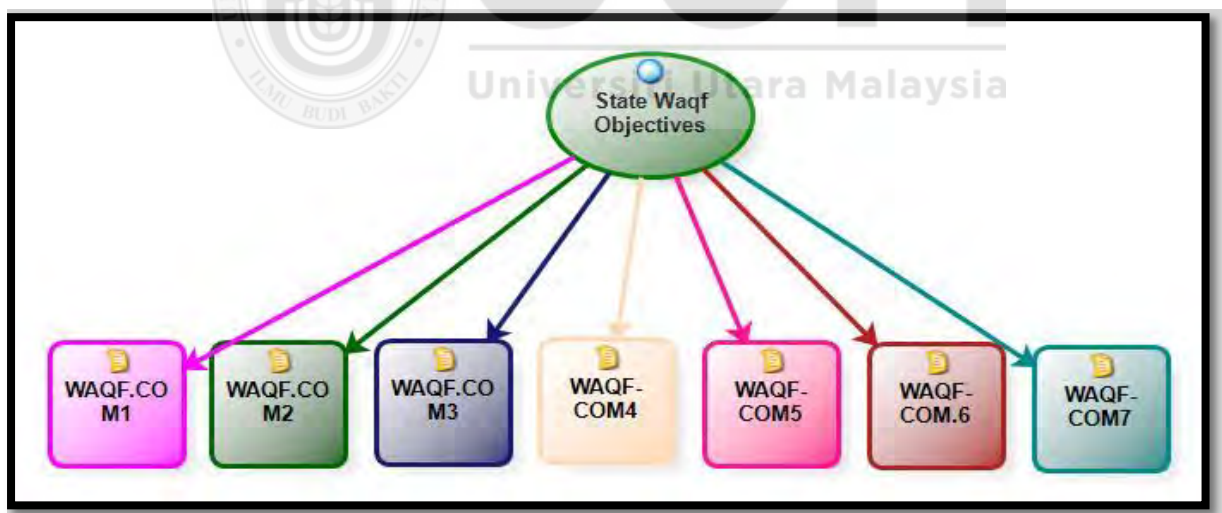


Figure 4.14  
*Objectives of Sokoto State Waqf Committee*  
 Source: Developed from the study’s data

According to *WAQF.COM1*, the Committee is set to achieve two fundamental objectives which include “*mobilization of various waqf funds and assets from donor individuals and*

organizations, protection of the perpetuity of all waqf properties when maximum utilities are derived from them”. Moreover, WAQF.COM2 added more objectives which include “provision of social security to the poor which includes food shelter and clothing where necessary, and disbursement of revolving loans to economically-active poor for investment in various MSMEs”. While WAQF.COM3 clarified further to include “liquidation and/or revitalization of dormant waqf assets for optimum and lasting utilization, and provision of emergency relief aid to victims of flood, fire, drought and natural catastrophes”. Another objective, according to WAQF.COM4 includes “enhancing human resource development (HRD) through short-term skill-acquisition programs”. While WAQF.COM5 added another objective when he said he talked of “embarking on d’w and public enlightenment activities on the significance of waqf in Islam in order to encourage more people to donate generously to waqf fund”. As for WAQF.COM6, he said the Committee is working to ensure “building the earning potentials of economically-active poor with credit creation for investment in MSMEs. On the other hand, WAQF.COM7 added another objective when he said that the Committee is embarking on rigorous sensitization campaigns through the local mass media outlets and open-air preaching to inculcate the culture of donating for waqf”.

#### **4.4.2 Activities of State Waqf Committee**

Considering the objectives which the Committee wants to achieve, its activities are likely to be numerous. Therefore, the study enquired for clarification from six participants shown in Figure 4.15 below.

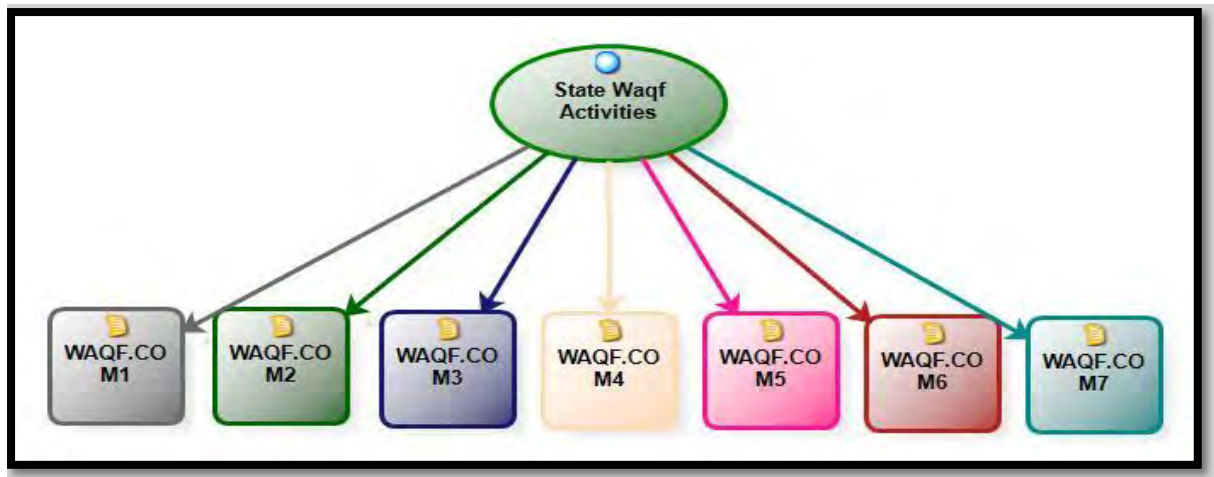


Figure 4.15

*Activities of State Waqf Committee*

Source: Developed from the study's data

According to *WAQF.COM1*, in its bid to alleviate poverty in the State, the *Waqf* Committee is currently engaged in numerous activities which include:

*Provision of permanent shelter or rehabilitation to the desperate poor; settling rentals or debts of tenancy for the poor; 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; payment of monthly allowances to ad-hoc members of subcommittees; and mobilizing investable funds and disbursing them in profitable businesses to create more wealth for the poor and needy (WAQF.COM1).*

Moreover, *WAQF.COM2* added by saying that the Committee is embarking on “*the provision of food items to the poor in the Districts affected by calamities to cushion the effect of hunger and poverty. It also identifies the poor orphans to be assisted them with the basic needs of life. Similarly, the Committee liaise with diverse State Ministries to cater for miscellaneous needs of the poor*”. *WAQF.COM3* clarified further with more activities which include “*collaborating with Psychiatric Hospitals in settling medical bills of mentally-impaired poor patients. The Committee also rehabilitates the recovered psychiatric patients and other necessary medical assistance*”.

Moreover, *WAQF.COM4* added another activity as the Committee is involved in “*enhancing human resource development (HRD) through short-term skill-acquisition programs*”. However, *WAQF.COM5* made mention of their involvement in “*mobilizing investable funds and disbursing them in profitable businesses to create more wealth for the poor and needy; and partnering with small-scale entrepreneurs in PLS and non-PLS businesses to increase waqf funds*”. Similarly, according to *WAQF.COM6*, the Committee is engaged in “*organizing various skill-acquisition programs for the active poor as well as promoting educational activities in the State*”. Other important activities in which the Committee engages are what *WAQF.COM7* mentioned to include:

*Organizing deals with local share-holders companies in order to generate profit for waqf properties; 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; and maintaining the website of the Committee and using it to disseminate its activities nation-wide (WAQF.COM7).*

#### 4.4.3 Achievements of Sokoto State Waqf Committee

Considering these numerous activities being executed by the Committee, there might be some achievements realized so far. Therefore, the researcher asked seven participants, portrayed in Figure 4.16 below, for clarification on this issue.



Figure 4.16

*Achievements of State Waqf Committee*

Source: Developed from the study's data

In his response, *WAQF.COM1* described a major achievement realised by the Committee so far;

*The Committee has, so far, realized laudable achievements which practically seen reduction of the number of street beggars in the State with many of them becoming self-reliant; promotion of small-scale enterprises with many beneficiaries fully engaged in animal husbandry, trading, farming, poultry, sewing, and other local enterprises. So far, from January, 2015 to January, 2016, varieties of durable items were distributed to 1550 active poor as capital for micro, small and medium enterprises which include;*

- i. 80 deep freezers*
- ii. 450 sewing machines*
- iii. 420 grinding machines*
- iv. 560 Sokoto red goats*

*This year (2017), we are planning to distribute more of these capital assets to larger number of beneficiaries (*WAQF.COM1*).*

Another vital achievement is what *WAQF.COM2* mentioned that presently there is “a specific scheme is now operational in educating and enlightening the disabled to feel self-confident in participating in all endeavours of life with their children enrolled in schools. So far, 183 children of inactive poor parents are sponsored to pursue primary and secondary education”. He went further to explain, thus;

*Recently, the Committee distributed 2500 sacks of rice and other assorted grains, 5750 bundles of textile materials and N10, 000000 to the poor, orphans and the needy, during Ramadan and the two Eid festivals. Similarly, following the destructive flood disaster of last year (2016) in Shagari, Goronyo and Wamakko Local Government Areas, the Committee rehabilitated 103 houses of active and inactive poor. The rehabilitation covered roofing, minor construction and provision of building materials which engulfed N27, 780, 500 (*WAQF.COM2*).*

While, in his view, *WAQF.COM3* mentioned of “120 active poor have acquired entrepreneurial skills through our training programs. They are now conducting their respective enterprises in shoe-making, leather works, sewing, carpentry, building and other local ventures”. This was further supported by *WAQF.COM4* saying thus:

*A considerable amount of investable waqf funds is now available from time to time for numerous productive enterprises. Currently, capacity-building programs for the active poor are now operating regularly. 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 (WAQF.COM4).*

On the other hand, *WAQF.COM5* saw an achievement worthy of being mentioned as “*many neglected or forgotten Islamic business contracts, such as Salam, Istiṣnā , Muḍā b and Muzá ’ , are now brought to limelight. Now the State Waqf Committee is engaged in 17 businesses under four Islamic financing techniques*”. Other loudable achievements as *WAQF.COM6* clarified include rehabilitating the mentally-retarded persons brought by their relatives, or neighbours throughout the year under review. He explained further by saying, thus;

*In collaboration with the Federal Psychiatric Hospital, Kware, Sokoto State, last year (2016) the Committee disbursed twenty-four million Naira (N24, 000000) for the treatment and subsequent rehabilitation of the discharged patients. Other health services for the poor were also paid during the period 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) (WAQF.COM6).*

Moreover, *WAQF.COM7* commended their Publicity Department that presently, “*increasing number of local people are becoming aware of the importance of waqf of both asset and cash which increase the amount of waqf properties relatively in the past five years*”. The participant explained further by saying, thus;

*A huge amount of money was expended during the year under review (2016) 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 (WAQF.COM7).*



#### 4.4.4 Challenges Facing the State *Waqf* Committee

Considering these commendable achievements, the researcher enquired about the challenges that might be facing the Committee in its operation and discharge of its assignments. The seven participants shown in Figure 4.17 below gave diverse responses.

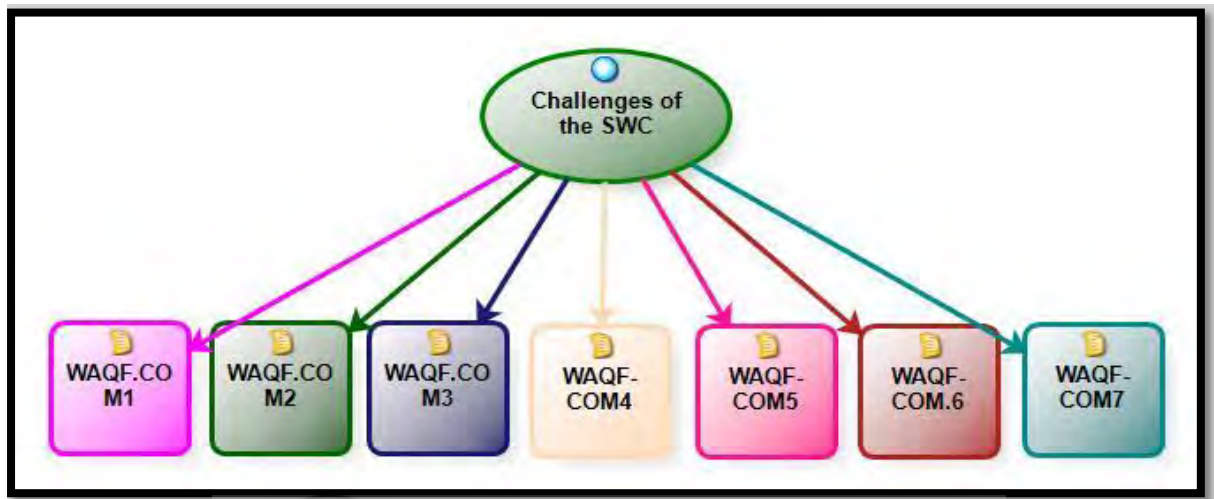


Figure 4.17  
*Challenges facing the State Waqf Committee*  
Source: Developed from the study's data

According to *WAQF.COM1*, the most formidable challenge facing the Committee at the moment is “*higher demand of services in the areas of assistance to orphans and the poor and inadequate funds for the provision of shelter, settling medical bills and rehabilitation*”. However, *WAQF.COM2* complained of “*the difficulties in screening and verifying the eligible people for entrepreneurial financing*”. While *WAQF.COM3* saw the challenge to be “*the increasing number of economically-inactive poor waiting to be included in the beneficiaries of social security services*”. However, *WAQF.COM4* expressed concern about “*the incessant default in repayment of loans as and when due which culminates in the inability of many applicants to secure financing due to acute shortage of funds*”.



As for *WAQF.COM5*, the challenge currently facing the Committee is *“inadequate funds for running activities and covering full operational expenses, due to dwindling donation to waqf by the general public”*. Moreover, *WAQF.COM6* was saying the challenge is *“total diversion, misutilization or under-utilization of investment loans by many financed parties, thereby defeating the primary objective of building the earning potentials of the poor”*. When commenting on the issue, *WAQF.COM7* expressed his worry over *“the incessant misutilization of some waqf assets by ignorant, or misinformed, people who regard waqf assets as nobody’s properties”*.

#### 4.4.5 Sources of Funding the State *Waqf* Committee

*Waqf* is all about funds in cash and asset. The researcher, therefore, made enquiries about the sources from which the State *Waqf* Committee is acquiring its funds for settling operational costs and conducting the day-to-day activities. Six participants, as shown in Figure 4.18 below, were involved in the clarification of the issue.

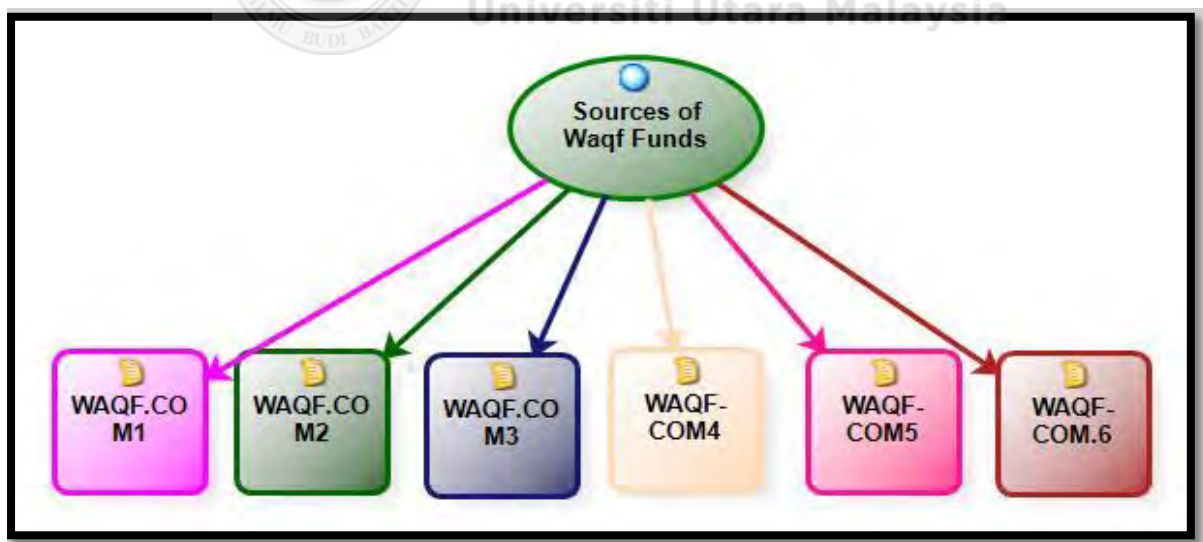


Figure 4.18  
*Sources of Funding the State Waqf Committee*  
 Source: Developed from the study’s data

According to *WAQF.COM1* the Committee is largely getting its funds from individuals. He further explained thus;

*Unlike zakkah that is paid by specific people, at specific amount and at specific period, waqf fund is opened to all classes of people at any time and with any amount. Therefore, compared to zakkah, waqf is believed to have more potential for sustainable poverty alleviation and rapid economic growth. The current mobilization of cash waqf by the Izalah Movement in Nigeria to cater for the poor and orphans proves very successful (WAQF.COM1).*

However, *WAQF.COM2* made mention of “private and corporate organizations to be playing very important role in the development of waqf fund, regardless of whether an organization is NGO or governmental, and regardless of the nature of their activities. As part of their social services, these organizations use give contributions to the State Waqf Committee in cash and kind for the execution of certain assignments”.

On his own part, *WAQF.COM3* counted MSMEs among the major sources of fund when he said, thus;

*The local MSMEs as representing the core of waqf fund. They are behind the creation of the cash waqf, and therefore they are very active participant in the creation of the endowment. They can contribute to the growth of waqf by directing their business activities towards enhancement of waqf. Similarly, MSME is an important partner in funds management of waqf so long as it remains the key player in investing the funds in numerous enterprises (WAQF.COM3).*

Moreover, *WAQF.COM4* acknowledged the contribution of some International Organizations. He said “these organizations include Islamic charity and relief organizations across the world, as well as Islamic Development Bank and Muslim philanthropists”. But on the other hand, *WAQF.COM5* made mention of the Unclaimed Properties to constitute an important source of funds. According to him, “these comprise of properties brought from auto accidents whose owners are not identified, properties thrown away by chased robbers or brought ashore without any identification of the owners”.

In his view, however, *WAQF.COM6* recognized the Local and State Governments as the most important source of funding the Committee. According to him the two tiers of government, State and Local, are the key players for the successful *waqf* operation. He therefore said;

*The roles of the government are played in the following ways:*

- i. *Supporting the cash waqf as a unique instrument and approach in the industrial and entrepreneurial development.*
- ii. *Facilitating the legal framework of waqf operation in the financial market, and participating in the local business activities.*
- iii. *Regulating the functions of waqf by ensuring compliance with the i ' standards governing waqf administration. This covers financial aspect, accounting aspect, and managerial affairs.*
- iv. *Amending the existing legal framework to suit waqf business operation.*
- v. *Assuming full responsibility for safeguarding the security and sanctity of waqf properties wherever they are utilized.*
- vi. *Taking full responsibility of standardizing the managerial principles, auditing rating and supervision systems.*
- vii. *The government, through its business-related agencies can contribute to the waqf fund for the enhancement of MSME financing (WAQF.COM6).*

From the participants' responses, the researcher conceived five sources of *waqf* funds in Sokoto State as illustrated in Figure 4.19 below.

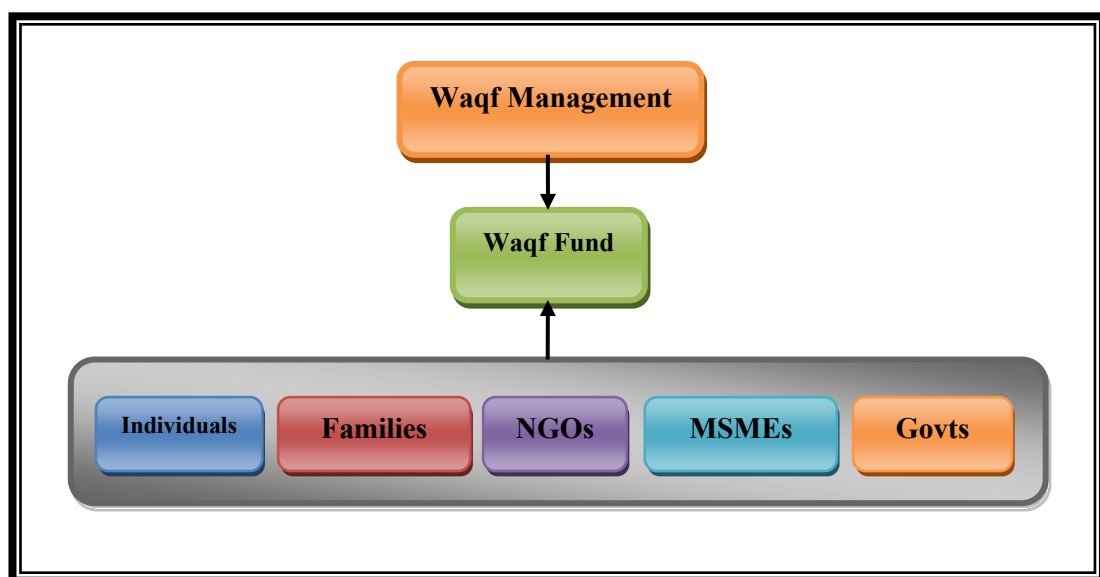


Figure.4.19  
*Sources of Waqf Funds in Sokoto State*  
 Source: Developed from the study's data

#### 4.4.6 Mobilization of *Waqf* Funds

Having known the sources of *waqf* funds in Sokoto State, the researcher felt the need to know the modalities that could enhance the mobilization of these funds. Three participants, depicted in Figure 4.20 below, provided comprehensive explanation on the matter.



Figure 4.20

*Mobilization of Waqf Funds*

Source: Developed from the study's data

According to *WAQF.COM1*, most of the funds are brought to the Committee by the donors, directly or through its agencies within and outside the State. However, participant suggested some modalities to be adopted to simplify the funds mobilization, which he enumerated by saying;

- i. *Supporting the cash waqf as a unique instrument and approach in the industrial and entrepreneurial development.*
- ii. *Facilitating the legal framework of waqf operation in the financial market, and participating in the local business activities.*
- iii. *The government, through its business-related agencies can contribute to the waqf fund for the enhancement of MSME financing (WAQF.COM1).*

On the other hand, *WAQF.COM2* was suggested for the adoption of certain procedures which he described saying;

- i. *Regulating the functions of waqf by ensuring compliance with the existing standards governing waqf administration. This covers financial aspect, accounting aspect, and managerial affairs.*
- ii. *Amending the existing legal framework to suit waqf business operation (WAQF.COM2).*

As for *WAQF.COM3*, however, he called on the State Government to empower the Committee to undertake what he described as “concrete measures”. He went on to describe them categorically saying, thus;

- i. *Identifying all the fixed waqf assets and harnessing their potentials to generate bigger benefits for the public and contribute towards wealth creation and sustainable prosperity in the State.*
- ii. *Assuming full responsibility for safeguarding the security and sanctity of waqf properties wherever they are utilized.*
- iii. *Taking full responsibility of standardizing the managerial principles, auditing rating and supervision systems (WAQF.COM3).*

As illustrated in Figure 4.21 below, *waqf* institution aims at mobilizing public funds to be managed as a *waqf* asset (financial capital/endowment) in such a way that it can generate income streams besides maintaining its initial value to grow, or at least to preserve its perpetuity. Part of the income generated from investing the funds will be disbursed to the active poor through equity or debt financing of potentially profitable MSMEs. Another part, however, can be distributed to the inactive poor for consumption as part of social security services. However, preserving the perpetuity of *waqf* capital is a very important character in *waqf* management.

Mobilization of funds requires a special arrangement, considering the voluntary nature of *waqf*. Preferably, the fund mobilization should be spearheaded by notable personalities in the State, like the Sultan of Sokoto and the State Governor. In this regard, varieties of *sukūk* certification technique might be considered one simple way. Various nominal values might be issued for each certificate considering affordability of the potential donors to target. In this

respect, the value of donation should be set in a way that it considers valuable. This is one important advantage of cash *waqf* concept compared to other types of *waqf*. It can target various segment of a community to participate, due to its flexibility and affordability in donation.

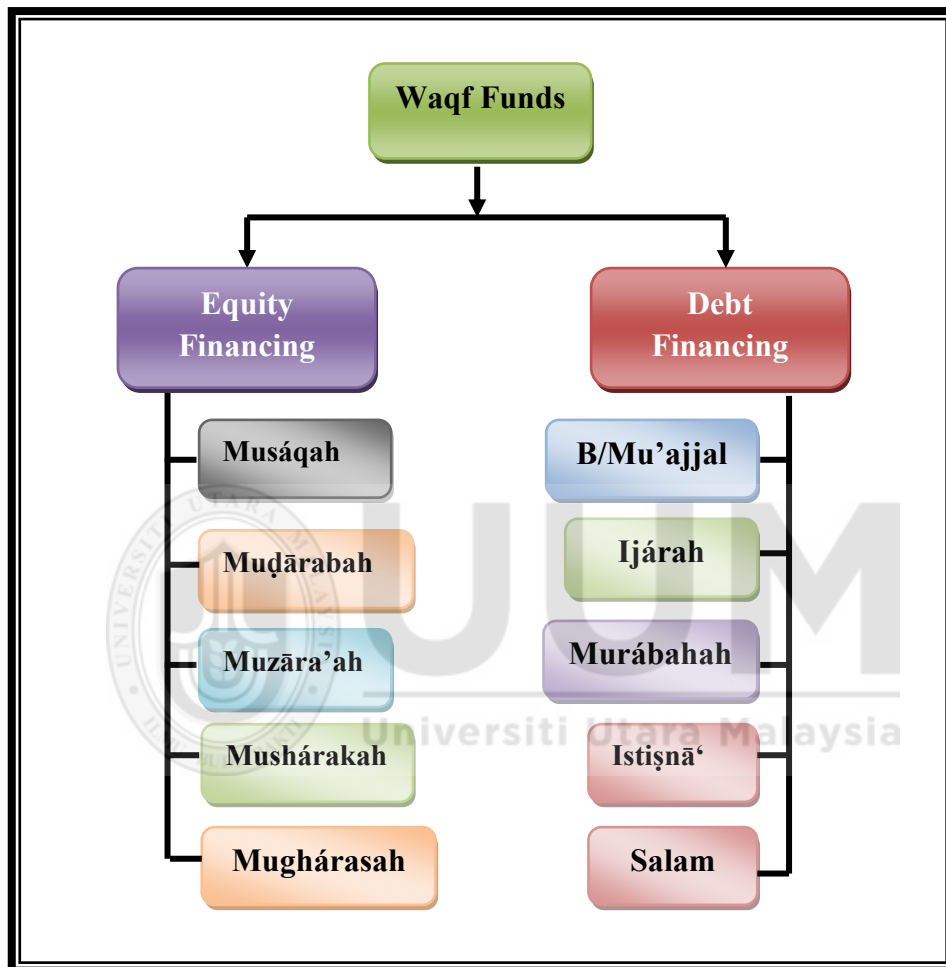


Figure 4.21  
*Investment of Waqf Funds*  
 Source: Developed from the study's data

#### 4.4.7 Utilization of *Waqf* Profit

From the earlier responses, the researcher learnt that considerable part of *waqf* funds should be used in financing MSMEs in order to, not only develop the earning potentials of the active poor, but also to protect the perpetuity of *waqf* properties. The *generative questions* on various *waqf* issues and the *constant comparative analysis* of the data led the researcher to

conduct *theoretical sampling* of the people to be interviewed on other relevant issues. On this issue, therefore, the researcher enquired what should be done with the profit generated from *waqf* investments. Three participants, depicted in Figure 4.22 below, responded accordingly.

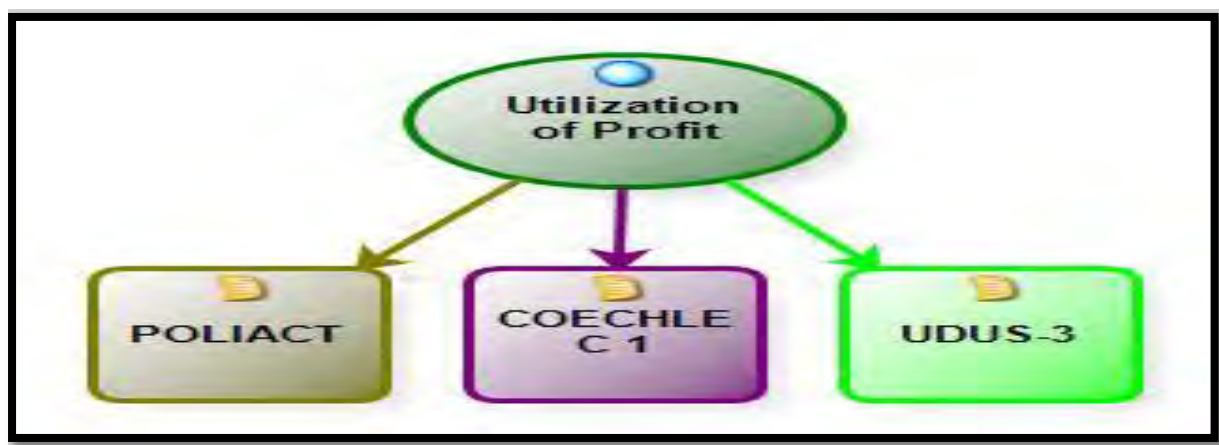


Figure 4.22

*Utilization of Waqf Profit*

Source: Developed from the study's data

According to POLIACT, the profit or any proceeds accrued to the original *waqf* funds should be used for “*the empowerment of the active poor whereby the target is the people who have prospective business ventures but having difficulties to access financial capital. Empowerment here is aimed to provide means of production, i.e. financial capital so that this group of small business enterprise might enhance their business ventures further. In assisting this group, various types of contacts in line with it might be utilized, such as mudāb, musāka, o muāb*”.

However, COECHLEC-1 had a different opinion when he said such accruals should be used in “*community distribution*”. He went on to explain further by saying, thus:

*There is a large number of inactive poor in this State; therefore, this procedure is aimed to fulfil the needs of those who are sick, old, physically and mentally impaired. The nature of this distribution is consumptive spending, because such profits are not part of waqf wealth which must not be consumed entirely (COECHLEC-1).*

As for UDUS-3, she was of the opinion that the profit should be used in what she termed as “human investment”. She clarified further saying:

*This refers to capacity building targeted to provide education, through scholarship program, or training to improve the quality of the active poor by enhancing the level of their entrepreneurial skills. In the end, it is expected that productivity of this group of people will improve and positive effect on the level of output might be resulted (UDUS-3).*

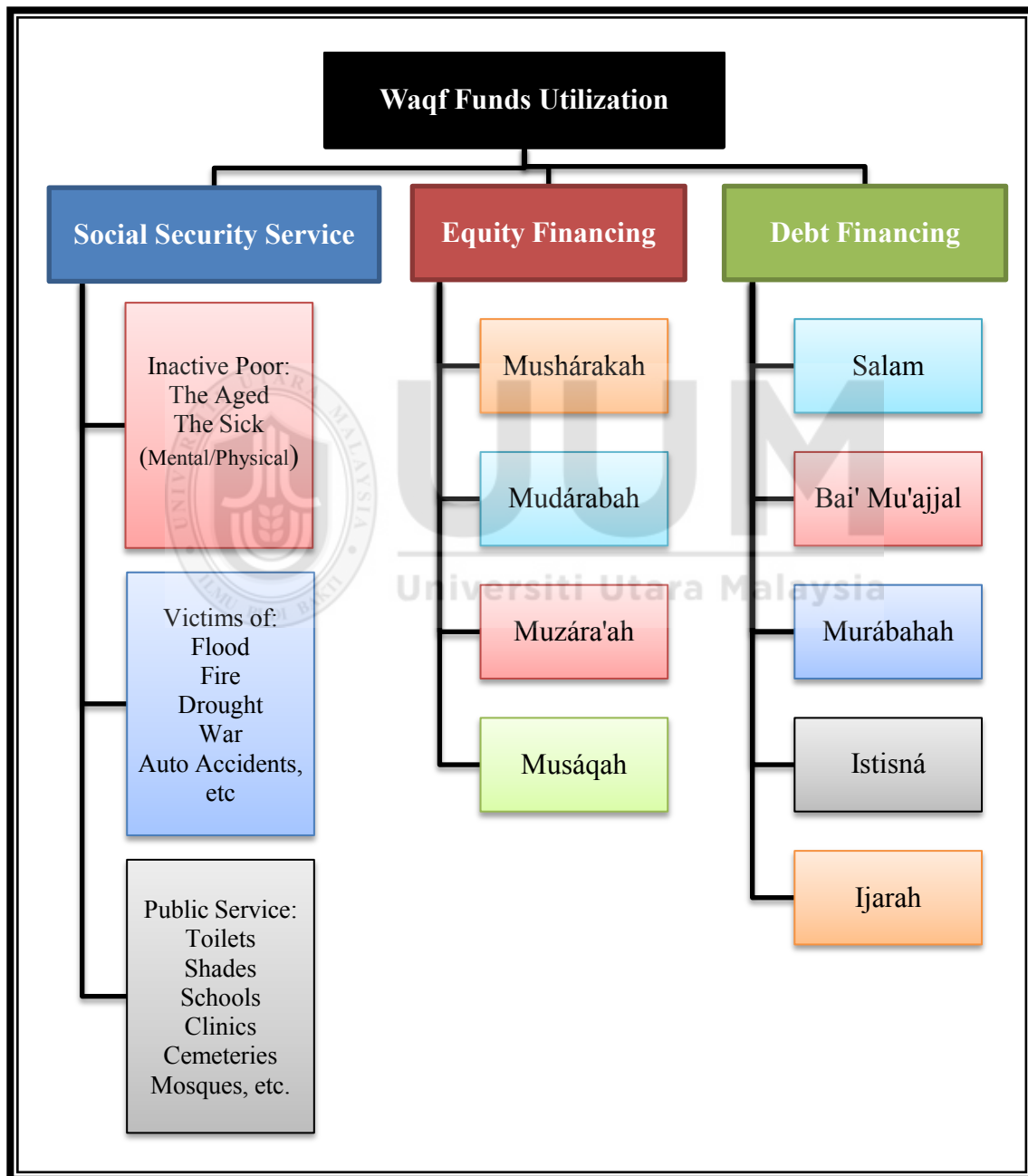


Figure 4.23  
Avenues of Profit Utilization  
Source: Developed from the study's data



From these responses, the researcher understood that the proceeds acquired from investment of *waqf* funds are not integral parts of original *waqf* property. These proceeds could be utilized in three ways based on the discretion of *waqf* management. These ways are social security service, debt-financing and equity financing investments as shown in Figure 4.23 above.

#### 4.4.8 Assessment of Sokoto State *Waqf* Committee

From the previous responses of participants, the researcher came to know the numerous functions of Sokoto State *Waqf* Committee. However, this study had wanted to explore how this Committee is perceived by local professionals. On this issue, two participants, portrayed in Figure 4.24 below, responded accordingly.

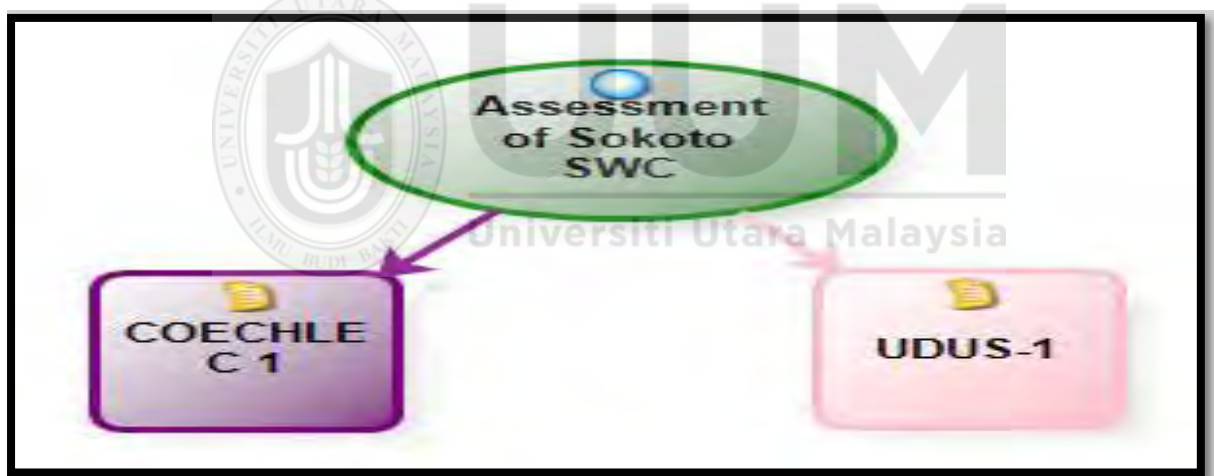


Figure 4.24  
Assessment of Sokoto State *Waqf* Committee  
Source: Developed from the study's data

According to COECHLEC-1, the State *Waqf* Committee is a mechanism of resource re-distribution which he described saying:

*A charitable channel of transferring resources from direct consumption to investment in productive enterprises that provide either usufruct or revenues for future consumption by a larger number of individuals. The surplus income of waqf can be put into operation that combines the act of saving with the act of investment together.*

*It consists of taking certain resources off consumption and simultaneously putting them in the form of productive assets that increase the accumulation of capital in the economy for the purpose of increasing future output of services and incomes (COECHLEC-1).*

On the other hand, UDUS-1 viewed the Committee from the economic direction when he described it saying:

*It is a business corporation established by the State Government whose life span is unlimited. Therefore, in this case waqf should serve as a developmental process by virtue of its foundational motive. Practically, this institution a means of generating productive wealth that will be channelled into local investment avenues that favour future generations. This is because waqf gives its beneficiaries future benefit in cash or kind without any fee or charge (UDUS-1).*

#### 4.4.9 Reactions of *Waqf* Beneficiaries

The Sokoto State *Waqf* Committee was primarily established in order to render humanitarian services to the poor with mobilized *waqf* funds in order to reduce the rate of poverty in the State to the lowest possible level. Therefore, since the poor are the prime target for its services, the researcher consulted five randomly-selected beneficiaries of *waqf*, as shown in Figure 4.25 below, for their personal comments.

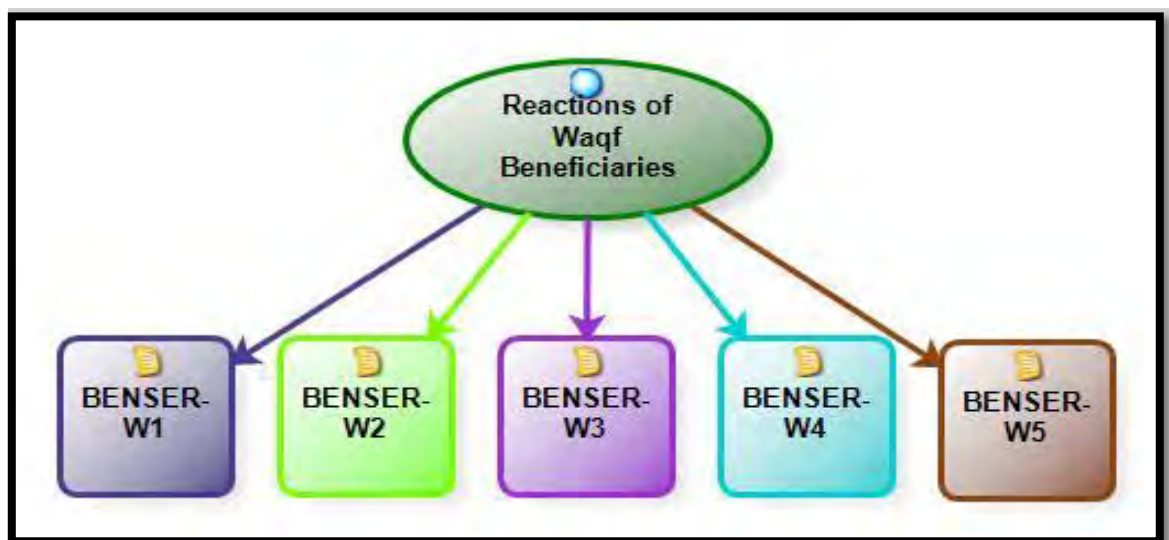


Figure 4.25  
*Reactions of Waqf Beneficiaries*  
 Source: Developed from the study's data

The response of BENSER-W1, who has once benefited with a financial assistance from the Committee, was positive saying “*I felt some relief temporarily when I invested the interest-free loan*”. BENSER-W2, on the other hand, expressed contentment with the investment loan when he said “*it has significantly increased the volume of my enterprise*”. As for BENSER-W3, she was only lucky to get free skill-acquisition training in home economics, but she said “*I got no improvement in my economic condition due to lack of investment capital*”. On the contrary, her training colleague, BENSER-W4 responded by saying “*my economic condition has fairly improved with the new investment skill*”. On his part, BENSER-W5 responded by saying “*my economic condition is satisfactory with the additional investment capital*”.

From the five responses, the researcher observed the need for improvement in entrepreneurial financing and skill-acquisition training programs. The available funds should be used to cater for the appropriate number of beneficiaries in order to achieve sustainable poverty alleviation in selected catchment area of the State. So long as it is a continuous process, catering for manageable number of beneficiaries at a time yields better results than overstretching the funds and facilities on excessive number of candidates that may end up gaining little and ineffective benefit.

#### **4.4.10 Integration of *Waqf* and Microfinance for Poverty Alleviation in Sokoto State**

The institutions of *waqf* and microfinance are commonly seen to be performing similar functions in the field of poverty alleviation. Incidentally, however, the two financial institutions currently co-exist in Sokoto State. Therefore, in pursuit of the fulfilment of the third *research objective*, this study deemed it imperative to consult some *waqf* administrators and professionals on the practicability of integrating the two institutions in order to achieve

greater and sustainable success in poverty alleviation campaign in the State. The participants, depicted in Figure 4.26 below, responded with diverse opinions.

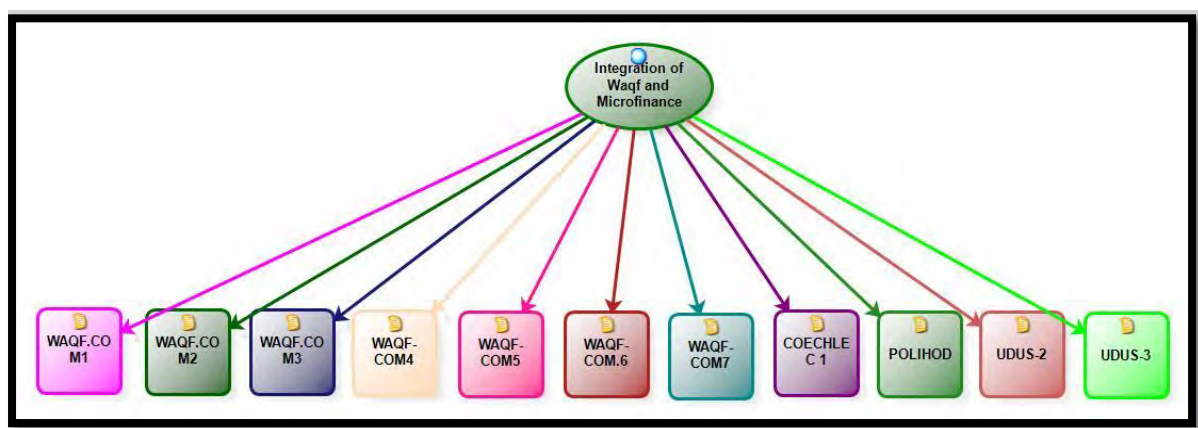


Figure 4.26

*Integration of Waqf and Microfinance for Poverty Alleviation*

Source: Developed from the study's data

In his opinion, *WAQF.COM1* expresses reservation in integrating the two institutions to serve the poor. Although he did not oppose the integration outrightly, but he cautioned by saying, thus;

*Combining waqf funds with profit-making enterprises may have some Shari'ah constraints or even circumvent the true spirit of Islamic social welfare. In Shari'ah, waqf of land or other assets are deemed to be in the ownership of Allah and it cannot be sold, gifted or inherited. After declaring a waqf, the right of deserving people is created in benefits produced by the waqf establishment. If waqf property is not productive then it can be exchanged (istabdaal waqf). However, there is difference of opinion among the Muslim jurists about cash waqf.*

*To satisfy the Shari'ah condition where corpus of waqf has to be preserved, the cash waqf certificates should be issued in a prescribed manner in case microfinance institutions have to develop their own waqf funds. Initially, the certificates should receive half of the contribution for waqf and half as donation for microfinance operations since it will not be possible to draw enough cash flows at this stage. Gradually, the donation part would diminish and waqf part would increase until the time the quantum of waqf has increased substantially along with cash flows that subsequent certificates would be issued only for waqf (*WAQF.COM1*).*

*WAQF.COM2*, however, was of the opinion that the two institutions can work together harmoniously as “*waqf can be used to contribute directly to poverty alleviation by providing*

*funds such as qard hassan and strengthening of the social bonds alongside. Islamic financial institutions, such as the Sokoto branch of J'iz Bank, should be encouraged to establish their waqf funds involving microfinance. The proposed waqf-based microfinance should clearly demonstrate the sustainability and long-term growth to avoid short-term focus". He went on to clarify his point saying, thus;*

*Relying on charities or waqf alone may not always be enough and feasible. Business case may also be essential to ensure self-sustainability of most micro finance projects in the long run. He added that in order to do so, raising low cost funds (this may still be feasible if micro finance is also earning a relatively higher return on its investments) or no cost funds (for doing micro finance on Qard basis) from wherever possible in a Shari'ah compliant manner should be welcome. The task could be accomplished by raising money through stock markets on an institutionalized basis (for a listed public limited company) for which details can be set. While waqf cannot be contributed with profit motive, the involvement of stock exchange would be helpful in formalizing the waqf initiative (WAQF.COM2).*

Moreover, according to WAQF.COM3, *"waqf funds can be equally disbursed in debt and equity financing in order to empower the active poor. Microfinance institutions, however, prefer to give loans instead of partnership financing because trust is a major issue and models such as mus ā k and muḍā b revolve around trust as well. Moreover, giving loans is easy to operate and to document as well".*

Similarly, WAQF.COM4 encouraged the move towards the integration of the two institutions by saying, thus;

*Waqf and Islamic microfinance can jointly contribute to poverty alleviation through proper education of clients regarding loan usage and the use of wide-range of products such as muḍā b , ijā , salam and istiṣnā . In addition, skill development institutions can collaborate with the waqf-based microfinance towards poverty alleviation by providing trainings at below-market prices (WAQF.COM4).*

As for WAQF.COM5, while cautioning against violating the sanctity o waqf, he supports the idea of integrating with microfinance saying, thus;

*Waqf funds can be utilized to subsidize the high operational cost of Islamic microfinance institution and make it interest free. However, some practitioners have raised a juridical concern that while doing so, it must be kept in mind that the corpus of a waqf must be kept intact and only its cash flows could be utilized for the desired purpose. At the same time, qard hassan-based funding will take care of this concern (WAQF.COM5).*

In his response, WAQF.COM6 did not only support the idea called for the integration as it facilitates capacity-building of the poor when he said:

*Waqf and microfinance bank can collaborate in capacity-building programs. Human resource development can be improved for the clients through provision of training and capacity building to improve their skills. Moreover, training of employees is important as well, which will help in the creation of market linkages for clients. Best results can be obtained if such training is provided before the disbursement. However, since targets are to be met and the needy are to be served; human resource development should not be considered a condition of getting loans or finance. However, their skills can be focused upon after the funds are provided (WAQF.COM6).*

Similarly, in supporting the idea of integration, WAQF.COM7 gave the following clarification;

*Microfinance and waqf can be integrated by creating a waqf pool, to absorb operational expenses so that the cost of microfinance program is reduced to allow more benefits for the poor. Moreover, working capital needs can be addressed through short term products such as murābahah and salam while fixed investment can be given through ijā'ah or diminishing musā'akah. Therefore, waqf should provide resources to microfinance so that it will embark on poverty alleviation program if both need to be integrated (WAQF.COM7).*

In his view, COECHLEC-1 supported the integration if implemented professionally so that the earning potentials of the poor will be developed. He went on to say, thus;

*In order to ensure compliance with the Islamic injunction, the corpus of waqf properties should be preserved, but their proceeds can be used in various microfinance services, such as direct financing of the active poor, through salam, murābahah, ijā'ah, istiṣnā' and bi' al-ḥuqūq. As debt-creating arrangements, these will guarantee the safety of loaned capital. However, in some cases, the proceeds can be used in business and agricultural partnerships, such as mudā'abah, musā'akah and muzā'arah. Although risk is relatively higher in these indirect financing arrangements but they yield greater returns (COECHLEC-1).*

POLIHOD, however, was of the opinion that *“waqf funds should be invested in order to protect their perpetuity. All the profits realized from the diverse investments of waqf properties should be used in disbursing interest-free revolving loans to the active poor and/or rendering social security services to the inactive poor”*.

On the other hand, UDUS-2 supported the integration when he said *“so long as the ultimate goal of waqf is to serve the poor; there is need for dynamism in its creation and management. Donation to waqf should be equally in durables and consumables and their utility should be sustained through disbursement of revolving loans and human resource development”*.

However, contrary to other views, UDUS-3 was against such integration because, according to her *“waqf properties should not be diverted to other purposes other than how they were used by the previous Muslim generations. Microfinance, as a modern innovation, should not be integrated with waqf”*.

As shown in Table 4.4 below, having saturated all the required information on *waqf* issues in Sokoto State, the following ten (10) *concepts* gradually emerged which constituted the second *category* of the analyzed data.

Table 4.4

*Thematic Development on the Role of Sokoto State Waqf Committee in Poverty Alleviation*

Category	Concepts
Role of Sokoto State <i>Waqf</i> Committee	i. Objectives of Sokoto State <i>Waqf</i> Committee ii. Activities of the Committee iii. Achievements of the Committee iv. Challenges facing the Committee v. Sources of Funding the Committee vi. Mobilization of <i>Waqf</i> Funds vii. Utilization of <i>Waqf</i> Profit viii. Assessment of the Committee ix. Reactions of <i>Waqf</i> Beneficiaries x. Integration of <i>Waqf</i> and Microfinance for Poverty Alleviation in the State

Source: Developed from the study's data

#### **4.4.11 Research Findings on Sokoto State *Waqf* Committee**

The outcome of the *constant comparative analysis* of data on the second *category* of the analyzed data revealed that despite the numerous activities being carried out by the State *Waqf* Committee over the years, still there is no sustainable income-generating outlet that has been created for the poor. The mobilized funds are virtually channelled towards direct consumption purposes, even though the *waqf* officers declared to have used intensively in capacity building of the poor. However, this is not unconnected with the abject poverty of most of the beneficiaries. The current trend being followed in the utilization of *waqf* funds cannot achieve the desired sustainable poverty alleviation in the State. This is because, the development of earning potentials of the poor has not been given due consideration.

The participants' responses indicated that for poverty to be successfully alleviated in Sokoto State, there must be systematic and well-focused capacity-building schemes in which the bulk of *waqf* funds should be utilized. A situation in which the earning potentials of poor are optimally harnessed and functional entrepreneurial skills are acquired with *waqf* funds represents the best way of preserving the perpetuity of *waqf* properties. Moreover, the responses of participants indicated tremendous support for the integration of *waqf* and microfinance for the achievement of maximum success in poverty alleviation in the State. Based on these findings, the study has fully achieved its second *research objective*.

#### **4.5 The Role of Microfinance in Poverty Alleviation in Sokoto State**

The role microfinance service in poverty alleviation constitutes the third *category* of the analyzed data. As depicted in the *NVivo* output Figure 4.27 below, nine *concepts* have subsequently emerged during the process of *constantant comparative analysis* of raw data for the fulfilment of the third *research objective*.



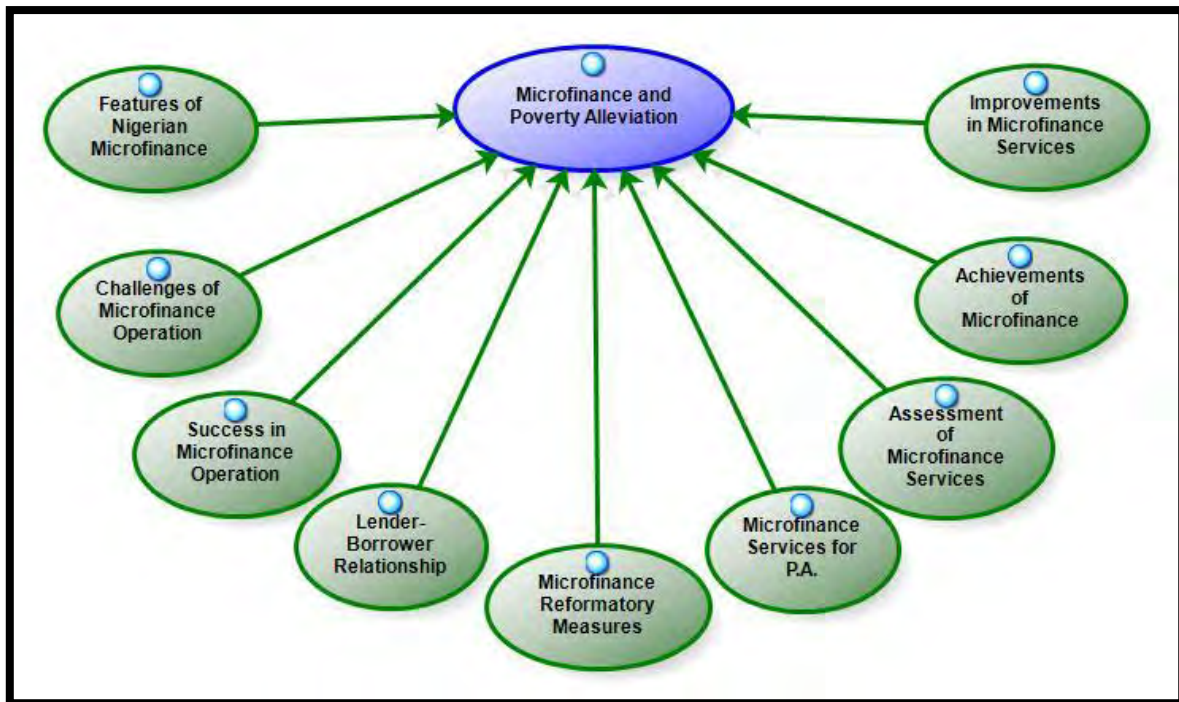


Figure 4.27

*Role of Microfinance in Poverty Alleviation in Sokoto State*

Source: Developed from the study's data

#### 4.5.1 Features of Nigerian Microfinance

Traditionally, the practices of microfinance have been going on for generations among the diverse ethnic groups of Nigeria in form of thrift and rotational savings. In Sokoto State, they are locally known as *ajo* and *adashi*. Contemporarily, microfinance is generally known as a financial service-provider that caters for the economically-active poor who are either unserved or underserved by conventional banks. However, when this study wanted to know the public perception of microfinance in Sokoto State, three participants, as depicted in Figure 4.28 below, responded accordingly.

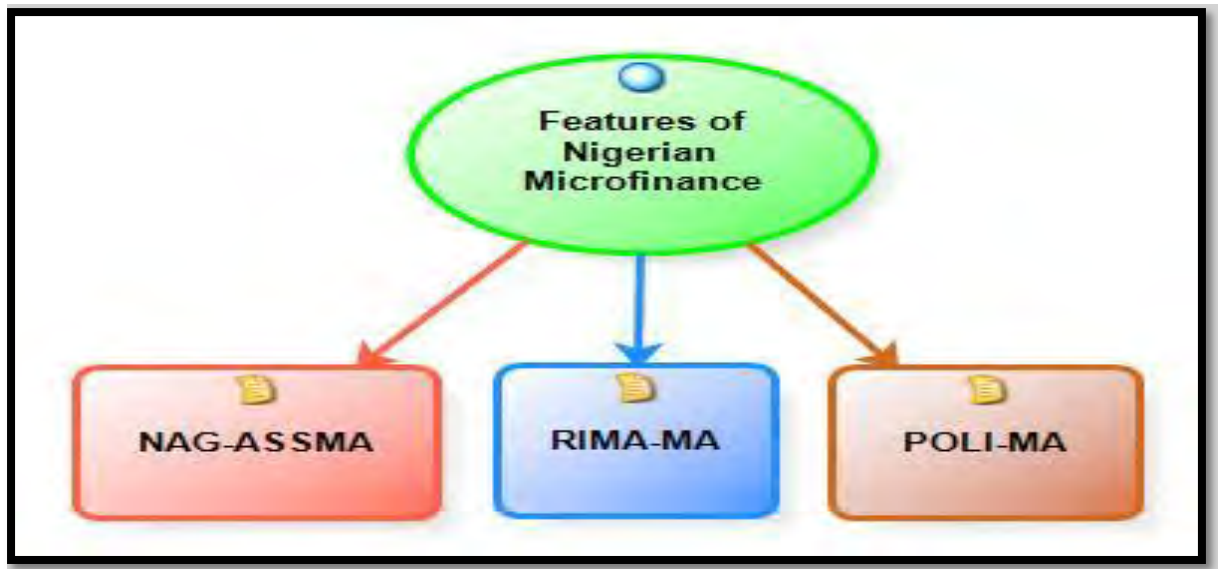


Figure 4.28

*Features of Nigerian Microfinance*

Source: Developed from the study's data

According to NAG-ASSMA within the array of Nigerian financial institutions, MFIs are identified with their unique features which he described saying, thus;

*Microfinance in Nigeria is particularly known to focus on individuals and business entities that are usually excluded from the mainstream financial system. The clients, therefore, are members of low-income and poor households, rural dwellers, women and unemployed youth. They usually operate at the fringe of the economy or the informal sector (NAG-ASSMA).*

Similarly, RIMA-MA identified the features by saying “*Nigerian microfinance does not place emphasis on collateral as condition for access to credit because low-income people do not have assets to present as collateral for loans*”. As for POLI-MA, he identified Nigerian microfinance with its relationship with the clients when he said “*flexibility in service delivery is its operational major characteristic. Loan disbursement and repayment as well as savings mobilization are designed to reflect the cash-flow patterns of low-income people and their businesses. Services are taken to the clients rather than wait for them in branch offices*”.

#### 4.5.2 Microfinance Services for Poverty Alleviation in Nigeria

Microfinance institutions (MFIs) are commonly known for rendering services to the active poor in order to strengthen their entrepreneurial capacity. This study, however, had wanted to know precisely what these services are and how they are rendered in Sokoto State particularly. The *generative questions* on various microfinance issues and the *constant comparative analysis* of the data led the researcher to conduct *theoretical sampling* of the people to be interviewed on other relevant issues. Therefore, the responses to the enquiries on microfinance services were given by two participants, shown in Figure 4.29 below, who are experts in Nigerian finance.

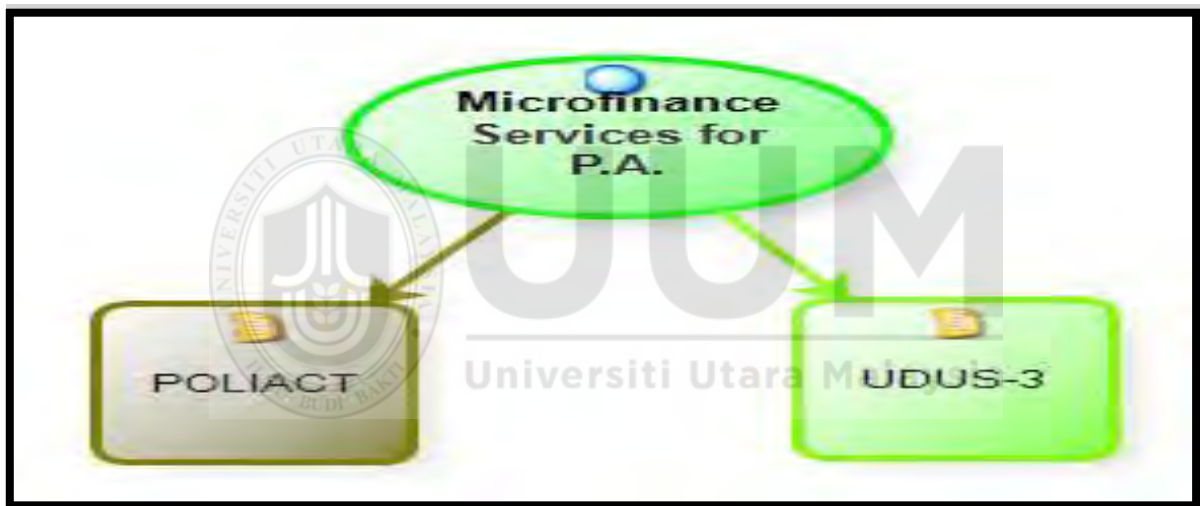


Figure 4.29

*Microfinance Services for Poverty Alleviation*

Source: Developed from the study's data

In his respons, POLIACT postulated on an ideal situation, saying, thus;

*Ideally, Nigerian MFIs should embark on provision of wide range of demand-based financial services to diversified customers which include;*

- i. Disbursing loans based on debt-capacity of clients.*
- ii. Giving preference to short-term loans that are mean for short-gestation agricultural projects.*
- iii. Encouraging the habit of prompt repayment of loans by granting larger loans.*
- iv. Loans disbursed for small-scale farming projects should be collateral-free.*

- v. Utilizing safe and convenient savings instruments.
- vi. Augmenting cash loans with equipment leasing (POLIACT).

On her side, UDUS-3 gave more clarification on anti-poverty services rendered by local MFIs when she said, thus;

*Under ideal situation MFIs are expected to provide business development support which includes;*

- i. *Partnering and sharing business risk with the poor; tie in the entities' profits with the profits of its clients;*
- ii. *Assisting the client in developing/refining the business model and providing the necessary capacity-building skills to ensure a better chance of the client's success; and*
- iii. *Facilitating access to markets, skills and technology by engaging various stakeholders in the value chain (UDUS-3).*

#### 4.5.3 Achievements of Nigerian Microfinance in Poverty Alleviation

Having explored the services rendered by local MFIs in the field of poverty alleviation, this study also made enquiries about the achievements so far realized in that endeavour. As depicted in Figure 4.30 below, five participants that are fully engaged in microfinance operation responded these enquiries.

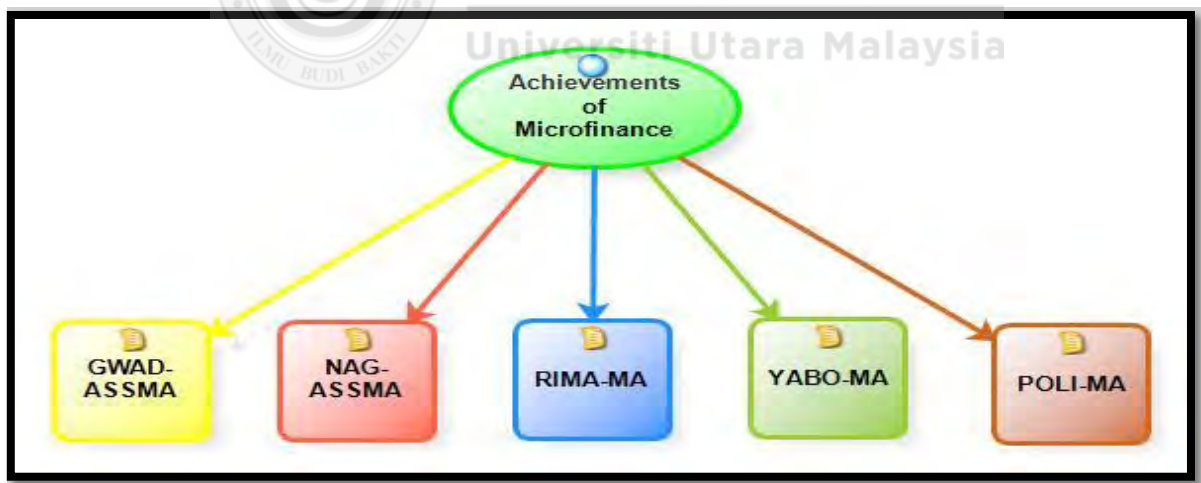


Figure 4.30

*Achievements of Nigerian MFIs*

Source: Developed from the study's data

When asked about the achievements, GWAD-ASSMA was proud to mention “*improvement of entrepreneurial skills*”. He went on to say; “*through the skill-acquisition programs*

*sponsored by MFIs, the quality and efficiency of local products and services have increased significantly*". As for NAG-ASSMA, he made mention of *"reduction of unemployment"*. He clarified further saying *"MFIs serve as a major catalyst for mitigating the negative impact of unemployment, especially among the active poor. This is witnessed in the resuscitation and creation of many MSMEs in both urban and rural areas"*. In his opinion, however, RIMA-MA claimed what he described as *"the provision of access to finance"* as a major achievement. He went further to say that *"previously a large number of Nigerians were financially excluded, but with microfinance many has access to financing"*.

On his side, YABO-MA made reference to what he called *"strengthening of the national economy"*. He said, *"with the increasing number of dependable jobs and MSMEs created and financed by MFIs, the overall national economy has increased significantly"*. Moreover, POLI-MA added another major achievement which he referred to as *"reduction of social vices and political unrest"*. He clarified further saying; *"as increasing number of able-bodied people are engaged in one enterprise or the other, the rate of social insecurity and political turmoil is reduced remarkably"*.

#### **4.5.4 Challenges facing Microfinance Operation in Nigeria**

Naturally, in any operation in which achievements are claimed to have been realized, there must be some challenges that are faced along the way. Therefore, on this matter, the researcher contacted four participants as shown in Figure 4.31 below.



Figure 4.31

*Challenges facing Nigerian MFIs*

Source: Developed from the study's data

According to YABO-MA, *microfinance operation is generally facing the challenge of possibility of mission drift. Primarily, microfinance is meant for serving financially-excluded poor, but current trend is placing more emphasis on profit-making rather than making the expected impact.* NAG-ASSMA, however, regarded dearth of qualified staff as a serious operational challenge facing Nigerian MFIs. According to him, *microfinance operation requires experienced and skilled personnel in its diverse areas of operation, but due to their acute shortage the sub-sectors are now facing numerous operational problems.*

In his opinion, RIMA-MA regarded high operating cost as a formidable challenge. He said *frequent interaction with widely-dispersed clients is an expensive endeavour. Delivering bigger units of services is usually more cost-effective.* When commenting on the issue, POLI-MA lamented over what he called *"Inadequate Re-Financing Facilities"*. *In a nascent Nigerian microfinance industry, clients are not usually able to make deposit which is enough to fund loan portfolios. Therefore, there is a wide gap between savings/deposits and loan*



requests. Thus, microfinance needs wholesale funds to bridge the gap, but unfortunately, this is scarcely available.

#### 4.5.5 Microfinance Relationship with Clients

The clients of MFIs are mostly poor people and low-income earners. The bilateral transactions usually relate to credit creation which makes them characteristically lender-borrower relationship. Naturally, this type of relationship is often uneasy and acrimonial due to incessant default by the borrowers and its corresponding pressure by the lenders. On this issue, the study made enquiries from two participants, depicted in Figure 4.32 below,

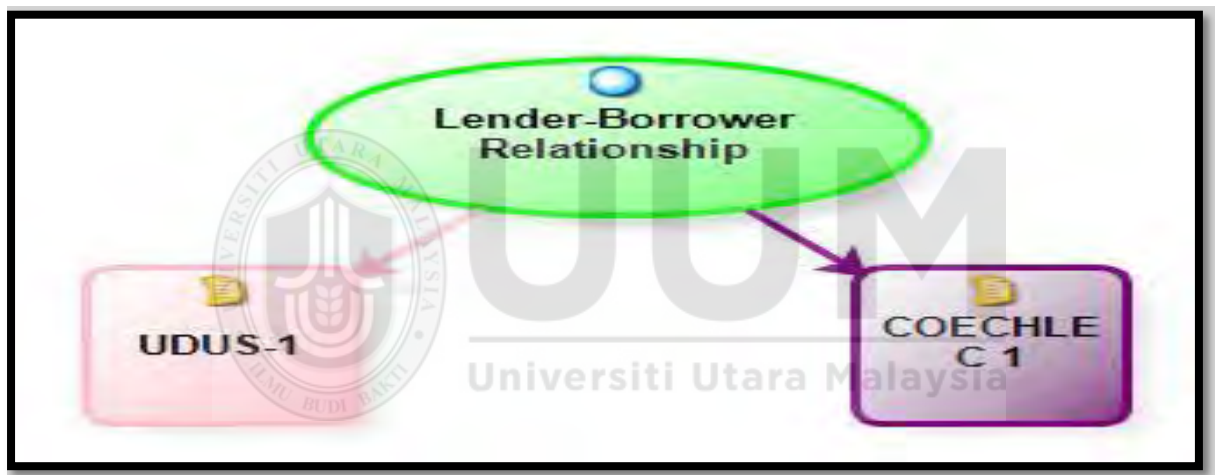


Figure 4.32  
MFI Lender-Borrower Relationship with Clients  
Source: Developed from the study's data

According to UDUS-1, the bilateral relationship is not always cordial. He went on to explain further by saying, thus;

*This is because, apparently, the clients of microfinance in Nigeria are becoming over-indebted. The issue of over-indebtedness is related to the amount of loan borrowed, the number of institutions patronized by clients and the ethical consideration of the clients. Thus, borrowers are used to repaying loans by borrowing from another microcredit institution due to the inadequate internal control over loan transactions. In some cases, the staff of microcredit institutions rolls over bad loans (UDUS-1).*

Moreover, the participant narrated the difficult situation in which many clients find themselves due to over-indebtedness;

*The over-indebted clients also become depressed so much so that they can commit any form of crime including suicide. However, one must not forget that a poor who is born in debt, live in debt and die in debt is also confronted with immense socioeconomic problems. These include hunger caused by natural calamities and unexpected death of income earners as well as of sudden loss of livestock bought by loan from microfinance institution. The psychological problems associated with not being able to fulfil the basic services for a family such as proper housing, food and medication put the poor borrowers in a spiral of repeated borrowings with many unfortunate outcomes (UDUS-1).*

In his opinion, however, COECHLEC-1 criticized the operational system of microfinance as regards to credit-creation describing it as “*unsympathetic and exploitative*”. He went on to say, thus;

*The system of debt-creation requires additional charge on loans which is generally considered to be exploitative. Charging a very high interest rate under the conventional microfinance is a major concern that has led critics to accuse microfinance institutions (MFIs) of exploiting their clients. In many cases, the interest charged by MFIs in Nigeria range from 25 to 50% of the amount borrowed. This exorbitantly high rate has serious implications for the income and welfare of the poor borrowers who have to repay the principal plus these excessive costs regardless of the outcome of their businesses. High administrative, including supervisory costs of issuing small loan are commonly cited as the main reason for the high rates charged (COECHLEC-1).*

#### **4.5.6 Requisites for Successful Microfinance Operation**

Having analysed the opinions of professionals regarding the atmosphere of MFIs’ financial transaction with clients, the researcher went on to find out what ought to be done to increase to service quality in the field of poverty alleviation. These participants, shown in Figure 4.33 below, responded with diverse points of view.





Figure 4.33  
*Requisites for Successful Microfinance Operation*  
 Source: Developed from the study's data

RIMA-MA was of the view that *“business Management should be given priority. This includes assisting clients with non-banking and non-financial services, such as advisory, vocation and education services. This will assist in modernizing our local MSMEs so that they can compete favourably in international markets”*.

However, POLI-MA emphasized on the issue of risk management in project financing. According to him, *“this refers to proactive measures that can help in reducing vulnerability to uncertainties or losses”*. On the other hand, GWAD-ASSMA gave solid advice on investment management which involves prudent investment of resources to achieve optimum returns to the MFIs. In his view, *“all enterprises due for financing should be critically assessed by experts to ascertain their profitability and security from preventable risks”*.

YABO-MA, however, considered payment management to be very crucial as far as dealing with clients is concerned. He explained further by saying *“such management involves MFI's ability to handle loan disbursement and repayment promptly, bill payments, remittances and deposits”*. While NAG-ASSMA was of the view that MFIs should be extra-vigilant in

monitoring cash-flow system. He said that *“inflows and outflows of cash need be properly planned to avoid causing disruptions to the operation of the microfinance bank or institution”*.

#### 4.5.7 Improvements Required in MFIs Poverty Alleviation Services

Basically, MFIs are established to serve to financially-excluded poor with various credit facilities and other financial services. In order to find out the quality of their services for their clients, this study consulted five randomly-selected beneficiaries as depicted in Figure 4.34 below.

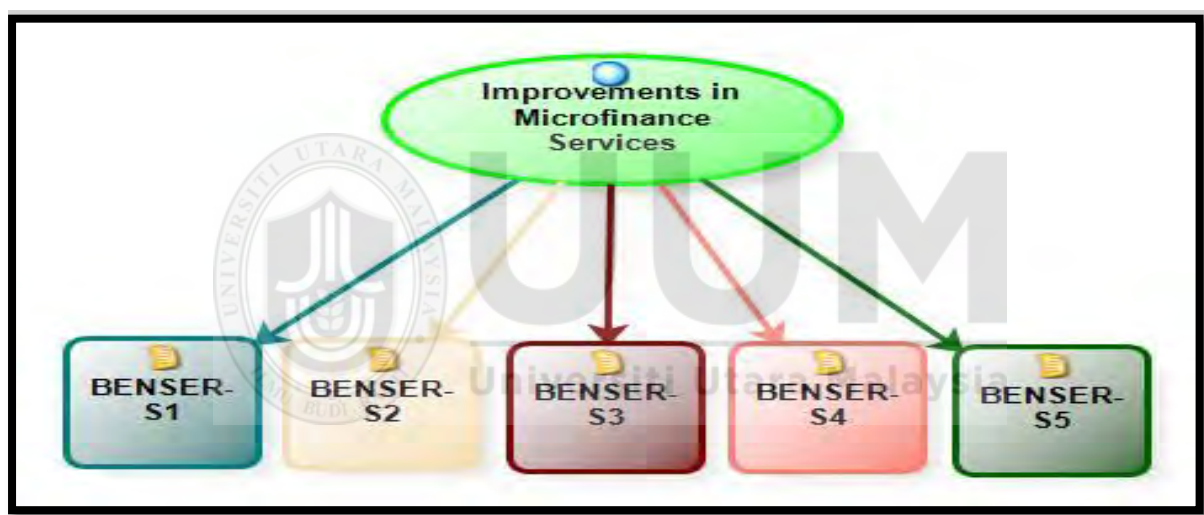


Figure 4.34  
*Improvements Required in Poverty Alleviation Services*  
 Source: Developed from the study's data

BENSER-S1 commented on the services she enjoyed from one of Sokoto-based microfinance bank with some degree of satisfaction. However, she called for *“skill acquisition training and disbursement of interest-free investment capital”*. Similarly, she was supported by BENSER-S2 when he reiterated the need for the disbursement of what he described as *“adequate interest-free investment loans”*. However, BENSER-S4 narrated how she was forced to sell her cow in order to meet the repayment deadline of her stolen loan. She, therefore, called for

“waiver of any accidental loss in investment capital required”. On the other hand, BENSER-S5 narrated when his application for agricultural loan was considered after the farming season. He, therefore, called for what he termed as “*timely and revolving loans*”.

#### 4.5.8 Reformatory Policies Required for Microfinance Operation

Apart from the negative comments of professionals on MFIs operation, this study also considered the clientele seriously especially in respect of poverty alleviation. Therefore, the researcher had wanted to know which reformatory policies need to be promulgated in this sector. As illustrated in Figure 4.35 below, five experts in Nigerian finance were consulted in this regard.

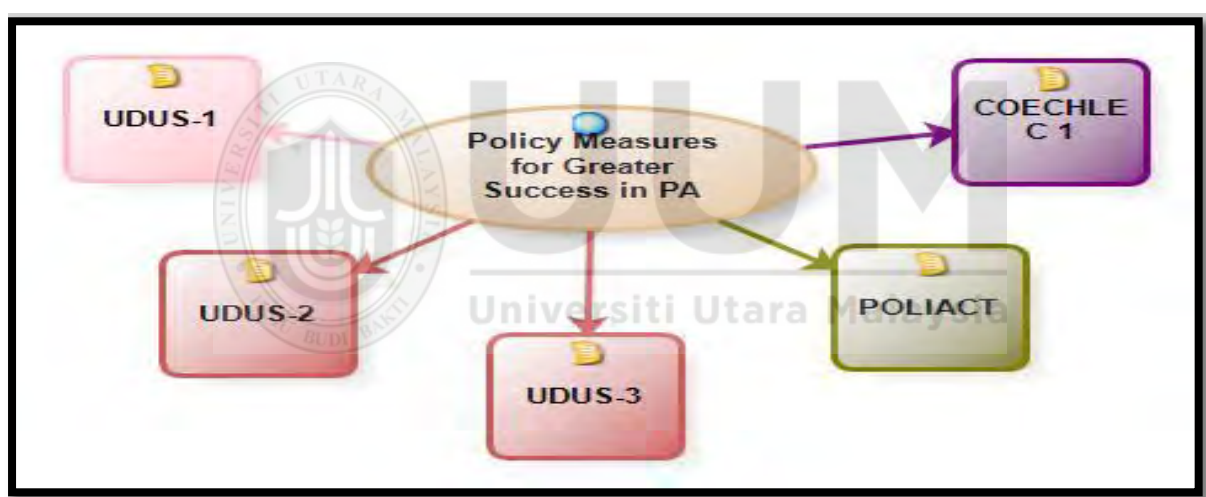


Figure 4.35  
*Reformatory Policies for Greater Success*  
 Source: Developed from the study's data

According to COECHLEC-1 any reform in the MFI services needs to emphasize on financing capacity-building programs in order to root out abject poverty in the society. He went on to describe how the anticipated reform should be by saying;

*There should be rigorous implementation of the microfinance certification program (MCP) for the operators and directors of MFIs with sustained vigour. This is in order to build a critical mass of knowledgeable and skilled manpower to drive microfinance sub-sector to higher level. This will go a long way in enhancing capacity-building*

*programs. It is envisaged that the qualification acquired in Microfinance Banking will be a pre-requisite for holding a management position in any MFI from 2017. Similarly, advanced certificate course is also held regularly for directors of MFIs to keep them up-to-date in modern microfinance banking (COECHLEC-1).*

However, in his remarks, POLIACT had called for restructuring of the sector to ensure efficiency in operation. He went on to explain his point by saying;

*There is need for the introduction and enforcement of an operational template for MFIs and benchmarking them on it to promote the practice of microfinance, as gins t 'mic o-comme ci l b nk ing'. Similarly, there should be comprehensive review of the Microfinance Policy Framework and the Regulatory and Supervisory Guidelines of 2011, with a view to addressing the issues of inadequate capital base, liquidity, branch expansion and others that exhibit the growth and development of the MFIs. Moreover, there need for the introduction of risk-based supervision as a supervisory tool. This will go a long way in enhancing supervision by increasing the frequency of on-site routine examination to at least once a year, or twice a year, for MFIs with perceived high risk profile (POLIACT).*

As for UDUC-1, his concern was on what he termed as “Operational Sanitization”. He went on to explain what he meant by saying;

*There should be immediate revocation of the operating licenses of any microfinance bank that fails to meet minimum operation standards remains a constant measure devised to remove rotten apples from the bunch. Similarly, there is need for the introduction and enforcement of stiffer sanctions and penalty regimes for various infractions, as a deterrent and entrenching them in the Regulatory and Supervisory Guidelines of 2011.*

*Subsequent regulatory actions based on zero tolerance for infractions should also be enforced in order to ensure market discipline and strict compliance with the rules and regulations by all MFIs. Lastly, there should be a measure for identifying directors and management staff that have mismanaged, perpetrated fraudulent activities or criminally abused their MFIs, removing and handling them over to the law enforcement agencies for prosecution and subsequently blacklisting them, on an on-going basis (UDUS-1).*

On her side, however, UDUS-3 advocated for what she called “Confidence Restoration” which according to her “which requires effective and sustained communication, awareness campaign, sensitization and road shows. Similarly, the National Deposit Insurance Corporation (NDIC) should, as a matter of urgency, embark on settling all depositors of closed microfinance banks”.

#### 4.5.9 Assessment of Microfinance Services in Poverty Alleviation

Over the years, MFIS have been disbursing poverty-alleviation loans to active poor through direct and indirect financing of MSMEs in the State. In order to explore the reactions of beneficiaries of that service, five of them, shown in Figure 4.36 below, were randomly selected by the study.

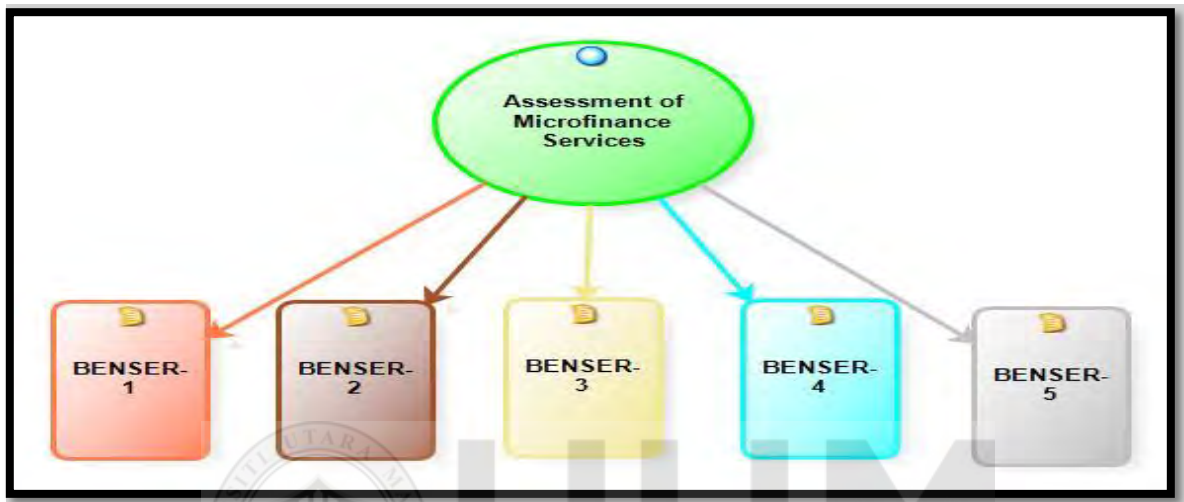


Figure 4.36  
*Assessment of Microfinance Services in Poverty Alleviation*  
Source: Developed from the study's data

BENSER-1 is a regular recipient of such microfinance loans, and her comment was *“Satisfactory as loans are acquired when applied for”*. On the other hand, another regular loan recipient, BENSER-2, has angrily responded by saying *“Kai! The loans are exploitative due to high interest charges”*. As for BENSER-3, she expressed her worry over the repayment system when she remarked by saying *“too pressurizing as loans are repaid rapidly”*. Moreover, BENSER-4 has promised not to collect such loans anymore because, according to him, the bank is *“too capitalistic as loans must be paid in any circumstance”*. BENSER-5, however, lamented over what she described as *“discriminatory policy”* of loan disbursement. She went on to accuse the bank for what she described as *“poor credit-creation for considering personalities rather than eligibility”*.

On reaching the *saturation point* in the collection of required information on issues relating to microfinance, eight *concepts* emerged which constituted the third *category* of of the analyzed data as shown in Table 4.5 below.

Table 4.5

*Thematic Development on the Role of Microfinance in Poverty Alleviation in Sokoto State*

Category	Concepts
Role of Microfinance in Poverty Alleviation in Sokoto State	i. Features of Nigerian Microfinance ii. Microfinance Services for Poverty Alleviation in Nigeria iii. Achievements of Nigerian Microfinance in Poverty Alleviation iv. Challenges facing Microfinance Operation in Nigeria v. Requisites for Successful Microfinance Operation in Nigeria vi. Improvements Required in Microfinance Poverty Alleviation Services vii. Reformatory Policies for Microfinance Operation in Nigeria viii. Assessment of Microfinance Services in Poverty Alleviation

Source: Developed from the study's data

#### 4.5.10 Research Findings on Microfinance Role in Poverty Alleviation

As microfinance practitioners were proud to enumerate a number of achievements realized in the field of poverty alleviation in the State, professionals called for much to be done in the areas of capacity building of the poor. Obviously, there are a large number of clients that benefited with various amounts of loans, as witnessed by the researcher. However, from the look of things, there is no satisfactory reduction of poverty level of beneficiaries. This was further ascertained by the responses of interviewed clients.

The outcome of the *constant comparative analysis* of data on the third *category* revealed that mere disbursement of investment loans cannot solve the problem of poverty in the State,

because usually these loans end up being diverted to direct consumption or other unproductive purposes. Therefore, going by the views of interviewed professionals, poverty can only be alleviated in a sustainable manner through effective capacity-building of the active poor by financing regular skill-acquisition training programs. Thereafter, the trainees will be given investment loans based on their specializations which will be under constant supervision to ensure proper and profitable utilization. Upon these findings, the study has fully achieved its third *research objective* and part of the fourth research objective.

#### 4.6 Role of MSMEs in Poverty Alleviation in Sokoto State

This is the fourth *category* of the analyzed data which is used as a bridge between *waqf* and microfinance in poverty-alleviation services in Sokoto State. The information obtained from this *category* facilitates the achievement of all the four objectives of the research. It provides a suitable avenue where the potentials of *waqf* and microfinance can be effectively harnessed for sustainable poverty alleviation. The analyzed data on this category emanated from three *concepts* as illustrated in Figure 4.37 below.

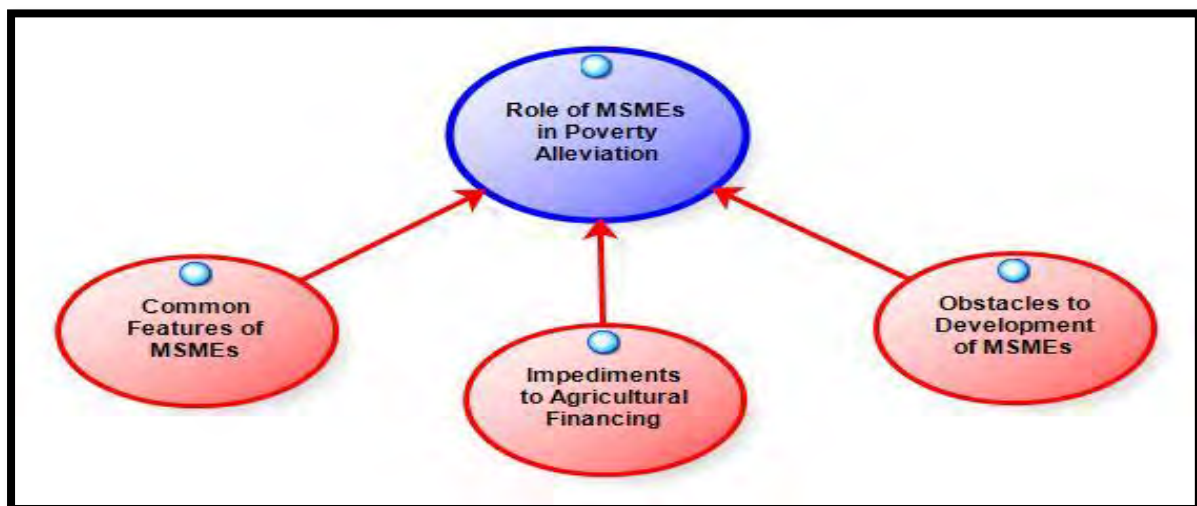


Figure 4.37

*Role of MSMEs in Poverty Alleviation*

Source: Developed from the study's data



In the National Policy on Micro Enterprises developed by the UNDP-supported SMEDAN (Small and Medium Enterprises Development Agency of Nigeria) in 2007, MSMEs are defined as enterprises with:

- i. Asset base (excluding land) of between N5 million and N500 million
- ii. Labour force of between 11 and 300 workers

On August 15, 2013, the Central Bank of Nigeria (CBN) launched the MSME Development Fund (MSMEDF) with a share capital of N220 billion. From this amount, ninety % (90%) commercial component will be released to Participating Financial Institutions (PFIs) at 2% for on-lending to MSMEs at a maximum interest rate of 9% per annum. This has resulted in reduced cost of borrowing which will impact positively on the earnings of the MSMEs. The remaining ten percent (10%) of the Fund was devoted to developmental objectives, such as grants, capacity building and administrative costs (*Revised MF Policy Framework*, 2013).

In line with the provisions of the Revised Microfinance Policy, Regulatory and Supervisory Framework for Nigeria (2013), this Fund was established in recognition of the significant contributions of the Micro, Small and Medium Enterprises (MSME) sub-sector to national economy and the existing huge financing gap. The areas to be covered under the Scheme include; microenterprises, agricultural value-chain activities, cottage Industries, artisans, services, renewable energy/energy efficient product and technologies, trade and general commerce and other economic activity as may be prescribed by the Central Bank of Nigeria (*Revised MF Policy Framework*, 2013).



#### 4.6.1 Common Features of MSMEs in Sokoto State

The researcher was led by the third *research objective* to find out the contributions of MSMEs in poverty alleviation in Sokoto State. This study discovered evidently that for any effective and sustainable poverty alleviation to be achieved, MSMEs must come on board. This is because these enterprises provide avenues for capacity building and development of earning potentials of the active poor thereby making them economically self-reliant.

In a giant stride towards eradicating poverty among the people of Sokoto State, the current government has established a special Department under the State Ministry of Commerce and Industry to handle the affairs of MSMEs. This Department is administered by a Special Advisor to the State Executive Governor on MSMEs affairs. With this development, this study observed rapid growth in local enterprises which might not be unconnected with special financial interventions by the Government. After a brief interview with SASME on the current statutory position of MSMEs in her office, this study organized an 8-member *focus group* interactive discussion, as portrayed in Figure 4.38 below, in order to find out common features of local MSMEs in Sokoto State.

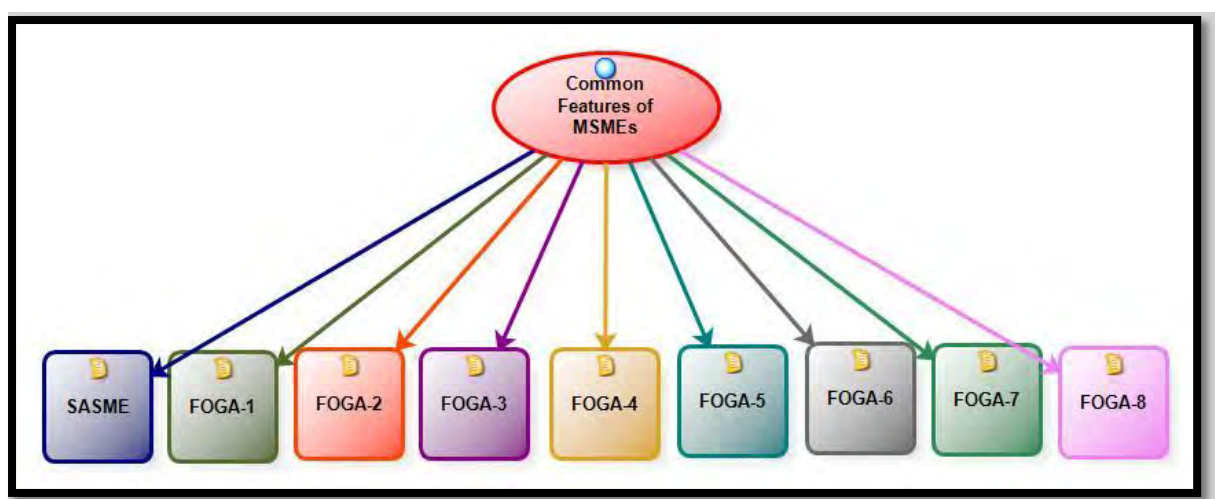


Figure 4.38  
*Features of MSMEs in Sokoto State*  
Source: Developed from the study's data

In her detailed response to the researcher's open-ended interview questions, SASME explained the significance of MSMEs in Nigeria, when she said thus;

*In Nigeria MSMEs are strong engine for wealth creation, savings mobilization, poverty reduction, employment, security, innovation, skill development, production, etc. once wealth is created, poverty is reduced which leads to high level of security. However, despite the importance of MSMEs in job creation and contributions to development generally, they are still confronted with some challenges which include;*

- i. Tough enabling environment*
- ii. Weak entrepreneurial spirit*
- iii. Weak managerial and innovative capability*
- iv. Limited capacity to access credit and attract investment (bankability) (SASME).*

The participant went on to explain the motive behind establishing MSMEs Fund when she said, thus;

*Conclusively, the broad objective of the Fund is to channel low-interest funds to the MSME sub-sector of the Nigerian economy through PFIs to:*

- i. Enhance access by MSMEs to financial services;*
- ii. Increase productivity and output of microenterprises;*
- iii. Increase employment and create wealth; and*
- iv. Engender inclusive growth*
- v. Provide liquidity for the sub-sector and result in general improvement of the financial system stability (SASME).*

The *generative questions* on various MSMEs issues and the *constant comparative analysis* of the data led the researcher to conduct *theoretical sampling* of the people to be selected for *focus group* interview sessions. Thus, an eight-member *focus group* interactive discussion on the features of local MSMEs in Sokoto State started at 2.30 p.m. on 11<sup>th</sup> March, 2017 with the researcher and one of the members moderating the 50-minute brainstorming discourse.

In his assessment, FOGA-1 identified the local MSMEs to be “*commonly under sole proprietorship of one person or family with poor managerial skills due to their inability to pay for skilled labour*”. FOGA-2 supported the expression when he described them with what he termed as “*low entrepreneurial skills, inadequate educational or technical background*”.

As for FOGA-3, he identified them with what he called *poor documentations of policy, strategy, financials, plans and information systems*. While FOGA-4 identified them with *poor product quality output and absence of any effective Research and Development experienced*. His position was buttressed by FOGA-5 when she said; “*yes indeed and their employees have little or no formal training in the business enterprises*”. However, FOGA-6 described them with what she called “*high mortality rate especially within the first five years of take-off*”. She gave instances of seven such enterprises in Sokoto alone which started with booming output but are now either closed down or performing below their normal capacity. In her analysis, FOGA-7 described them with *poor capitalization and overdependence on imported raw materials*. In his opinion, however, FOGA-8 identified the local MSMEs with what he called “*poor inter- and intra-sectoral linkage as well as poor management of financial resources and inability to distinguish between personal and business finance*”.

#### **4.6.2 Obstacles to the Development of MSMEs in Sokoto State**

Having learnt from previous *focus group* discussion that local MSMEs are performing below their minimum production rate, the researcher felt the need to find out what are the obstacles responsible for their underdevelopment. As depicted in Figure 4.39 below, an eight-member *focus group* of professional traders was composed to discuss on the issue. The researcher, assisted by one of the members, moderated the 90-minute discussion.

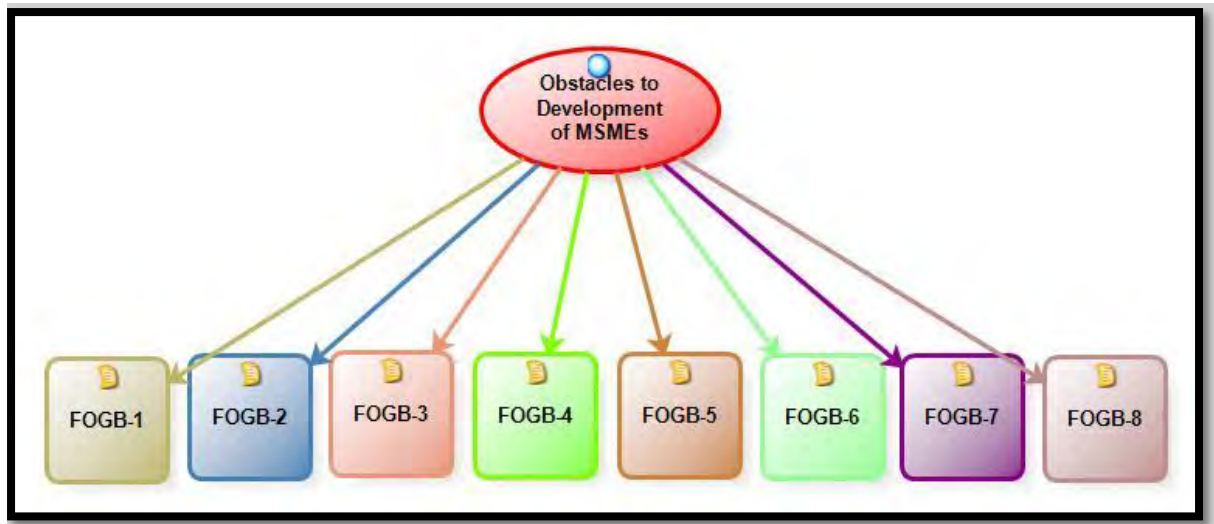


Figure 4.39  
*Obstacles to Development of MSMEs in Sokoto State*  
 Source: Developed from the study's data

Talking from her personal experience, FOGB-1 attributed the current underdevelopment of local MSMEs to multiple problems which she explained saying;

*Lack of easy access to funding credits, which can be traceable to the reluctance of banks to extend credit to them owing to, among others, poor and inadequate documentation of business proposals, lack of appropriate and adequate collateral, high cost of administration and management of small loans as well as high interest rates. Moreover, I have evidences of discrimination from banks, which are averse to the risk of lending to MSMEs especially start-ups. Similarly, inadequate, inefficient, and at times, non-functional infrastructural facilities, which tend to escalate costs of operation as MSMEs are forced to resort to private provisioning of utilities such as water and electricity (FOGB-1).*

In his contribution, FOGB-2 was saying, thus;

*A major obstacle to the development of our enterprises is bureaucratic bottlenecks and inefficiency in the administration of incentives and support facilities provided by the government. These discourage would-be entrepreneurs of MSMEs while stifling existing ones (FOGB-2).*

However, FOGB-3 attributed the underdevelopment to what she described as;

*Weakness in organisation, marketing, information-usage, processing and retrieval, personnel management, accounting records and processing. All these are arising from the dearth of entrepreneurial skills in most MSMEs due to inadequate*

*educational and technical background on the part of the promoters and their staff (FOGB-3).*

In his view-point, FOGB-4 was saying;

*The major obstacle to the development of our local enterprises is uneven competition arising from import tariffs, which at times favour imported finished products. Similarly, lack of access to appropriate technology as well as near absence of research and development are also part of our business problems (FOGB-4).*

As for FOGB-5, he said;

*Nothing is retarding our local enterprises beside lack of scientific and technological knowledge and know-how. The prevalence of poor intellectual capital resources is apparently resulting in employing inappropriate equipments in the production process which result in low and poor output (FOGB-4).*

However, according to FOGB-6,

*Lack of suitable training and leadership development constitutes a major problem facing our local enterprises. In spite of the fact that training institutions abound in the State, such as Works School, Runjin Sambo; Vocational Training Centre, Binji; Skill-Acquisition Centre, Mil-Goma, etc. However, these institutions rarely address the relevant needs of MSMEs especially in the areas of accounting, marketing, information technology, technological processes and development, cross-border trade, administration and management of MSMEs. Essentially, MSMEs are left most often on their own to eke out success amidst the avalanche of operational difficulties inherent in the Nigerian environment as well as operational shortcomings, which characterise institutions set up to facilitate MSME businesses (FOGB-6).*

In her point of view, FOGB-7 was saying, thus;

*Our formidable problem is lack of initiative and administrative framework or linkage to support and sustain our local MSMEs' development, which to a large extent, is also a reflection of poor technological capability or intellectual resource. Similarly, lack of appropriate and adequate managerial and entrepreneurial skills are also among the major obstacles which lead to poor strategic plan, business plan and adequate organisational set-up and transparent operational system on the part of many founders and managers of MSMEs in the State. As a fall-out of this, many of the MSME promoters purchase obsolete and inefficient equipment thereby setting the stage, ab initio, for lower level productivity as well as substandard product quality with dire repercussions on product output and market penetration and acceptance (FOGB-7).*

While expressing his opinion, FOGB-8 declared, thus;

*The desired development of our local enterprises is retarded by the inability to penetrate and compete favourably in export markets due to poor quality of products, ignorance of export market strategies and networks or lack of appropriate mechanism and technology to process, preserve and package the products for export (FOGB-8).*

#### 4.6.3 Impediments to Agricultural Financing in Sokoto State

Agriculture is the mainstay and biggest employer of the people of Sokoto State, however, this study discovered from the *pilot study* and previous interviews that this sector is grossly underfinanced. In order to get first-hand information on the impediment to agricultural financing in the State, the researcher organized a nine-member *focus group* discussion with professionals in the area as shown in Figure 4.40 below.

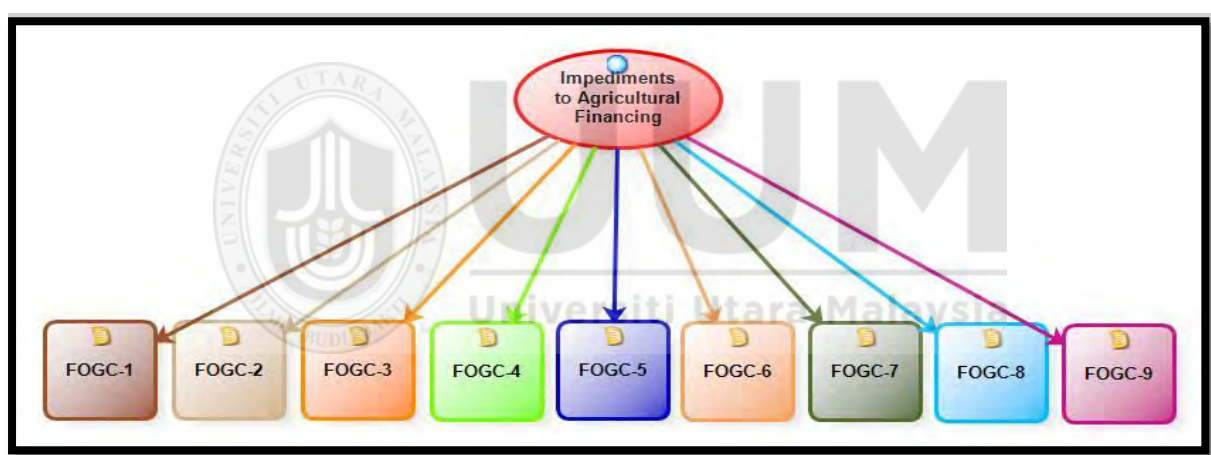


Figure 4.40

*Impediments to Agricultural Financing in Sokoto State*

Source: Developed from the study's data

According to FOGC-1, “*the negligence of agricultural financing is blamed on Government Policies*”. He clarified his line of argument by saying, thus;

*Inconsistency in government policies affects both the availability and quality of agricultural credit to the farmer. Managements of financial institutions should, as a matter of fact, be consulted by the Government on issues relating to financing local enterprises and their feelings should be incorporated in the credit policy guidelines. Most financial institutions are private institutions and if forced through any means to make credit available to the agricultural sub-sector against their will and against the*

*current market prices and trends, they will probably find ways of circumventing the policy (FOGC-1).*

On the other hand, FOGC-2 attributed the problem to the nature of land and immobility of labour when he said;

*The almost inelastic nature of land and the immobility of qualified farm labour equally contribute to the risky nature of agriculture, making it difficult for those in business to have access to credit especially from financial institutions (FOGC-2).*

But FOGC-3 viewed the problem to have been caused by what she described as “*poor infrastructural facilities*”. She went on to clarify her point saying, thus;

*Sokoto State lacks good net-work for roads and the desired means of transportation to the hinterlands to collect agricultural produce. Also, the electricity supply and the available storage facilities are nothing to write home about. Therefore, farmers of perishable items such as tomatoes, fruits and vegetables could hardly get adequate financing because they risk losing much of their produce due to lack of storage facilities (FOGC-3).*

In his contribution, FOGC-4 was saying that agriculture could not be adequately financed due to what he termed as “*slow rate of return*”. He clarified his point saying, thus;

*Some Agricultural activities require a very long gestation period, resulting in slow rate of return especially in early years. This funding as farmers take long time to break-even and equally find it very difficult in servicing their loans (FOGC-4).*

However, FOGC-5 perceived the problem to have emanated from what she described as “*incessant loan diversion*”. She went on to explain further saying;

*The causes of loan diversion are many and varied. For example, the burden of extended family system can compel a farmer to use a part or all the loans he has just received from a bank to pay for the hospital bill of a mother-in-law. Also, unfavourable investment climate in agricultural sector and delays in the disbursement of approved agricultural credit can also lead to loan diversion (FOGC-5).*

She, therefore, advised the stakeholders on what should be done to continue befitting with such financial services, saying, thus;

*To be able to pay back the principal and interest on agricultural credits and to make farmers accessible to agricultural credits at affordable rate, farmers are encouraged to form cooperative societies. Interestingly studies have shown that where such co-operatives are formed at all, the spirit and absolute loyalty of the farmers is not there (FOGC-5).*

In her viewpoint, however, FOGC-6 attributed the obstacle to agricultural financing in the State, to lack of collateral due to abject poverty of many peasant farmers. She went on to clarify further by saying, thus;

*Although microfinance banks are primarily meant to serve “uncollateralized” poor, but they do demand for it most of the time. Collateral is a hidden obstacle confronting the local farmers in sourcing agricultural credit both from the informal and formal financial institutions. The use of personal land, family land, economic trees or even sons and daughters as collateral to obtain credit for agricultural activities and other purposes were and are still common practices in some of our communities today (FOGC-6).*

Moreover, in his response to the question, FOGC-7 saw what he described as “*Unsystematic Risk*” as the major impediment to agricultural financing. He clarified his point saying, thus;

*Agricultural business involves the production, processing, marketing and utilization of the following: crops, livestock, forestry, fishery and wild life. The production of some is prone to a peculiar risk. These risks are mainly unsystematic risks which are beyond the control of the farmer, such as natural hazards, flood and draught (FOGC-7).*

Furthermore, according to FOGC-8, ignorance about the source of funds is the problem. He explained further by saying, thus;

*Many farmers are illiterate and ignorant of the current happenings in relation to the availability of agricultural credits. Most farmers live rural areas and have knowledge of the outside world (FOGC-8).*

He went on to say that due to ignorance the local farmers also are often identified with what he described as “*lack of management skills*”. He clarified further, saying, thus;

*Many farmers lack the desired management or managerial skills. Many of them know nothing about the preparation of feasibility reports that could be acceptable to banks and also in the art of farm management. Many of them will eventually fail as a result (FOGC-8).*



While commenting on the issue, FOGC-9 simply talked of what she described as “*Time Lag*” to be the main obstacle to agricultural financing in Sokoto State, saying thus;

*The problem of time lag could come as a result of change in weather or climate. Failure of rain to come at the usual time could have serious consequences as farming seasons could be delayed, resulting in default in loan repayment or serving of loans (FOGC-9).*

Having *saturated* the required information on the relevant MSMEs issues, three *concepts* eventually emerged which constituted the fourth *category* of the analyzed data, as shown in the Table 4.6 below.

Table 4.6  
*Thematic Development on the Role of MSMEs in Poverty Alleviation in Sokoto State*

Category	Concepts
Role of MSMEs in Poverty Alleviation in Sokoto State	i. Common Features of MSMEs in Sokoto State
	ii. Obstacles to the Development of MSMEs in Sokoto State
	iii. Impediments to Agricultural Financing in Sokoto State

Source: Developed from the study's data

#### 4.6.4 Research Findings on MSMEs

MSMEs are officially held to be key players in the field of poverty alleviation in Nigeria, especially with the promulgation of special policies and fund for their development and financing. This study holds MSMEs as a bridge linking *waqf* and microfinance institutions for effective and sustainable poverty alleviation in Sokoto State. However, the outcome of the *constant comparative analysis* of data on the fourth research *category* revealed that MSMEs are facing some degree of negligence from Governments and rejection from financial institutions in the State. This led to what this study describes as *vicious circle of entrepreneurial decadence* in the Sokoto State.

However, as MSMEs remain unorganized; they are liable to become unbankable which eventually makes them unproductive. Therefore, this study found the imperatives of full implementation of the *Financing Principles* as enshrined in the MSMEDF launched by the Central Bank of Nigeria (CBN) in 2013. These principles stipulate that development of earning potentials of the poor should be given utmost priority. They directed all concerned authorities to be conducting capacity-building programs vigorously in urban and rural areas. They carried strong warning against disbursing investment loans without ascertaining the capability of the recipients. Upon full compliance with these directives, local enterprises will surely be resuscitated with appropriate financing. It is only then that poverty can be alleviated in a sustainable manner in Sokoto State. With these findings, the study was able to further strengthen achievement of the third *research objective* which was already achieved after the collection and analysis of data on microfinance.

#### 4.7 Conclusion

This chapter constitutes the brain of the research work. It contains the entire raw data of the study and their analyses. The *constant comparative analysis* of the raw data collected has brought about the following *categories* of the analyzed data:

- i. Poverty prevalence in Sokoto State
- ii. The role of *waqf* in poverty alleviation in Sokoto State
- iii. The role of microfinance in poverty alleviation in Sokoto State
- iv. The role of MSMEs in poverty alleviation in Sokoto State

Each of these four *categories* is an amalgamation of a number of inter-related *concepts* from the overall thirty-one (31) *concepts* that emerged from systematic collapsing of numerous *codes* that were initially highlighted in the participant's responses. All the *interview* and *focus group* questions were directed towards these *concepts* and were comprehensively answered

by sixty-three (63) participants. The four *research objectives* of this study came to be achieved on reaching the *saturation point* of data collection when the researcher realized that no new information was coming from any participant. Their achievement was further ascertained with the findings on the four *categories* being studied.



## CHAPTER FIVE

### DISCUSSIONS AND THEORY PRESENTATION

#### 5.1 Introduction

Multifarious and voluminous data was collected during the five-month period of data collection. In the process of *constant comparative analysis* of this data, the researcher was able to deduce numerous findings that are of vital significance in designing and execution of poverty-alleviation policies not only in Sokoto State, but in Nigeria as a whole. These findings have empirically proved the achievement of the *research objectives* of this study as well as validation of the *grounded theory* generated from the data that serves as the prime-mover in the implementation of the research findings. Based on this *grounded theory*, this study formulated a workable model with which poverty can be effectively alleviated in Sokoto State, Nigeria, through the combined services of *waqf* and microfinance.

#### 5.2 Research Findings

From the *constant comparative analysis* of primary data obtained from interview, observation, focus group discussions and archival studies, this study has come up with many significant findings pertaining to various issues surrounding the research *central phenomenon*. These issues include poverty prevalence in Sokoto State, poverty alleviation programs, *waqf* administration, microfinance services, growth of MSMEs and integration of *waqf* and microfinance for sustainable poverty alleviation in the State.

##### 5.2.1 Poverty Prevalence in Sokoto State

Poverty is discovered to be widespread in Sokoto State with greater severity in the rural areas due to various socio-economic deprivations which include;

- i. Permanent and seasonal famine due to draught, flood, primitive farming system and overpopulation.
- ii. Lack of basic economic infrastructural facilities such as good road network, electricity, and storage facilities for preserving staple and perishable food items.
- iii. Lack of functional education due to dearth or insufficient number of educational institutions from primary to tertiary levels.
- iv. Unorganized family structures which lead to explosion of unproductive population characterized with intergenerational vicious circle of poverty and cause and effect relationship.
- v. High rate of unemployment due to absence of productive entrepreneurial avenues as local MSMEs and cottage industries could not be provided or sustained.

Therefore, this study realized that the nature of poverty in Sokoto State is more of artificial than natural, especially what relates to the active poor. Numerous repercussions of poverty are physically discovered which, in most cases, are found to be detrimental to socio-economic stability of the State. These include, *inter alia*, street begging, school drop-out, hawking and rural-urban migration. From fieldwork, this study discovered that the poor people in the State are subject to so many types of vulnerabilities including lower income and saving levels, less rewarding sources of income and greater involvement in risk-prone agriculture. Thus, the overall living conditions and easy access to markets and services of microfinance institutions have significant implications for the productive allocation of resources (Aziz & Mohammad, 2016; Amuda *et al.*, 2016; Suzuku *et al.*, 2016).

In Sokoto State, the poor are very much constrained as far as the productive utilization of time is concerned. Under these conditions, it is quite natural that natural calamities such as

draughts, floods, and wind-storms make the living condition of the poor most unbearable (Townsend, 1979; Ubi, Effiom & Okon, 2013; Jackson, 2014; Schmid, 2017). This study disclosed from its diverse sources of primary data that sustainable poverty alleviation in the State requires multi-dimensional approach to which all stakeholders must contribute. The key players in this endeavour include the institutions of *waqf* and microfinance as well as constituted authorities at Federal, State and Local Government levels.

### **5.2.2 Poverty Alleviation**

Numerous responses of participants in this study indicated that there is need for considerable increase in human capability-building if poverty has to be effectively alleviated. Viable capacity building depends solely on the quality, relevance and level of education attained by the poor. Capability-building resulting from human resource development is adequate acquisition of professional training and ability to use information and communication technologies effectively (UNDP, 2008).

This study has evidently discovered that people at different levels of poverty, such as hardcore poor, regular poor and vulnerable non-poor need different treatments. However, in most cases, they need proper guidance, training on product development, marketing and other skills. The concept of project financing can be more effective in creating wage employment particularly for regular poor in the society (Rao & Sanyal, 2010; Panel, 2013; Dabla-Norris *et al.*, 2015). Moreover, this study has realized that any poverty alleviation program should consider the vulnerabilities of poor people in the context of food security, medical care and shelter. Immediate basic needs of the poor should always be given priority before any other measure is taken.

### **5.2.3 Waqf Administration**

From the enormous data collected, this study discovered that *waqf*, as a religious fund-generation institution, is operating in the State over a long time. However, the institution is not making any significant impact on poverty alleviation in the State. Due to the widespread poverty in the State, most of the mobilized *waqf* funds are channelled towards direct consumption of the poor instead of developing income-generation enterprises.

This study has realized that the current trend being followed in the utilization of *waqf* funds cannot lead to the achievement of sustainable poverty alleviation in the State. This is because, the development of earning potentials of the poor has not been given due consideration. For poverty to be successfully alleviated, there must be systematic and well-focused capacity-building schemes in which the bulk of *waqf* funds should be utilized (Khan, 2012; Phelan, 2016; Iqbal & Molyneux, 2016). Therefore, this study perceived a situation in which the earning potentials of poor are optimally harnessed and functional entrepreneurial skills are acquired with *waqf* funds to be the best way of preserving the perpetuity of *waqf* properties.

### **5.2.4 Microfinance Services**

From the analysis of data collected from series of interviews and focus group discussions this study discovered a long-time disbursement of microfinance loans to the poor, but still there is no satisfactory reduction of poverty rate in the State. Therefore, it was realized that mere disbursement of investment loans cannot solve the problem of poverty in the State, because usually these loans end up being diverted to direct consumption or other unproductive purposes. Financial flow must go hand in hand with real transaction in terms of development of skills, motivation and infrastructure for poverty alleviation (Amuda *et al.*, 2016; Noordin *et al.*, 2017).

Poverty can only be alleviated in a sustainable manner through effective capacity-building of the active poor by financing regular skill-acquisition training programs (Quinones & Remenyi, 2014; Alpay & Haneef, 2015; Agarwal, 2016). Thereafter, the trainees can be given investment loans based on their specializations which will be under constant supervision by the financier to ensure proper and profitable utilization. Loan disbursement can be in the form of small, medium or large enterprises depending on the time, place and nature of the project financed by *waqf* funds (Alpay & Haneef, 2015). It can follow the principles of venture capital in terms of investment yielding higher returns. These kinds of successful MSMEs have the potential for further expansion.

#### **5.2.5 Growth of Local MSMEs**

This study has gathered from official records that MSMEs are regarded by constituted authorities to be the key players in the field of poverty alleviation in Nigeria. This is proved by the promulgation of special policies and fund for their development and financing. However, this study discovered that although MSMEs are generally acclaimed to be the major catalyst in sustaining the micro and macro-economic development of Nigeria (*Revised MF Policy Framework*, 2013), but they are grossly hampered by financial exclusion (Taiwo & Agwu, 2016). Most of them could not access financing from microfinance banks because of high risks associated with dealing with them. It is, therefore, imperative to ensure full implementation of the *Financing Principles* as enshrined in MSMEDF launched by the Central Bank of Nigeria (CBN) in 2013. These principles stipulate that development of earning potentials of the poor should be given utmost priority before embarking on the disbursement of investment loans.



### **5.2.6 Integration of Waqf and Microfinance**

The responses of participants had shown tremendous support for the integration of *waqf* and microfinance in order to achieve maximum success in poverty alleviation in Sokoto State. Based on the analysed data, the *waqf*-based microfinance model proposed by this study can focus on various sources of funding apart from individuals, such as families, groups, NGOs, corporate organizations and governments. This is in order to achieve full operational self-sufficiency (OSS) and financial self-sufficiency (FSS) (Ali, 2014; Shirazi *et al.*, 2015). Moreover, the *waqf*-based integrated microfinance model proposed by this study can utilize *waqf* funds for developing infrastructure, training centres, schools and health care centres. On the other hand, it can also create business enterprises as partners.

This study realized that MSMEs are generally regarded to be an appropriate bridge that can link *waqf* and microfinance institutions for effective and sustainable poverty alleviation in Sokoto State. Ironically, MSMEs are discovered to be facing numerous impediments from constituted authorities and financial institutions in the State. This led to a vicious circle of entrepreneurial decadence in the State.

From the responses of participants, this study realized that in order to achieve effective and sustainable poverty alleviation in the Sokoto State, the hands of all concerned authorities and stakeholders must be on deck in conducting vigorous capacity-building programs in urban and rural areas. This will go a long way in reducing the current rural-urban dichotomy and ensuring healthy equilibrium of economic growth (Townsend, 1979; Ubi, Effiom & Okon, 2013; Jackson, 2014; Schmid, 2017). Similarly, all investment loans should be appropriately disbursed and properly monitored to ensure their efficient and profitable utilization (Taiwo & Agwu, 2016).

### 5.3 Construction of *Grounded Theory*

Generation of a practical poverty-alleviation theory from the responses of participants constitutes the fourth objective of this research work. Therefore, from the first day of data collection, the researcher started to explore the vital ingredients required for effective and sustainable poverty alleviation in Sokoto State, Nigeria. Gradually, as data was being collected and concurrently analysed through *constant comparative analysis*, the indispensability of capacity building of the poor continued to manifest with increasing emphasis.

Data collection started with *fieldwork* before conducting series of interviews during which the researcher discussed issues on poverty prevalence in Sokoto State with different stakeholders. All of them were directly, or indirectly, attributing the phenomenon to lack of viable financial and vocational capability to carry out dependable occupations (AGRIC-O; PUBLIC-C; TRADER; CYCO; UDUS-1, UDUS-2; UDUS-3; POLIACT).

Moreover, as the researcher was gradually analyzing the responses of professionals on the concepts of poverty prevalence in Sokoto State he realized that they were all calling for the development of earning potentials of the poor in order to control the spread of poverty in the State (UDUS-1; UDUS-2; UDUS-3; COECHLEC-1; POLIACT; POLIHOD). The participants attributed the menace to unemployment, ignorance and persistent isolation from the sources of wealth generation (UDUS-2; UDUS-3; POLIACT; COECHLEC-1; POLIHOD).

Similarly, all the data collected on the role of *waqf* in poverty alleviation in Sokoto State indicated the indispensability of functional capacity-building of the active poor

(WAQF.COM1; WAQF.COM2; WAQF.COM3; UDUS-1; UDUS-2; UDUS-3). According to COSCHLEC-1, the best way to alleviate poverty with *waqf* funds is by developing the earning potentials of the poor through vocational training followed by appropriate financial backing. Similarly, the *waqf* beneficiaries expressed the need for entrepreneurial training backed by financing (BENSER-W1; BENSER-W2; BENSER-W3; BENSER-W4; BENSER-W5).

Furthermore, during the data collection on the role of microfinance in poverty alleviation in the State, the participants repeatedly emphasized on development of earning potentials of the poor (COECHLEC-1, POLIACT; UDUS-1, UDUS-3). Similarly, considering the importance of capacity-building of the poor, all the interviewed microfinance officers claimed to have achieved major success in that aspect (NAG-ASSMA; RIMA-MA; POLI-MA; YABO-MA; GWAD-ASSMA).

As regards to the role of MSMEs in poverty alleviation in the State, the participants were unanimous on the need for revolutionizing the local MSMEs with modern production skills (SASME; FOGA-1; FOGA-3; FOGA4). Skill-acquisition and vocational training of the active poor is the most effective way of alleviating poverty (SASME, FOGB-2; FOGB-4; FOGB-5). With the acquisition of the state-of-the-art business skills, local production will increase both in quantity and quality in addition to more employment generation (SASME; FOGC-3; FOGC-5; FOGC-6; FOGC-7; FOGC-8).

It was during this long process of *discriminant sampling* of the whole data that the *grounded theory* of this study was constructed which fulfilled the last research objective. This theory,

which is well grounded in the responses of the research participants, is tagged *Capacity-Building Theory of Poverty Alleviation in Sokoto State, Nigeria*.

### **5.3.1 Framework of Capacity-Building Theory: Strategic Contribution to Poverty Alleviation**

*Capacity building* is perceived by this study to be an integral part of poverty alleviation program. It is what we do and how we do our work. *Capacity building* is defined by UNDP (2015) as the ability of individuals and organizations or organizational units to perform functions effectively, efficiently and sustainably. *Capacity building* is an evidence-driven process of strengthening the abilities of individuals, organizations, and institutions to perform core functions sustainably, and to continue to improve and develop over time (UNDP, 2015).

From the *emic reporting* of the data (respondents' views and opinions), this study discovered that *capacity building* should be an inherent part of poverty-alleviation initiatives and activities undertaken by *waqf* and microfinance. These will include program activities in all technical areas covering vocational and skill-acquisition training programs as well as financial empowerment of trainees.

Effective capacity building efforts target the active poor with a goal toward enhancing the short- and long-term potentials for the beneficiaries to sustain themselves and their families. Part of this process includes identifying illegible candidates and business areas that suit them. This study regards capacity building, consistent with the Islamic economic system and supported by all stakeholders, including the poor, to be an essential component of strengthening the nation's determination to fight poverty in all its ramifications.

As clarified in Figure 5.1 below, capacity building program organized by *waqf*-based microfinance should be driven by clearly defined objectives that state what the initiatives are intended to achieve and how they will accomplish their objectives in the context of poverty alleviation. Similarly, all financed business partnerships should be pivotal to capacity building and should ensure that grass-root levels own and lead their own capacity building process. Partnership efforts supporting capacity building must be explicitly recognized and monitored for their effectiveness. To achieve sustained improvements in capacity and performance, capacity building must continually focus on supporting ownership of the process, otherwise, there is the risk that capacity will diminish once financing stops.

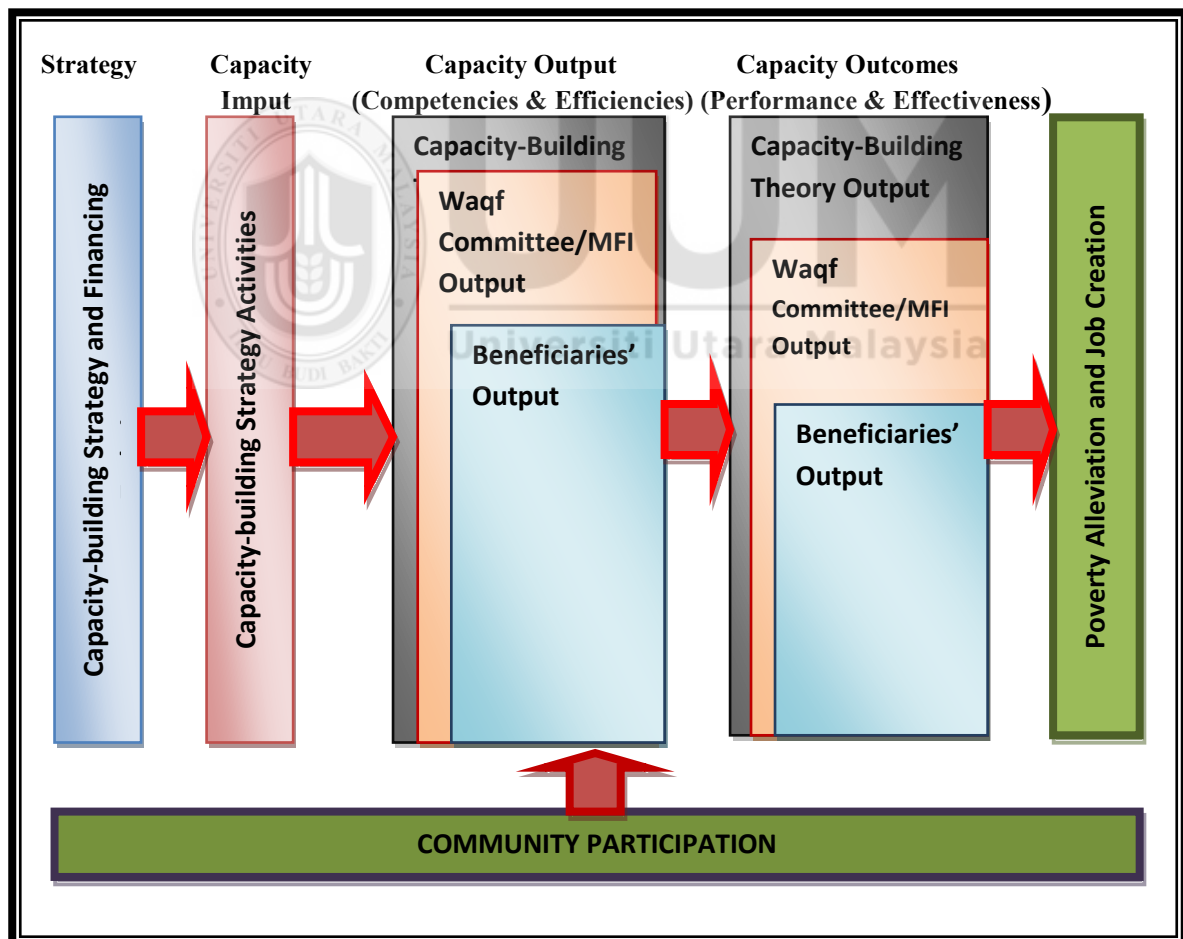


Figure 5.1  
*Framework of Capacity-Building Theory*  
 Adapted from UNDP: *Capacity Development Practice*, 2015

### 5.3.2 Process of the *Grounded Theory* Implementation

For the achievement of maximum success in the implementation of *capacity-building theory*, this study suggested that the following sequential stages of orienting the active poor should be strictly followed when the proposed *waqf*-based Islamic microfinance integrated model (WIMIM) commences operation:

- i. Provision of Social Assistance by;
  - a) Provision of the client's basic needs of food, medicine, clothing and shelter as part of social security service.
  - b) Provision of safety-nets to make them more resistant to financial shocks. Any business risk should be covered by the reserve created with investment proceeds.
  - c) Transferring the ownership of business assets to the clients after satisfactory development of their earning potentials.
- ii. Provision of Business Development Support which include;
  - a) Partnering in the PLS arrangement with the clients.
  - b) Provision of necessary capacity building instruments to ensure a better chance of client's success in investments.
  - c) Assisting the clients in developing their business models.
  - d) Facilitating access to markets, skills and technology by incorporating different stakeholders in the value chain.

As poverty is caused by varieties of natural, geographical, socio-polical and economic factors, the condition of poverty also differs from one person to another. Therefore, as clearly illustrated in Figure 5.2 below, not all the poor should go through all stages of poverty-alleviation assistance. The condition of each client should be carefully assessed by the

WIMIM proposed by this research in order to identify the appropriate assistance to be rendered. Similarly, the entrepreneurial and financial capacity that will be given to beneficiaries should also be customized according to the business sector where the beneficiary is engaged, or is deemed fit to be involved. Therefore, on this issue, the two guidelines below should be followed:

- i. Market survey to pinpoint good business opportunities for development of MSMEs.
- ii. Grounded and thorough assessment of clients' needs to identify their capacity building requirements.

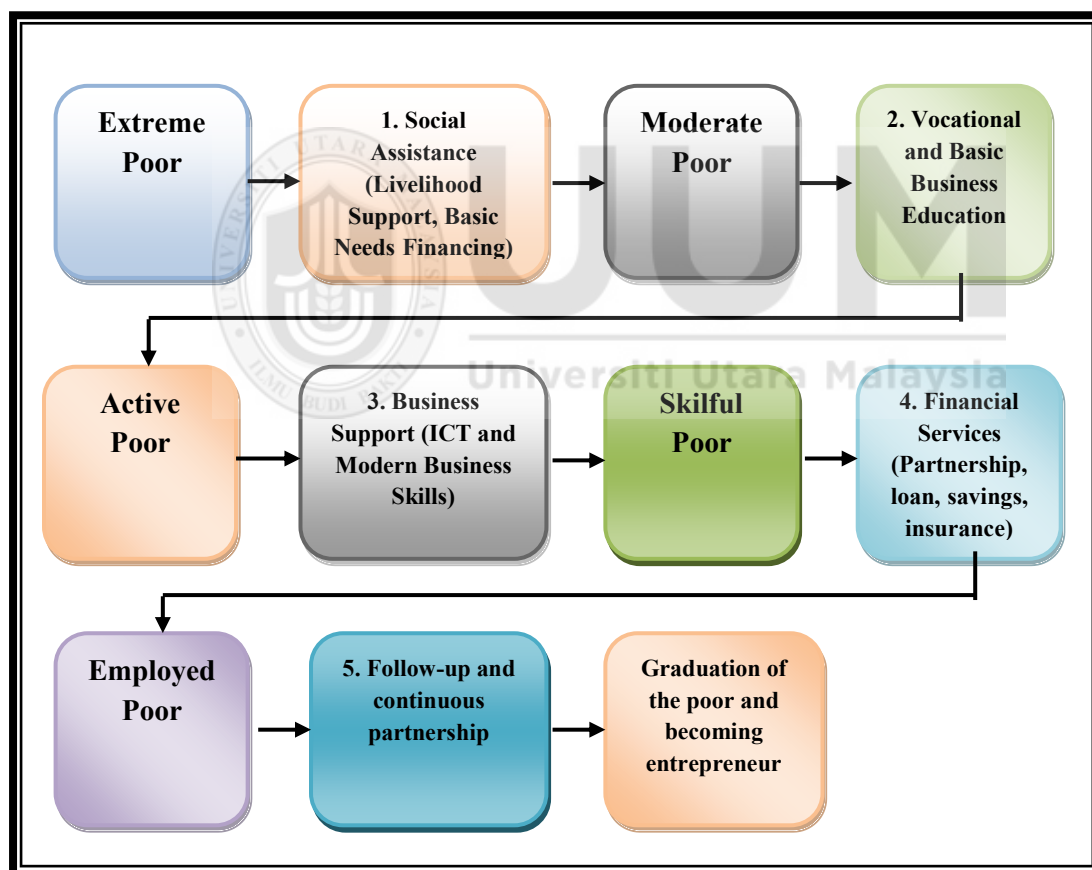


Figure 5.2

*Process of Capacity Building*

Adapted from IRTI/IDB: *Poverty Alleviation Strategy*, 2015

#### 5.4 Integration of *Waqf* and Microfinance for Poverty Alleviation

Apart from justifying the fulfilment of the research objectives, the *research findings* and the *grounded theory* generated from the primary data also demonstrate the imperative of integrating *waqf* and microfinance for effective and sustainable poverty alleviation in Sokoto State, Nigeria. So far, different *waqf*-based financing schemes were suggested by previous 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 formal microfinance in order to achieve sustainable poverty alleviation (Aslam, 2013; Ali, 2014a; Ali, 2014b; Haneef *et al.* 2015; Shirazi *et al.*, 2015; Alpay & Haneef, 2015).

Considering the socio-economic and religious background of Sokoto State, Nigeria, this study is proposing a more comprehensive *waqf*-based Islamic microfinance integrated model (WIMIM) that can play effective role in poverty alleviation in the society. From its literature review, this study had discovered similar models to have been *quantitatively* conceptualized and experimented in five Muslim countries; Indonesia, Malaysia, Pakistan, Bangladesh and Sudan (Sadeq, 2005; Affandi & Nufus, 2010; Aslam, 2013; Ali, 2014; Alpay & Haneef, 2015; Shirazi *et al.*, 2015; Mohammad Thas Thaker *et al.*, 2016).

However, this study found the models to be deficient for lack of in-depth studies on the integration of the two financing institutions in their respective areas of operation. Similarly, poverty, that constituted the research problem, has not been thoroughly studied as to identify its causative factors and appropriate remedies in relation to where the researches were conducted. Moreover, those researches failed to demonstrate how the recommended modes of



financing are locally applied for poverty alleviation. Globally, poverty is relatively more prevalent in rural areas but, ironically, those researches were wholly conducted to reflect urban condition.

The proposed WIMIM model was conceived by this study through *grounded theory qualitative research* and is eventually powered by the data-grounded *capacity-building theory* of poverty alleviation. Therefore, as illustrated in Figure 5.3, in order to achieve sustainable poverty alleviation the model is meant to employ numerous Islamic financing techniques to enhance human resource development (HRD), resuscitate earning potentials of the poor and develop micro-, small- and medium-scale enterprises (MSMEs) in Sokoto State, Nigeria. Through these functions, more dependable jobs can be created thereby cutting the rate of poverty to the lowest level (Idris & Agbim, 2015; Alpay & Haneef, 2015; Muhammad, 2016).



Figure 5.3  
*Varieties of WIMIM Poverty Alleviation Financing Techniques*  
Adapted from IRTI/IDB: *Poverty Alleviation Strategy*, 2015

#### 5.4.1 Formation of Operational Capital of WIMIM

With the successful integration of *waqf* with Islamic microfinance, an investment-commercial-insurance-cum bank is formally established (Ali, 2014, Shirazi *et al.*, 20115). 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 three categories, as follows:

- i. *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 (*wāqif*), such assets will be liquidated to augment the investment capital of the Model.
- ii. Funds mobilized by the Model through issuance of various categories of *uk ūk* certificates for *mus ā k*, *muḍā b* and *ijā* investments.
- iii. Dividends (*Aqsāt min arbāh at-tijārāt*) received by the Model from various entrepreneurial partnerships (*sharikāt al-uqood*).

According to Shirazi *et al.* (2015) and Ali (2014), when dealing with this multi-faceted capital, it is imperative to differentiate between what makes up the assets and the liabilities of the model. As for the assets, they comprise of cash, consumable and durable properties, such as food items, lands and vehicles donated to *waqf*, as well as investment loans disbursed to active poor. Liabilities, however, consist of *waqf* capital which must be preserved, *sukūk* investment deposits and reserves for social security services.

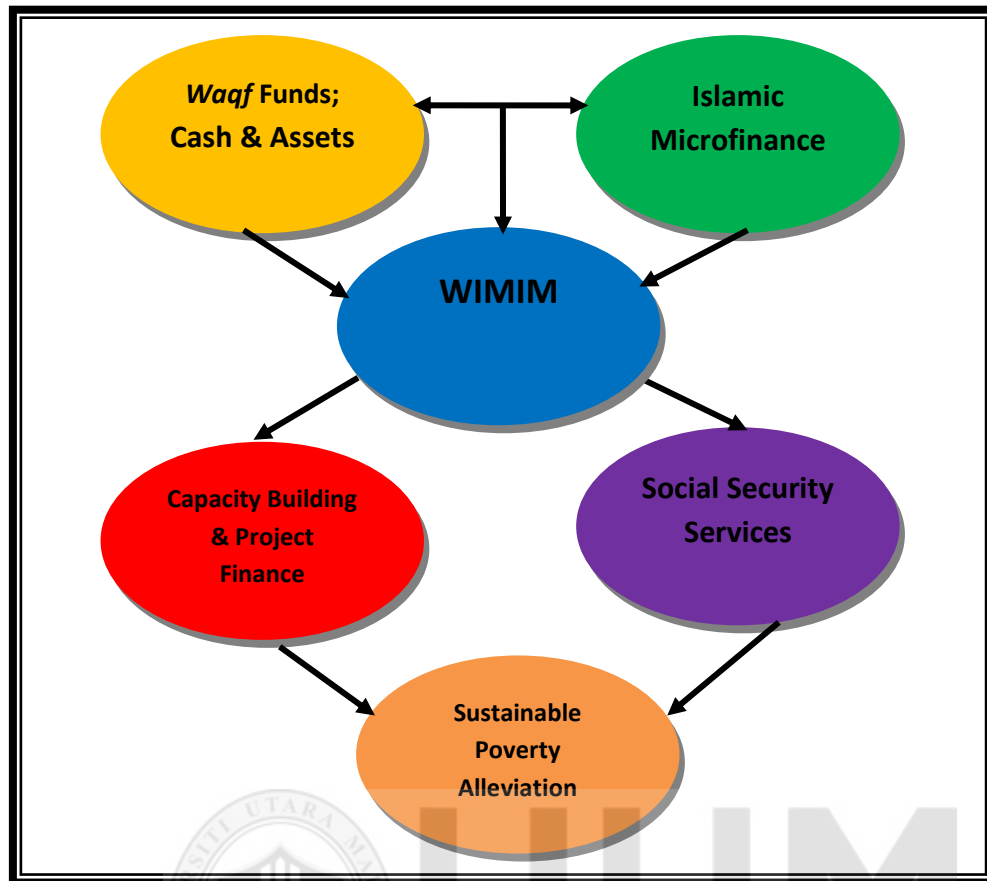


Figure 5.4  
*Conceptual Framework of WIMIM*  
 Source: Developed from the study's data

Apart from financing MSMEs, the proposed *waqf*-based Islamic microfinance integrated model (WIMIM), illustrated in Figure 5.4 above, is primarily embarking on various capacity-building programs aimed at developing earning potentials of the poor. 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).

#### 5.4.2 The Ultimate Goal

As illustrated in Figure 5.5 below, functional human resource development and sustainable social security services constitute the ultimate goal of any *waqf*-based microfinance initiative

(Widiyanto & Ismail, 2010; Walters, 2012; Aslam, 2013; Molla & Uddin, 2013; Haneef *et al.*, 2014; Ali, 2014; Obaidullah & Shirazi, 2014; Iman & Sabit, 2014; Alpay & Haneef, 2015; Haneef *et al.*, 2015; Shirazi *et al.*, 2015; Usman & Tasmim, 2016).

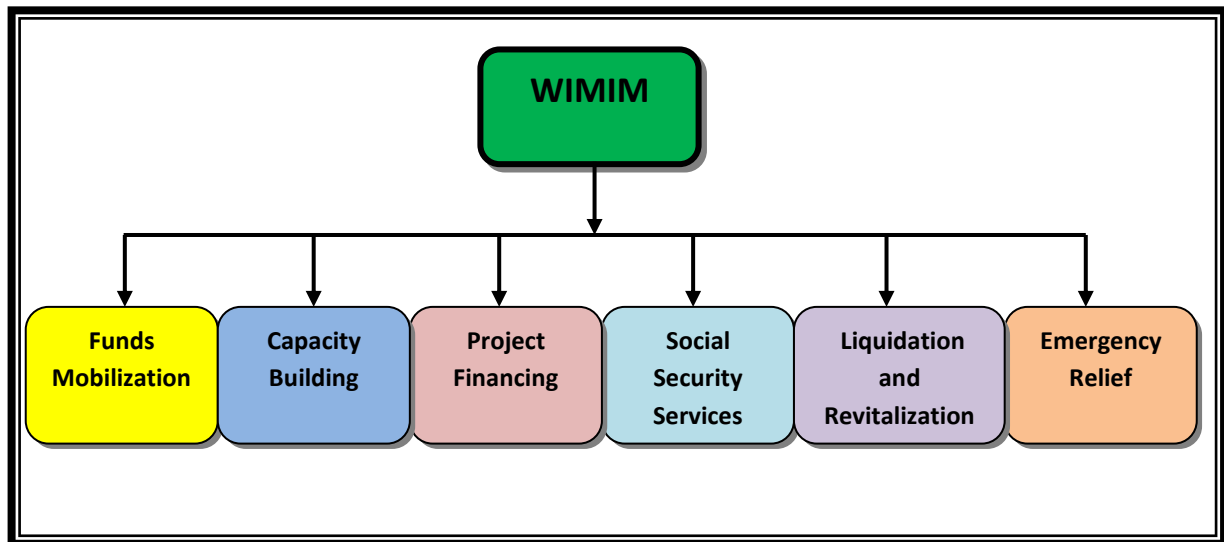


Figure 5.5  
*Functions of the proposed WIMIM*  
 Source: Developed from the study's data

Therefore, powered by *capacity-building theory* of poverty alleviation, the proposed WIMIM should embark on executing the following functions:

- i. Mobilization of various *waqf* funds from individuals, groups, governments and corporate organizations.
- ii. Organizing and financing vocational courses and skill-acquisition training programs for vibrant capacity-building of the poor.
- iii. Disbursement of revolving loans to the economically-active poor for investment in profitable enterprises in order to make them self-reliant.
- iv. Liquidation and/or revitalization of dormant *waqf* assets for optimum utilization of their corpuses

- v. Provision of basic social security services to the poor that are economically inactive on the ground of old age, sickness, physical and mental invalidity.
- vi. Provision of emergency relief aid to the victims of flood, fire, drought, insurgency or acts of terrorism.

### 5.4.3 Criteria for Project Financing

The ultimate goal of financing MSMEs is to alleviate poverty in an effective and sustainable manner. From various sources of data of collection, this study has evidently learnt that there are numerous causative factors of poverty in Sokoto State. These factors include isolation from the sources of income generation (Corbett and Fikkert, 2014; Alkire and Seth, 2015), financial exclusion (Suich *et al.*, 2015), and environmental constraints (Jackson, 2014; Schmid, 2017). Therefore, in consideration of these causative factors, this study suggested some WIMIM-based criteria to be observed when disbursing investable loans which include the following:

- i. A number of Qur'anic verses indicate alleviation poverty as one of the major responsibilities of the Islamic state, such as (*al-Baqarah* 2: 268-273, *at-Tawbah* 9: 60, *al-Hajj* 22: 28, *an-Noor* 24:32, *Muhammad* 47:38 and *al-Hashr* 59:8). Therefore, enterprises which alleviate poverty of greater number of population should be given greater priority over others.
- ii. Enterprises which lead to greater distribution of income should be ranked higher over those which distribute income among fewer people. This is based on the Qur'anic emphasis on greater distribution of income (*al-Hashr* 59: 7). Thus, businesses should be analyzed for their expected impact on income distribution.

- iii. Removal of injury should take precedence over provision of a benefit. This may lead to decide, for example, that project aiming at controlling of floods is more important than what aims at the provision of an irrigation outlet. Similarly, a project designed to prevent diseases by setting up a hospital may take preference over establishing a school.
- iv. As the Glorious Qur'an instructs (*an-Nis 'i* 4:135, *al- Má'id* 5:8, *an-Naml* 16:90) all human beings should be treated equally as far as the provision of basic necessities of life is concerned. This implies that the present-day discrimination against rural population must come to an end. Enterprises which provide facilities, like education, health, transport, water supply and sewage to urban population in preference to rural population violate the Islamic concept of ' *dl* (justice) and equality of all human beings (*al-Hujuraat* 49:13, *al-Mumtahanah* 60:8, etc).
- v. Enterprises which give preference to provision of basic needs over comforts and luxuries should be given a higher weight. This is based on the common belief that human beings like to have comforts later than necessities.

According to al-Ghazali (1971), consumable products are categorized into three classes based on their importance to human life; necessities, conveniences and refinements. Necessities (*Daruriyyat*) are all activities, services and goods essential to the preservation of the five Islamic foundations of sound individual and collective life, namely; religion, life, mind, progeny and wealth. Conveniences (*Hajiyyat*) are all activities, services and goods not vital to the preservation of the five foundations, but which are needed to alleviate or remove impediments or hardships. Refinements

(*Tahsiniyyat*) are those activities, services and goods that go beyond the limits of convenience. They include whatever does not remove or alleviate difficulties, but consist rather in adornments, which brighten one's life, or console it. Islam strongly disapproves any activity, service or good that goes beyond *tahsiniyyat* as it falls into prodigality (*israf*) and self-indulgence (*tabzeer*).

- vi. Enterprises which may generate social diseconomies or environmental pollution will be assigned a low priority over others.
- vii. Enterprises requiring consumption of non-renewable resources should be ranked lower as compared to those which consume renewable resources. Thus, the needs of the coming generations should be kept in view. This is derived from the Glorious Qur'an (*al-Hashr*: 7-10).
- viii. Enterprises which serve public interest should be preferred over those which serve individual or group interest. This is derived from the juridical rule that the lesser of two evils should be tolerated (*irtikaab akhaf ad-dararain*).
- ix. Developmental enterprises designed to use local resources should be given preference over what are to use imported materials. This is in order to speed up grass-root industrialization which is an effective tool for curbing poverty. Similarly, as regards to sitting bases for enterprises, priority should be accorded to those planned to be sited where the resources are tapped. This will revolutionize the prevalent development concept which perceives transfer of resources from rural areas to urban areas for industrialization. This also complies with the directive of the Holy Prophet (SAW)

that *Zakat* funds should be disbursed within the areas they are generated (*Sahih al-Bukhari*, Vol.2, No.478). Only surplus is to be transferred to the nearest locality. Developing industrial base in villages is more akin to the Islamic vision, and it curbs rural-urban migration.

Evaluation of credit-worthiness of MSMEs should always keep in view the general and specific objectives of the *ah* such as justice and equity (Shafiq *et al.*, 2014; Shah, 2015; Choudhury & Malik, 2016; Salem, 2017). Any criterion adopted for project evaluation has to be tailor-made according to socio-economic conditions of the society (Khan and Jareen, 2015).

#### **5.4.4 Categories of Financed Party**

Equally important as screening of MSMEs is also the screening of potential clients. Therefore, financing can go to individuals, families, groups and associations so long as efficient and productive utilization of loans are guaranteed by the beneficiaries.

**Individual:** During its *fieldwork*, this study has discovered most of the local micro enterprises are owned and run by individuals. Therefore, the proposed WIMIM can finance individual entrepreneurs after satisfactory screening of their respective personal profiles. Potential clients can also be trained in their fields of investment before funds disbursement. This is in order to ensure efficiency and profitability in the investment. Through *muḍā b* or *istiṣnāʿ*, for instance, the client will be financed in proportion to the type of enterprise and place where it is taking place.



**Family:** In Sokoto State many enterprises are hereditary with family members assigned to carry out diverse duties. This is mostly happening in certain occupations, like blacksmithing, carpentry, building and tailoring. This is when the occupations take a form of teamwork with all the family members working to complement each other. During its *observation*, this study discovered most of these enterprises are functioning below operational self-sufficiency (OSS) and financial self-sufficiency (FSS) levels. Therefore, poverty is still looming in those families. In this case, the proposed WIMIM should step in with financing through partnership (*mus ā k* ) or leasing (*ijā* ) of vital working materials or tools.

**Group:** Many businesses in Sokoto State are conducted in groups especially those requiring diverse services to be rendered to customers, such as restaurants, furniture factories, automobile mechanical workshops and supermarkets. Therefore, such businesses can benefit from project financing whereby the proposed WIMIM and the clients agree to run a business. The financier can come to a *mudā b* agreement with the group of the clients with the roles identified in a separate document. Depending on the different roles, the clients can be divided to assume different roles to accomplish the same goal, such as production, packaging, marketing, delivery and financing.

**Association:** The most common income-generating occupations in Sokoto State are agro-allied. This is because, for generations, farming is the main source of livelihood for the people of that area. This brings about numerous associations of farmers in both urban and rural areas of the State. Similarly, occupational associations also exist in the State, such as that of traders, builders, butchers, manufacturers and commercial drivers. Through these bodies, the proposed WIMIM can finance many viable projects under debt or equity financing agreement. Such financing techniques as *b i' mu'jj l*, *s l m*, *muzā '* and

*muḍā b* will assist in developing local enterprises with more employments to be generated.

During its *observation*, this study discovered that large scale industries, despite their ability to create rural and/or urban employments in the informal sectors, fail to absorb semi or unskilled rural workers mostly engaged in the informal sectors. Therefore, marketing opportunities, training requirements and management facilities can be made available through the associations dealing with microfinance banks to promote employment in the informal sectors.

#### **5.4.5 Financing Techniques of the Proposed WIMIM**

This study learnt from the pilot survey that Sokoto State is typically agrarian with some augmenting market-based trading and manufacturing enterprises. Each of these groups has its appropriate way of financing. Farming enterprises can only be suitably financed through *salam*, *bai al-mu'jj l*, *ijā*, *muzā*, *musāqah* or *mughārasah* financing techniques (Ali, 2013; Usman & Tasmim, 2016). As for trading, *mu āb ḥah*, *muḍā b* and *mus ā k* financing techniques can be more appropriate. While manufacturing ventures can be effectively financed through *istiṣnā* and *qard hassan*. However, this financing allocation to 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 will be evenly selected from both rural and urban areas of the State to ensure equity and balanced development. With appropriate project financing; the State will get numerous macro-economic benefits which include the following:

- i. The ability of small and medium entrepreneurs to obtain financing would bring to the service of the nation a large reservoir of entrepreneurial skills which will otherwise remain dormant for lack of resources.
- ii. Participation in the results of financed businesses will make the proposed WIMIM more careful in evaluating loan applications. This will, in no small measure, reduce the rate of material wastages and misutilization of *waqf* funds.
- iii. Through the participation of the proposed WIMIM in the success of financed businesses, greater information, skill and expertise should become available to local MSMEs, thereby making them more efficient and productive.

However, upon all these vital benefits, this study has observed some potential problems to be faced by the proposed WIMIM in financing local MSMEs, some of which are the following:

- i. Difficulty of identifying and judging market opportunities among the proposed entrepreneurial investments.
- ii. Problem of evaluating and assessing profit, or loss, due to interrupting contingencies in the investments of funds.
- iii. Imperfect supervision of financed enterprises, especially if the volume of business is very huge which may expose the disbursed funds to undesirable outcome.
- iv. Danger of accumulating bad risks which emanate mostly from insincere attitude of the financed party or business shareholders.

## 5.5 Farming and Agro-Allied Enterprises

In Sokoto State, farming is proved to be the only enterprise in which the proposed WIMIM can apply multiple financing techniques at a time, as depicted in Figure 5.6 below. 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 the proposed WIMIM through either *salam*, *bi mu'jjal* or *ijā*. Similarly, due to their poverty, in most cases, the clients could only repay the loans from their farm produce. Eventually, this produce will be sold to processing companies or industries through *mu āb ḥ* purchase. Moreover, these poor farmers could only acquire the farmlands under *muzā* ' or *ijā* (*ki* ' ) arrangement.

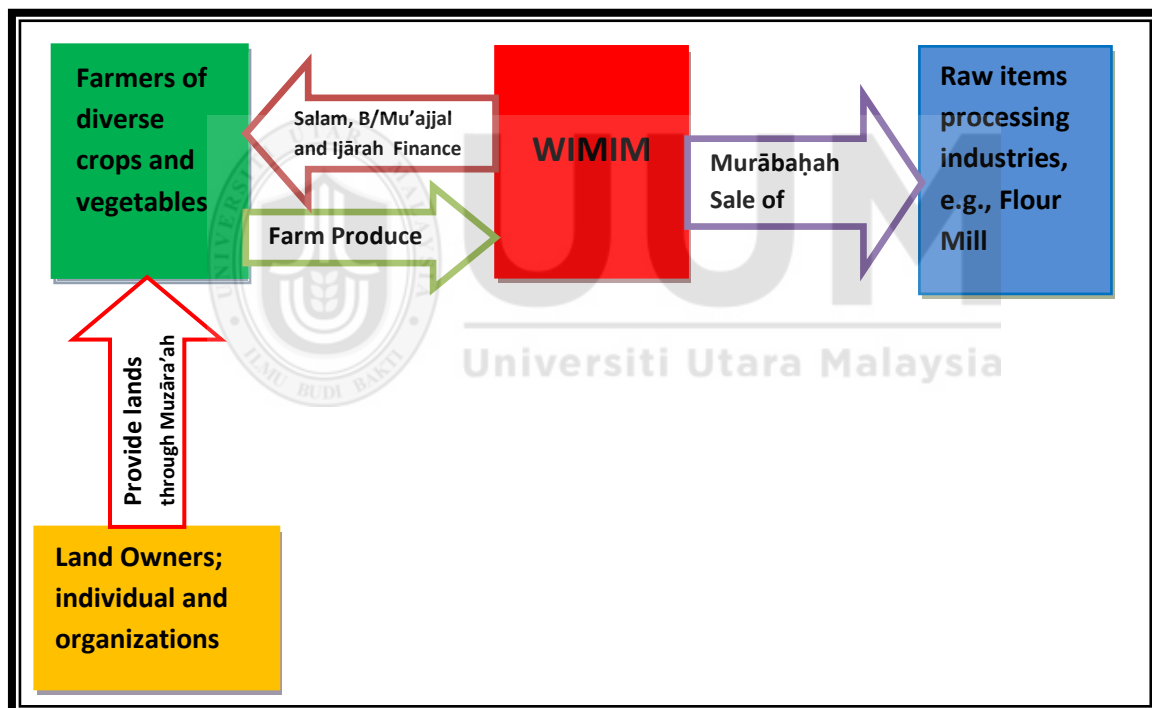


Figure 5.6  
*Process of Employing Multiple Financing Techniques in Farming*  
 Source: Developed from the study's data

The *fieldwork* conducted by this study between 12<sup>th</sup> February and 15<sup>th</sup> February, 2017, discovered gross under-cultivation of vast arable land of Sokoto State due to abject poverty among the peasant farmers. As illustrated in Figure 5.7 below, large areas of fertile

agricultural lands are left wasted annually due to incapability of procuring fertilizer, lack of appropriate farming implements, and inefficient labour. These problems culminate in acute shortage of food which aggravates the severity of poverty in the State. Therefore, in order to salvage the State from this alarming predicament, the proposed WIMIM will give adequate attention to the farming sector by engaging in various agricultural partnerships with local poor farmers. With the resuscitation of agriculture, the current rising rate of unemployment will be reduced significantly.



Figure 5.7  
*Under-cultivation due to Use of Primitive Farming Implements*  
Source: Taken from the study's fieldwork

## 5.6 Market-Based Commodity Trading

Traditionally, after agriculture, commodity trading is the second largest employer of indigenous people of Sokoto State. The *fieldwork* conducted by this study discovered 27 full-

swing market places in Sokoto city alone. Similarly, it was observed that, averagely, there are two fully-developed markets in the headquarters of each of the 23 Local Government Areas (LGAs) of the State. While in every major town and village there is at least one functional market that opens for buying-and-selling transactions on daily basis as portrayed in Figure 5.8 below.



Figure 5.8  
*The 'Y M k e M k e t in ny inn Town, Sokoto State, Nigeria*  
 Source: Taken from the study's fieldwork

The commodities traded consist of food stuff items, fruits, textiles, footwear, cosmetics, electronics, house utensils, livestock and poultry, farming and construction materials. Moreover, there are dozens of restaurants and ICT business centres in cosmopolitan areas across Sokoto State. However, this study observed that most of these businesses are operating below OSS and FSS levels due to absolute poverty. Ultimately, in this enterprising



environment, with effective financing programs carried out by the proposed WIMIM poverty will be successfully alleviated.

Ultimately, in this enterprising environment of Sokoto State, with effective financing programs carried out by the proposed WIMIM, poverty will be successfully alleviated. The locally-oriented MSMEs can be fully developed with such financing strategies as *muḍā b*, *mus ā k* and *qard hassan*. For instance, as depicted in Figure 5.9 below, the mobilized funds can be used by proposed WIMIM to finance the active poor in commodity trading under *muḍā b* arrangement. The profit of the investment will be shared with the investor (*muḍā ib*) on a pre-agreed ratio. However, in case of any loss in the investment, it will be borne by the financier (*rab al-maal*) alone.

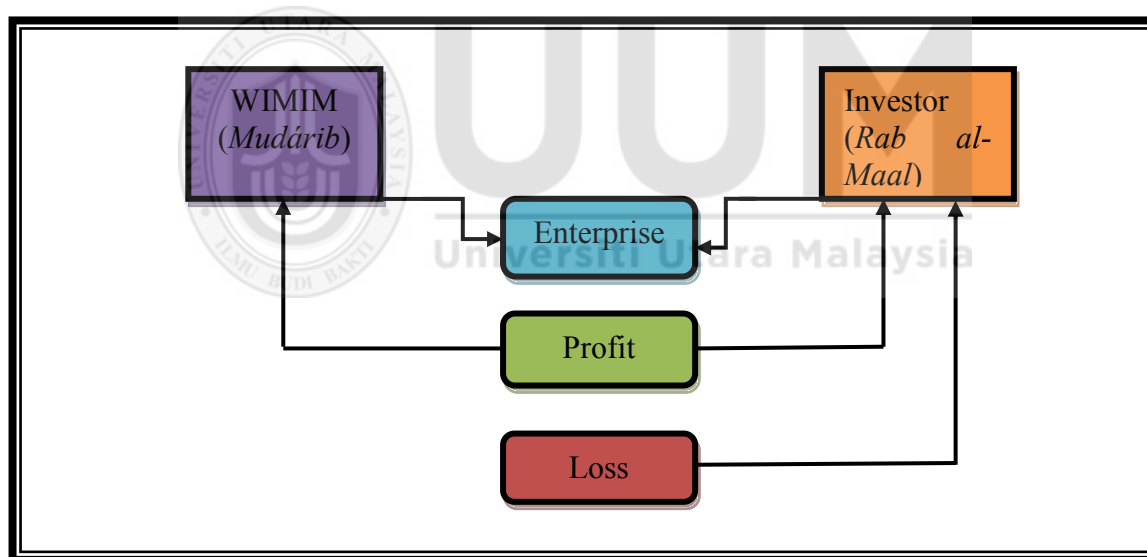


Figure 5.9  
One-Tier *muḍā b* Financing of Active Poor  
Source: Developed from the study's data

These locally-oriented MSMEs in the State can be fully developed with such financing strategies as *muḍā b*, *mus ā k* and *qard hassan* (Ali, 2014). For instance, the funds generated by proposed WIMIM under *muḍā b sukūk* arrangement will be used to finance specified MSMEs in commodity trading using two-tier *muḍā b* financing as illustrated in

Figure 5.10 below. As people deposit their *sukūk* investment money to the proposed WIMIM, the money will be used to finance creditable MSMEs on a pre-agreed profit-sharing ratio. Any confirmed accidental loss incurred in the investment is borne by the capital owner alone (Hassan, 2012). If, however, it is *mus ā k* arrangement, the profit and loss sharing (PLS) will be proportionately shared between the shareholders (Khan, 2012).

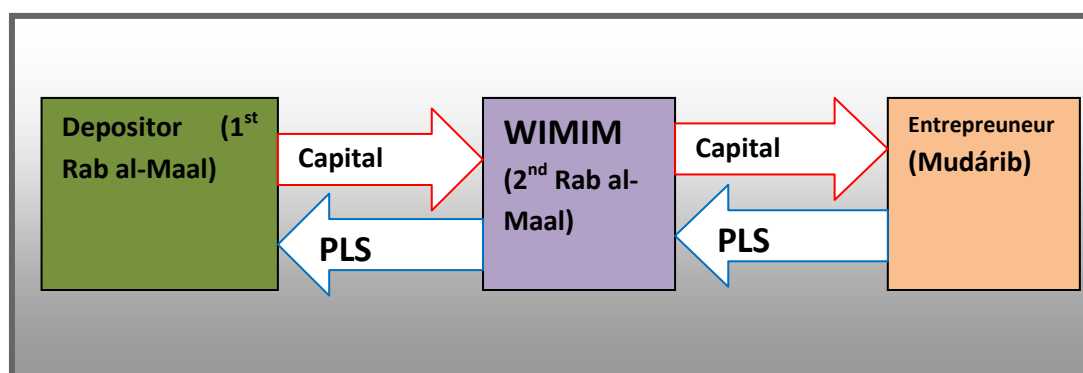


Figure 5.10  
Two-Tier Muḍā b Financing Technique  
Source: Developed from the study's data

Ultimately, in this enterprising environment, with effective financing programs carried out by the proposed WIMIM, poverty will be successfully alleviated. Therefore, these locally-oriented MSMEs can be fully developed with both equity and debt financing techniques, such as *mus ā k* and *salam*. Moreover, the mobilized funds can be used by the proposed WIMIM to strengthen flourishing enterprises under *mus ā k* arrangement. In this case, some shares of the business will be bought and the periodical dividends will be used to serve both the active and inactive poor in various capacities (Rom, Ashikin & Rahman, 2012).

## 5.7 Cottage Industries

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. During its *observation*, this study discovered 25 fully-active but financially-constrained cottage industries in Sokoto city alone which include Madunka Leather Works, Yusha'u Furniture Factory, Helele Pottery Works, Mazuga Blacksmithing Works, Tabligh Pure Water Company, and Ku Sha Shagalinku Meat Processing Venture, among others.

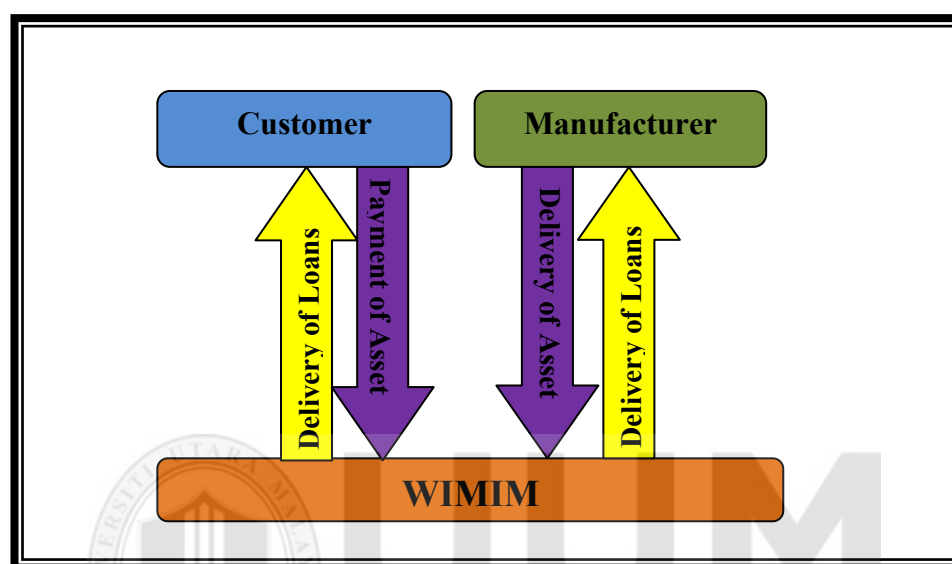


Figure 5.11  
*Empowering MSMEs through Istiṣnā and Bi'mu'jjal Financing*  
 Source: Developed from the study's data

In this situation, the proposed WIMIM can use its funds in financing some of these grossly under-capitalized MSMEs through diverse *istiṣnā* and *bi'mu'jjal* financing techniques. As depicted in Figure 5.11 above, the financed party can get options of repaying the loan in cash or with the manufactured products. The essence of disbursing the loans is to empower the active poor in their occupations and enterprises by developing their earning potentials (Ali, 2014; Shirazi *et al.*, 2015; Ibrahim, 2015).

The aim, in this contract, is to generate outputs which have a greater value than the inputs used (i.e. to add value). The financed investments value inputs and outputs in monetary

terms. Therefore, the aim is usually to generate revenue through investment in MSMEs for the welfare of the poor generally. 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).

## **5.8 Conclusion**

This chapter displays the research findings and samples of their application in the real-life situation. The central idea of the study is integration of *waqf* and microfinance for poverty alleviation in Sokoto State, Nigeria. From this central idea, the study proposed a *waqf*-based Islamic microfinance integrated model (WIMIM). This model is empirically justified and practically demonstrated in various entrepreneurial and capacity-building arrangements. The proposed WIMIM stands to be a mix of commercial and investment institution which employs various Islamic financing techniques to develop local MSMEs in the research survey area.

## CHAPTER SIX

### CONCLUSIONS

#### 6.1 Introduction

Conclusively, this study was attempting to demonstrate the strategies of alleviating poverty in Sokoto State, Nigeria, through the combined financial services of *waqf* and microfinance. In order to achieve this purpose, four fundamental issues surrounding the *central phenomenon* of the research work were extensively studied and comprehensively analysed. The study has empirically discovered that poverty cannot be alleviated successfully in Sokoto State under the current *status quo* whereby *waqf* and microfinance are operating independently. Therefore, as Alpay and Haneef (2015) and Shirazi *et al.* (2015) opined, integrating the operational mechanisms of *waqf* and microfinance will enhance the development of earning potentials of the poor and promote financial services for micro, small and medium-sized enterprises (MSMEs) in order to alleviate poverty.

Considering the wide spectrum of Islamic financing instruments, this study designs its proposed *waqf*-based Islamic microfinance integrated model (WIMIM) to implement systematic financial intermediation in form of a standard *waqf*-based Islamic microfinance bank that can perform the typical functions of a formal microfinance institution. Chowdhury *et al.* (2011), Basir *et al.* (2017) and Abubakar and Aduda (2017) mentioned that the Islamic financial system cannot be introduced merely by eliminating *riba* but only by adopting the Islamic principles of social justice and introducing laws, practices, procedures and instruments which will help in the maintenance and dispensation of justice, equity and fairness.

## 6.2 The Research Proposed Model

This study observed the need for establishing a *waqf*-based Islamic microfinance integrated model (WIMIM) in Sokoto State in order to facilitate poverty alleviation using modernized Islamic financing techniques. This is imperative, considering the weaknesses of conventional microfinance, such as charging high fixed interest rates, credit diversion, credit rationing and non-conformity with the principles (Kibet *et al.*, 2015; Pei-Wen *et al.*, 2016). Unlike the interest-based conventional microfinance system, Islamic financing modes are based on profit-and-loss-sharing (PLS) principle; so there will be no any burden of fixed interest payment on the borrowers which elongates the period of their graduation from poverty (Hassan, 2012; Khan, 2012).

In the model proposed by this study, two powerful poverty-alleviation institutions of *waqf* and microfinance are combined to form a more powerful and effective mechanism that could successfully encounter the menace of poverty in Sokoto State. The inherent nature of the proposed model may ensure equitable distribution of financial assistance and social welfare services among the poor. This model is not merely a charity entity, but is a mix of commercial and investment transactions based on profit-and-loss-sharing (PLS) principles and concessional contract modes. Therefore, it is a machinery of wealth-creation whereby the distribution of proceeds should be allocated among different stakeholders such as depositors, shareholders and investors in the MSMEs. Although there may be potential problems and challenges during its early stages of operation but, gradually, the proposed model will be financially viable and sustainable in the long run as long as all stakeholders are performing their respective obligations diligently.

Based on the research findings, it is proved that with proper implementation of the proposed WIMIM there will be tremendous success in poverty alleviation in Sokoto State. This is because it facilitates the integration of three anti-poverty measures which include; positive measures (through capacity building and development of MSMEs- for the poor), preventive measures (through functional re-distribution of production factors) and corrective measures (through systematic utilization of *waqf* funds).

As today's unemployment problems are taken into serious consideration by Nigerian authorities, their solution will be the combined services of *waqf* and microfinance institutions if managed professionally by implementing the operational mechanisms of the proposed WIMIM as demonstrated by the study. Through the operation of this model, ample employment opportunities will be provided for the poor in addition to the development of functional capacity building. Therefore, by implication, this model will contribute immensely in boosting the national economy, thereby reducing the rate of poverty drastically.

The WIMIM proposed by this study will improve the functions of the entrepreneurship and enhance Islamic business modes of equity and debt financing, such as *muḍā b* , *salam*, *istiṣnā* and *mushārah* financing, and will increase their implementation in the local commerce and industry. The risk of issuing capital is properly mitigated, moderated and well monitored in the arrangement of the proposed WIMIM. In fact, as Ali (2014) revealed, with the cash *waqf* mechanism some interest-free loans (*qurood hasanah*) are provided to the MSMEs through a safety mechanism discussed in this study based on trusteeship model, equalization profit reserve, and surplus fund of the cash *waqf*. The activities of the proposed WIMIM are geared towards enhancing capacity-building of the active poor and developing

local MSMEs by rendering elementary services in banking, finance, *takáful*, and capital market.

### **6.3 Accountability in *Waqf* Administration**

Success in the operation of the proposed WIMIM depends solely on the trustworthiness of its management team. In the context of improving management of *waqf*, this study does not view accountability as mere mechanistic tool concerned with audit, accounting, reporting and monitoring. Rather, accountability should also be seen as the ability for the institution to learn from beneficiaries through engagement and participation, which will, in turn, acquaint the concerned authorities on how to improve and better serve them (Khan *et al.*, 2013; Ebrahim *et al.*, 2014; Grossi *et al.*, 2015).

Although there are many ways to improve *waqf* management, but as Karim (2010) and Ibrahim *et al.* (2016) evidently clarified, it is important that the relationship of *waqf* management with beneficiaries must be given due consideration. This consideration does not merely see participation of beneficiaries as passive participants sitting at the receiving ends of the relationship. Rather, they should be actively involved in formulating and implementing any policy that is meant to improve the efficiency of *waqf* management (Saad & Sarif, 2017; Habidin *et al.*, 2017).

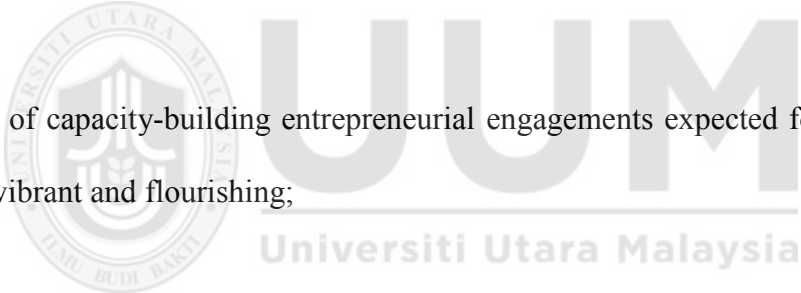
### **6.4 Policy Implications**

Ultimately, the sustainable success of the proposed *waqf*-based Islamic microfinance integrated model (WIMIM) relies entirely on its ability to adequately justify to the general public its capacity to alleviate poverty effectively. Although the theory of PLS remains a major foundational frame-work of Islamic finance, but there is need to make it categorically

clear that the operational mechanism of this model encompasses various -compliant poverty alleviation strategies. These strategies include diverse capacity-building programs meant for developing the earning potentials of the poor.

Moreover, the proposed WIMIM must demonstrate its ability to create its own investment opportunities by conducting effective internal and external market surveys. Its transactions should be such that will give tangible form to its religious ideology. This will prove that there is no contradiction between ethics and professionalism.

Before kick-starting the operation of proposed WIMIM, there is need to consider certain major issues which include the following:

- 
- i. Volume of capacity-building entrepreneurial engagements expected for the model to remain vibrant and flourishing;
  - ii. Strategic viability of the model within the whole arena of modern financial transactions;
  - iii. Satisfactory flexibility of the model with which it react promptly and efficiently in meeting the needs of beneficiaries. This could be possible only with appropriate staffing of all sections of the proposed WIMIM management who must satisfy, *inter alia*, the following requirements:
    - a. Relevant qualification and working experience in the Islamic financial practices as well as in the state-of-the-art conventional business transactions.

- b. Adequate knowledge of financial restructuring or financial engineering, necessary for developing the financial instruments that cater for the current needs of the proposed WIMIM.
- c. Proven character and acceptability within the locality in which the model operates. This will increase its trustworthiness in the eyes of clients and *waqf* donors.

Unless the services offered by the proposed WIMIM are efficient and qualitative, the survival of the whole idea of integration of *waqf* and microfinance will be at stake, as clients would inevitably switch to the conventional interest-based financial institutions to conduct their business transactions. Therefore, as a precautionary measure against this conceptual derailment, there is need to embark on the following two engagements:

- i. The proposed WIMIM management must establish a structured staff-training program to ensure conversance in both Islamic and conventional financing techniques. This will improve the managerial capabilities of the staff and acquaint them with up-to-date methods of performance-auditing, project-appraisal, monitoring and evaluation. In fact, staff training is not only essential, but it improves the model's marketing image with the public for being active in capacity-building of not only the beneficiaries but also its management staff.

In the present age of rapid scientific and technological development, there is need to embark on training activities that would improve the operations and services of the



model. To be competitive, the model needs to research into new ideas and develop these ideas into operations and services.

Research and development (R & D) may be undertaken by the management itself or bought from advanced Islamic microfinance banks around the world. R & D represent a long-term investment. It is a vital source of new ideas, innovations and competitive advantage. Many Islamic microfinance institutions are often criticized for not undertaking enough R & D (Ali, 2014; Alpay and Haneef, 2015).

- ii. There must be effective utilization of all relevant techniques and experience of conventional finance to improve the proposed WIMIM's operation and service delivery. This is in order to be able to develop, and practicalize the most advanced accounting standards that provide timely and most reliable information for profit-and-loss-sharing (PLS) system, rent-sharing as well as cost-plus financing transactions.

### **6.5 Preserving *Waqf* Perpetuity through Capacity-Building of the Poor**

In order to achieve effective and sustainable poverty alleviation in Sokoto State, capacity-building of the poor should be given greater priority. In fact, no amount of funds is too much to be disbursed in developing the earning potentials of the poor. This is the only way of graduating the poor from abject poverty. This study has understood that the current administrative arrangement of the State *Waqf* Committee is not fully inclined towards achieving this goal. The six Sub-Committees are mostly concerned with the provision of social security services to the inactive poor which culminates in subjecting the *waqf* properties to direct consumption. Therefore, as depicted in Figure 6.1 below, this study is

suggesting reorganization of the State *Waqf* Committee to take the proposed WIMIM administrative structure that inclines towards functional capacity-building of the active poor.

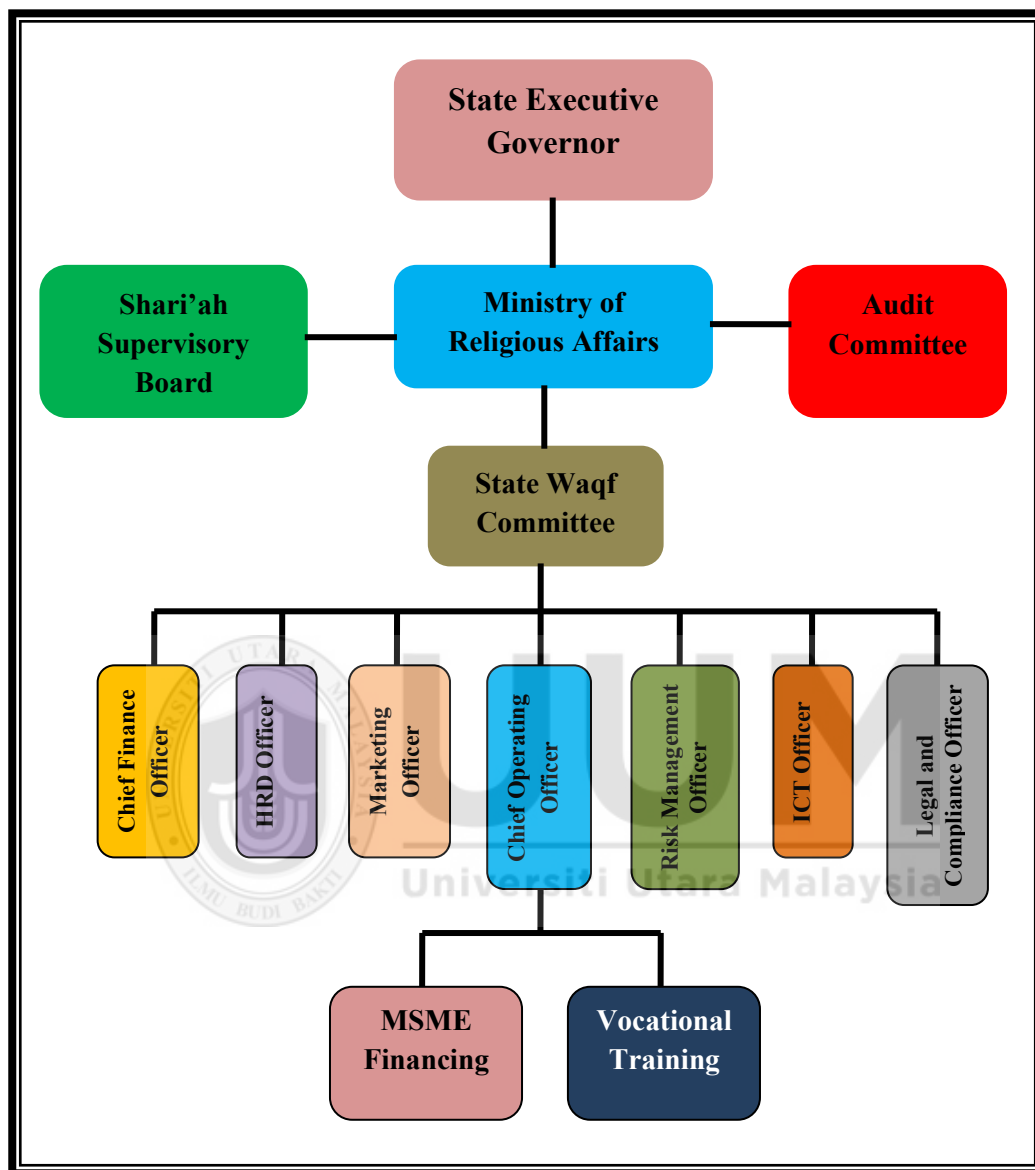


Figure 6.1  
*The Proposed WIMIM Administrative Structure*  
 Source: Developed from the study's data

## 6.6 Limitation and Suggestions for Future Research

Apparently, this study seems to be very narrow as it is confined to Sokoto State alone with a population of 4.5 million in such a vast and multicultural country like Nigeria which is populated by 180 million people. However, with the recent institutionalization of *waqf* in the

State that has many functional microfinance banks, the findings of the study are much relevant, and their generalization will be very realistic.

Furthermore, the one inevitable shortcoming of the study is inadequate *archival studies* on *waqf* and microfinance institutions in the State due to inability of the researcher to get access to all the required official documents covering their operations. However, with the intensive library research coupled with professionally-conducted interviews and tactfully applied observational protocols, the research findings became not only comprehensive but satisfactorily authentic.

Although this study has fully fulfilled its objectives, but still extensive studies need to be conducted in the area. This is because until now no comprehensive studies were conducted on poverty alleviation through *waqf* and its integration with microfinance in Nigeria generally. Moreover, the role played by *takáful* (insurance) in poverty alleviation is of paramount importance. Therefore, as these vital issues were not treated by this study, there is need for future studies to concentrate on those areas, especially in the context of Nigerian society.

## **6.7 Chapter Conclusion**

The fundamental objective of this study is to find effective ways of harnessing the potentials of *waqf* and microfinance to alleviate poverty in Sokoto State, Nigeria. Having critically examined the capacities of these two institutions, this study proposed a *waqf*-based Islamic microfinance integrated model (WIMIM) for implementation. Under this model, the Islamic modes of financing are systematically applied in capacity building and entrepreneurial development of the poor. Evidently, this will go a long way in reducing the rate of

unemployment by creating and empowering local MSMEs. This study confirmed this strategy to be the most effective way of curbing the spread of poverty in Sokoto State.

However, success of the proposed WIMIM can be realized only if it is managed by transparent and accountable personnel. For effective and sustainable operation of the model, there must be regular training and re-training of its management team. This will not only guarantee the desired success in the operation, but will also engender the confidence of stakeholders in the new initiative. Despite the fulfillment of the research objectives, this study has left serious vacuums that required to be academically studied.

## **6.8 Overall Conclusion**

This study titled *Integration of Waqf, Microfinance and MSMEs for Poverty Alleviation in Sokoto State, Nigeria*, commenced with a comprehensive clarification of the seven key words that made up of the research title with relevant references from reviewed literature. This was followed by presentation of the introductory parts of the study which include its background, justification, significance, scope and limitation. Other introductory parts discussed also include statement of the research problem, research questions and objectives of the study.

As a qualitative research, this study adopted the *grounded theory* approach in the collection and analysis of primary data which was acquired through *interview*, *observation* and *focus group* discussions. Therefore, the study was basically carried out by following the principles of *constant comparative analysis* of raw data as enshrined in the *grounded theory* approach. This process of data analysis involved the three successive levels of coding the raw data which include *open*, *axial* and *selective* coding with *NVivo 10* computer software employed to illustrate and facilitate the arrangement and storage of information.

With the *grounded theory* constructed and the research findings concluded, a comprehensive literature review was carried for their validation and augmentation with relevant expositions of scholars. Subsequently, this study demonstrated how the principles of *grounded theory of poverty alleviation* can be applied in Sokoto State, Nigeria, through its proposed *waqf*-based Islamic microfinance integrated model (WIMIM).



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## APPENDIX A

### Informed Consent for Participation



#### Islamic Business School

#### Informed Consent for Participation in Research Activities:

#### *Integration of Waqf and Microfinance for Poverty Alleviation in Sokoto State, Nigeria*

*Assalámu alaikum, wa rahmatul Láhi, wa barakátuh*

I want to thank you for taking the time to meet with me today.

My name is **Abubakar Yusuf Sanyinna** and I would like to talk to you about your experiences and participations as a stakeholder in *waqf*, microfinance and poverty alleviation programs in Sokoto State.

The interview should take about an hour or less. I will be taping the session because I don't want to miss any of your comments.

Although I will be taking some notes during the session, I can't possibly write fast enough to get it all down.

Because we're on tape, I hope you will endeavour to speak up so that we don't miss your comments.

All responses will be kept confidential. This means that your interview responses will only be used for this study only and I will ensure that any information included in the report does not identify you as the interviewee.

Remember, you don't have to talk about anything you don't want to and you may end the interview at any time.

Sir, are you willing to participate in this interview?

Interviewee

Witness

Date

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## APPENDIX B

### Interview Transcripts

#### Poverty Prevalence in Sokoto State


Q. 1: What are the distinctive features of poverty in Sokoto State?

Participants	Responses
UDUS-PROF	<i>Well, traditionally, the poor in Sokoto State are those who do not have possibility to earn their <b>production asset due to severe financial exclusion</b>.</i>
COECHLEC-1	<i>The common perception of poor people in Sokoto traditional setting are those who do not have their own production factors such as land, capital, and skill so that they have a <b>limited incoming ability</b>.</i>
POLIHOD	<i>Well, usually poor people are perceived to be those who do have adequate and efficient <b>factors of production</b>, such as land, capital and infrastructure.</i>
UDUS-2	<i>In this area, poverty is usually attributed to those who do not have <b>functional entrepreneurial skills</b> to make their occupations and enterprises sustainable and dependable.</i>

#### Causative Factors of Poverty in Sokoto State

Q.2.: What are the causative factors of poverty in Sokoto State?

Participants	Responses
UDUS-3	<p><i>Well, the causative factors are many, but the most prominent is <b>Urban-Rural Dichotomy</b>. When Governments could not maintain equilibrium between the rural and urban areas in the provision of basic amenities, dichotomy is artificially created between the two areas. Hence, the problem of mass rural-urban migration in this State is becoming an issue of serious concern not only to authorities but also the general public. Therefore, unless the “push and pull factors” of this phenomenon are identified and tackled, poverty will continue to prevail in this State.</i></p> <p><b>The Push Factors</b></p> <p><i>The push factors are those associated with the area of origin while the pull factors are those associated with the area of destination. Evidently, lack of economic opportunity tends to push people out of their areas of origin to look for better future. Among the push factors are the following:</i></p> <ul style="list-style-type: none"> <li>• <i>Unemployment</i></li> <li>• <i>Lack of essential services</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>Inherent poverty</i></li> <li>• <i>Poor harvest</i></li> <li>• <i>Drought</i></li> <li>• <i>isolation</i></li> <li>• <i>Low wages</i></li> </ul> <p><b>The Pull Factors</b>  <i>The pull factors, on the other hand, are the exact reversal of the push factors. These factors emanate from the urban areas tend to pull people towards to what is presumably better. They include the following:</i></p> <ul style="list-style-type: none"> <li>• <i>More jobs</i></li> <li>• <i>Better services</i></li> <li>• <i>Affluence</i></li> <li>• <i>Farming alternatives</i></li> <li>• <i>Relief from pressures</i></li> <li>• <i>Open opportunities</i></li> <li>• <i>High wages</i></li> </ul>
	<p><i>Well, I regard poverty in this State to be a product of <b>Cause-and-Effect Relationship</b></i>  <i>Yes, there used to be a cause-and-effect relationship between family size and poverty prevalence. The 100% Muslim-populated State is largely polygamous in its traditional family setting. In most cases, you will discover that larger families are more prone to suffer from severe poverty than smaller ones. Similarly, there is also a cause-and-effect relationship between ignorance and poverty, whereby illiteracy leads to low level of human capital and capacity. Moreover, as I explained earlier, poverty density is relatively higher in the localities that lack basic entrepreneurial infrastructure and facilities all over the State. That is why you see villagers flooding into urban areas.</i></p>
UDUS-2	<p><i>Poverty in this State is largely attributed to <b>Inter-generational Vicious Circle</b></i>  <i>Yes, if you observe, you will find that majority of the people in this State are not having any job from which regular income is acquired. Therefore, their sole source of livelihood is subsistence farming which, in many occasion, cannot sustain them to next harvesting season. In this case, many families, especially those with large unproductive members (the elderly, small children, the sick, unmarried girls and widows), will find themselves in desperate situation. These families with large number of children are having very little to eat and, virtually, no access to basic health facilities. As a result, the children are malnourished and unhealthy and have many health complications. Eventually, this constitutes impediments to acquire both t dition l (Qu ' nic) nd mode n (Weste n) education, no matter how little the fees are.</i></p>



	<p><i>Consequently, at the death of their parents, these children are already married adults but without functional education or vocational skill to conduct any economic activity. Gradually, they will start to have their children to whom they will be handing over the desperate situation. Currently, this is the nature of vicious circle of poverty which is bedeviling the socio-economic environment in the State.</i></p> <p><i>In order to break this circle, there must be coordinated intervention from governments, NGOs and faith-based charity institutions that will step in with financial assistance to build the earning potentials of the poor by financing local MSMEs. This is the only way of disconnecting this vicious circle of poverty that has been trapping many families for generations.</i></p> <p><i>Although there has been a lot of Poverty Alleviation Programs designed to break the vicious cycle of poverty in many households in Sokoto State, but still a lot has to be done especially in resuscitating the earning potentials of the active poor. For any poverty alleviation program to succeed, it must involve the strategic use of tools such as education, vocational training, human resource development, primary health care and income redistribution.</i></p>
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### Poverty Alleviation Strategies in Sokoto State

Q.3.: So far, how can you assess the performance of poverty alleviation programs over the previous years?

Participants	Responses
COECHLEC-1	<i>The gap between the rich and the poor is still widening at a geometric proportion. Majority are suffering in the midst of affluence in the State.</i>
COECHLEC-3	<i>Sokoto State has failed to harness her potentials to take its right place among the richest States of the country.</i>
POLIACT	<i>The programs are akin to mere window dressing as their impact on the target population has left much to be desired.</i>

### Corrective Measures for the Success of Current Poverty Alleviation Program

Q.4: What corrective measures should be taken to make the current *M-Power* program successful?

Participants	Responses
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UDUS-PROF	<i>For the current poverty alleviation scheme to succeed there must be viable human resource development (HRD). The earning potentials of the active poor should be developed through various skill-acquisition and capacity-building trainings.</i>
COECHLEC-1	<i>There must be absolute accountability through transparent administration which will create reliability and cooperation for all stakeholders.</i>
POLIHOD	<i>Adequate funding and, if possible, all funds ear-marked for the programme should be made completely available before the commencement of the project.</i>
UDUS-2	<i>There should be practical commitment to achieve the desired goal by all stakeholders notwithstanding the changing dispensation.</i>
COECHLEC-2	<i>There should be efficient infrastructural development to enhance all-round economic growth.</i>
UDUS-ASPROF.3	<i>Creation of community-based projects that will be all-inclusive in participation and accommodation of the yearnings and aspirations of the people.</i>
COECHLEC-3	<i>Adoption of punitive measures against saboteurs, no matter their ranks or social class.</i>

### Human Resource Development as a Catalyst for Effective Poverty Alleviation

Q.5: What are the ways of ensuring effective HRD for sustainable poverty alleviation in Sokoto State?

Participants	Responses
COECHLEC-1	<p><i>By giving our youth proper training in <b>Information Communication Technology (ICT)</b></i></p> <p><i>Today, no meaningful development can be achieved without functional ICT. This will introduce participants to common terminologies used in the start-up ecosystem, and the requirements to commercialize innovations, including protecting intellectual property, describing an innovation and the benefits it provides (vs. features), navigating the development process and market/product validation.</i></p>

COECHLEC-3	<p><i>Priority should be given to training in <b>Agriculture/AgroProcessing</b></i></p> <p><i>Sokoto State is typically agricultural. Therefore, adequate resources need to be channelled towards agricultural development. This will provide training support to agropreneurs across the value chains in the following areas - Rice, Maize, Fruit Trees, Poultry, Dairy and Fisheries. It will be held in Agro-hubs across the State.</i></p>
UDUS-3	<p><i>Well, as you know, our world today is full of <b>Fashion</b></i></p> <p><i>Training programmes need to be organized in order to help new and existing fashion designers develop skills to grow their businesses. With the programme's partnership with reknown local and international fashion designers, participants will learn how to maximize the local and international demand for our fabrics, textiles and prints. This year, the State Government will establish a textile company in Kalambaina town.</i></p>
POLIACT	<p><i>Well, much needs to be done on the areas of <b>Manufacturing &amp; Retail</b></i></p> <p><i>Exposure to basic accounting and inventory management principles, which are vital to retail operations, will be provided. In addition, the training programme will offer practical skills in areas such as branding, marketing, finishing and quality control.</i></p>
UDUS-PROF	<p><i>Well more priority should be given to training in <b>Construction</b></i></p> <p><i>Participants will acquire specialised skill-set training in areas such as masonry, brick-lying, carpentry, and plumbing, all of which will create pathways for the State indigenes to gain employment.</i></p>

### Grass-root Poverty Alleviation Initiatives

**Q.5:** Failures of previous poverty alleviation programs in this State are mostly attributed to neglect of rural areas, how is this true?

Participants	Responses
UDUS-PROF	<p><i>This is true, considering;</i></p> <ol style="list-style-type: none"> <li><i>Persistent and massive denial of physical and social infrastructure;</i></li> <li><i>Poor transport linkages by road, rail, water or air; and</i></li> <li><i>Poor access to development resources like land, credit, and</i></li> </ol>

	<i>technology.</i>
COECHLEC-1	<p><i>This is true, considering;</i></p> <ul style="list-style-type: none"> <li><i>a. Concentration of industries in the State capital;</i></li> <li><i>b. Bias of even agricultural expenditure towards powerful and rich urban dwellers; and</i></li> <li><i>c. Bias of domestic terms of trade against agriculture and other rural activities with relatively low producer prices for food, agricultural exports and other rural produce.</i></li> </ul>
POLIACT	<p><i>This is true, considering;</i></p> <ul style="list-style-type: none"> <li><i>a. Poor incentives to the rural economy and to economic activities in rural areas; and</i></li> <li><i>b. Denial of political power to the rural majority (even with the current local government reforms) so that the rural population is underrepresented in decision-making organs at all levels of society</i></li> </ul>
UDUC-ASPROF.1	<p><i>This is true, considering;</i></p> <ul style="list-style-type: none"> <li><i>a. The relative neglect of the informal sector,</i></li> <li><i>b. Poor access to development resources like land, credit, and technology.</i></li> </ul>

### Corrective Measures for Greater Success in Poverty Alleviation

Q. 6: What are the corrective measures to be taken by the concerned Authorities?


Participants	Responses
UDU-ASPROF.2	<p><i>Well, there must be functional <b>capacity building and empowerment</b>. This involves grassroots decision making, provision of access to productive inputs and assets such as credit, land etc; relevant and effective training and education, exposure to and adoption of appropriate technology, access to adequate infrastructure and social services, integration of informal sector into the main stream of economic activities</i></p>
POLIHOD	<p><i>Well, there is need for effective <b>service delivery</b> comprising of:</i></p> <ul style="list-style-type: none"> <li><i>- targeted intervention and building on existing safety-nets of the poor;</i></li> <li><i>- building mechanisms into poverty</i></li> </ul>

	<p>reduction plan;</p> <ul style="list-style-type: none"> <li>- provision of a support mechanism to finance projects which are initiated by intended beneficiaries; and</li> <li>- emplacement of pro-poor national growth strategies</li> </ul>
COECHLEC-3	<p>Well, much has to be done on <b>coordination, monitoring and evaluation</b>, which involves streamlining and networking of existing poverty reduction programs into the support mechanism</p> <p>Use of appropriate monitoring and evaluation mechanism for poverty reduction and eventual elimination.</p>
UDUC-ASPROF.3	<p>More emphasis should be given to <b>development of earning potentials</b> of the poor. This involves grassroots decision making, provision of access to productive inputs and assets such as credit, land etc; relevant and effective training and education, exposure to and adoption of appropriate technology, access to adequate infrastructure and social services, integration of informal sector into the main stream of economic activities.</p>
COECHLEC-1	<p>More has to be done on <b>bottom-up and demand-driven identification and prioritization</b> in order to allow for community ownership. Community participation would be enhanced in aspects of project circles, by decentralizing decision-making.</p>

### Policies for Poverty Alleviation in Rural Areas in Sokoto State

Q. 7: What are the appropriate policies to be adopted for poverty alleviation in the rural areas?

Participants	Responses
UDUS-PROF	<p>A strong policy should be adopted on <b>rural community organization and mobilization</b>. This policy recognizes the fact that the need for full participation of rural communities in the policy implementation is critical to the quality and sustainability of the developmental projects of government. For this, there should be appropriate support for rural community initiatives and programs through managerial, technical, financial and other appropriate assistance.</p>
COECHLEC-1	<p>There must be a policy that focuses on <b>enhancement of enabling rural infrastructure</b>. This places emphasis on government taking adequate measures to promote the development and improvement of rural infrastructure with a view to stimulating and promoting sustainable</p>

	<p><i>growth of rural productive activities. The policy areas under this include:</i></p> <ol style="list-style-type: none"> <li><i>Transport infrastructure and facilities,</i></li> <li><i>Communications infrastructure,</i></li> <li><i>Housing,</i></li> <li><i>Environment, energy, and</i></li> <li><i>Water and sanitation.</i></li> </ol>
UDUS-2	<p><i>A strong policy should be adopted for <b>promotion of rural productive activities</b>. In this regards, emphasis is placed on employment and income generating opportunity and activities. The policy areas under the promotion of rural productive activity are;</i></p> <ol style="list-style-type: none"> <li><i>Agriculture, Fisheries, Animal Husbandry and Forestry</i></li> <li><i>Mineral Resources Development</i></li> <li><i>Manufacturing and Industry</i></li> <li><i>Marketing and Distribution, and</i></li> <li><i>Rural Financial Systems.</i></li> </ol>
 <p>POLIACT</p>	<p><i>In fact, there is need for a policy that supports <b>human resources development and utilization</b>. Under this activity, the emphasis is on recognition of the critical and dynamic role of the common man in rural and national development. The policy areas under this are:</i></p> <ol style="list-style-type: none"> <li><i>Health and Population</i></li> <li><i>Culture and Social Development</i></li> <li><i>Education, Technology and Skills Development</i></li> <li><i>Research and Extension Services, and</i></li> <li><i>Information and Communication.</i></li> </ol>
UDUS-3	<p><i>The Stat should promulgate a policy on encourages <b>special programs for target groups</b>. This is premised on the fact that the powerless, marginalized and deprived rural people deserve special attention. This policy targets the following groups:</i></p> <ol style="list-style-type: none"> <li><i>Women</i></li> <li><i>Youth</i></li> <li><i>Children</i></li> <li><i>The Elderly and Retired</i></li> <li><i>Beggars and destitute</i></li> <li><i>Emergencies and National Disasters</i></li> <li><i>Economically Disadvantaged Areas</i></li> </ol>

## SOKOTO STATE *Waqf* COMMITTEE

### Objectives of Sokoto State *Waqf* Committee

Q. 8: What are the primary objectives of the State *Waqf* Committee?

Participants	Responses
WAQF.COM1	<i>Well, the Committee is primarily working towards mobilization of various waqf funds and assets from donor individuals and organizations, protection of the perpetuity of all waqf properties when maximum utilities are derived from them</i>
WAQF.COM2	<i>The Committee was set up to ensure provision of social security to the poor which includes food shelter and clothing where necessary, and disbursement of revolving loans to economically-active poor for investment in various MSMEs</i>
WAQF.COM3	<i>Well, we are working to ensure proper liquidation and/or revitalization of dormant waqf assets for optimum and lasting utilization, and provision of emergency relief aid to victims of flood, fire, drought and natural catastrophes</i>
WAQF.COM4	<i>We are working for enhancing human resource development (HRD) through short-term skill-acquisition programs</i>
WAQF.COM5	<i>Well, as you might know, we are embarking on development and public enlightenment activities on the significance of waqf in Islam in order to encourage more people to donate generously to waqf fund</i>
WAQF.COM6	<i>We are working towards building the earning potentials of economically-active poor with credit creation for investment in MSMEs</i>
WAQF.COM7	<i>We are embarking on rigorous sensitization campaigns through the local mass media outlets and open-air preaching to inculcate the culture of donating for waqf both in cash and kind</i>

### Activities of State *Waqf* Committee

Q. 9: What are the main activities of the State *Waqf* Committee?

Participants	Responses
WAQF.COM1	<i>Provision of permanent shelter or rehabilitation to the desperate poor; settling rentals or debts of tenancy for the poor; assisting the needy patients who cannot afford to buy prescribed drugs; settling of medical fees of the needy patients from the state's 23 Local Government Areas; payment of monthly allowances to ad-hoc members of subcommittees; and mobilizing investable funds and disbursing them in profitable businesses to create more wealth for the poor and needy</i>
WAQF.COM2	<i>Provision of food items to the poor in the Districts affected by calamities to cushion the effect of hunger and poverty. It also identifies the poor orphans to be assisted them with the</i>

	<i>basic needs of life. Similarly, the Committee liaise with diverse State Ministries to cater for miscellaneous needs of the poor</i>
<i>WAQF.COM3</i>	<i>Collaborating with Psychiatric Hospitals in settling medical bills of mentally-impaired poor patients. The Committee also rehabilitates the recovered psychiatric patients and other necessary medical assistance</i>
<i>WAQF.COM4</i>	<i>Enhancing human resource development (HRD) through short-term skill-acquisition programs</i>
<i>WAQF.COM5</i>	<i>Mobilizing investable funds and disbursing them in profitable businesses to create more wealth for the poor and needy; and partnering with small-scale entrepreneurs in PLS and non-PLS businesses to increase waqf funds</i>
<i>WAQF.COM6</i>	<i>Organizing various skill-acquisition programs for the active poor as well as promoting educational activities in the State</i>
<i>WAQF.COM7</i>	<i>Organizing deals with local share-holders companies in order to generate profit for waqf properties; 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; and maintaining the website of the Committee and using it to disseminate its activities nation-wide</i>

### Achievements of Sokoto State *Waqf* Committee

Q. 10: So far, what are the remarkable achievements of this Committee?

<b>Participants</b>	<b>Responses</b>
<i>WAQF.COM1</i>	<p><i>The Committee has, so far, realized laudable achievements which practically seen reduction of the number of street beggars in the State with many of them becoming self-reliant; promotion of small-scale enterprises with many beneficiaries fully engaged in animal husbandry, trading, farming, poultry, sewing, and other local enterprises. So far, from January, 2015 to January, 2016, varieties of durable items were distributed to 1550 active poor as capital for micro, small and medium enterprises which include;</i></p> <ul style="list-style-type: none"> <li><i>i. 80 deep freezers</i></li> <li><i>ii. 450 sewing machines</i></li> <li><i>iii. 420 grinding machines</i></li> <li><i>iv. 560 Sokoto red goats</i></li> </ul> <p><i>This year (2017), we are planning to distribute more of these capital assets to larger number of beneficiaries</i></p>
<i>WAQF.COM2</i>	<i>A specific scheme is now operational in</i>




	<p>educating and enlightening the disabled to feel self-confident in participating in all endeavours of life with their children enrolled in schools. So far, 183 children of inactive poor parents are sponsored to pursue primary and secondary education. Recently, the Committee distributed 2500 sacks of rice and other assorted grains, 5750 bundles of textile materials and N10, 000000 to the poor, orphans and the needy, during Ramadan and the two Eid festivals. Similarly, following the destructive flood disaster of last year (2016) in Shagari, Goronyo and Wamakko Local Government Areas, the Committee rehabilitated 103 houses of active and inactive poor. The rehabilitation covered roofing, minor construction and provision of building materials which engulfed N27, 780, 500</p>
WAQF.COM3	<p>So far, 120 active poor have acquired entrepreneurial skills through our training programs. They are now conducting their respective enterprises in shoe-making, leather works, sewing, carpentry, building and other local ventures</p>
WAQF.COM4	<p>A considerable amount of investable waqf funds is now available from time to time for numerous productive enterprises. Currently, capacity-building programs for the active poor are now operating regularly. 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</p>
WAQF.COM5	<p>Well, we are proud to declare that many neglected or forgotten Islamic business contracts, such as Salam, Istisnā , Muḍā b and Muzá ' , e now e now b oug t to limelight. Now the State Waqf Committee is engaged in 17 businesses under four Islamic financing techniques</p>
WAQF.COM6	<p>In collaboration with the Federal Psychiatric Hospital, Kware, Sokoto State, last year (2016) the Committee disbursed twenty-four million Naira (N24, 000000) for the treatment and subsequent rehabilitation of the discharged patients. Other health services for the poor were also paid during the period 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)</p>
WAQF.COM7	<p>Presently increasing number of local people are becoming aware of the importance of waqf of both asset and cash which increase the</p>

	<p>amount of waqf properties relatively in the past five years.</p> <p>A huge amount of money was expended during the year under review (2016) 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.</p>
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### **Ideal *Waqf* Institution in Sokoto State**

Q. 11: What is your personal perception of the ideal *waqf* institution in Sokoto State?

Participants	Responses
COECHLEC-1  	<p><i>Well, I perceive it as a charitable way of transferring resources from direct consumption to investment in productive enterprises that provide either usufruct or revenues for future consumption by a larger number of individuals. The surplus income of awqaf can be put into operation that combines the act of saving with the act of investment together. It consists of taking certain resources off consumption and simultaneously putting them in the form of productive assets that increase the accumulation of capital in the economy for the purpose of increasing future output of services and incomes.</i></p>
UDUS-PROF	<p><i>Well, I consider it to be a business corporation established by the State Government whose life span is unlimited. Therefore, in this case waqf should serve as a developmental process by virtue of its foundational motive. Practically, this institution a means of generating productive wealth that will be channelled into local investment avenues that favour future generations. This is because waqf gives its beneficiaries future benefit in cash or kind without any fee or charge.</i></p>

## Duties of State Government in the Mobilization of *Waqf* Funds

Q.12: What can the State Government do to ensure a full-blown mobilization of *waqf* funds?

Participants	Responses
WAQF-COM 1	<p><i>Well, there are a number ways to be devised which include:</i></p> <ul style="list-style-type: none"> <li>• <i>Supporting the cash waqf as a unique instrument and approach in the industrial and entrepreneurial development.</i></li> <li>• <i>Facilitating the legal framework of waqf operation in the financial market, and participating in the local business activities.</i></li> <li>• <i>The government, through its business-related agencies can contribute to the waqf fund for the enhancement of MSME financing.</i></li> </ul>
WAQF-COM 2	<p><i>The concerned authorities should take appropriate measures to that effect, which include;</i></p> <ul style="list-style-type: none"> <li>• <i>Regulating the functions of waqf by ensuring compliance with the existing standards governing waqf administration. This covers financial aspect, accounting aspect, and managerial affairs.</i></li> <li>• <i>Amending the existing legal framework to suit waqf business operation.</i></li> </ul>
WAQF-COM 3	<p><i>Well, some steps should be followed which include;</i></p> <ul style="list-style-type: none"> <li>• <i>Identifying all the fixed waqf assets and harnessing their potentials to generate bigger benefits for the public and contribute towards wealth creation and sustainable prosperity in the State.</i></li> <li>• <i>Assuming full responsibility for safeguarding the security and sanctity of waqf properties wherever they are utilized.</i></li> <li>• <i>Taking full responsibility of standardizing the managerial principles, auditing rating and supervision systems.</i></li> </ul>

## Utilization of Profit from *Waqf* Investment

Q. 13 What is appropriate ways of utilizing the profit or proceeds accrued from *waqf* investment?

Participants	Responses
COECHLEC-1	<i>I suggest the profit to be used in <b>charity distribution</b>. There is a large number of inactive poor in this State. Therefore, this procedure is aimed to fulfil the needs of those who are sick, old, physically and mentally impaired. The nature of this distribution is consumptive spending.</i>
POLIACT	<i>Well, better to use the proceeds in <b>empowerment segment</b>. In this procedure, the target is the people who have prospective business ventures but having difficulties to access financial capital. Empowerment here is aimed to provide means of production, i.e. financial capital so that this group of small business enterprise might enhance their business ventures further. In assisting this group, various types of contents in line with it might be utilized, such as mudā'abah, musā'abah or murābahah.</i>
UDUS-3	<i>I think it will be better to use it in <b>human investment</b>. This refers to capacity building targeted to provide education, through scholarship program, or training to improve the quality of the active poor by enhancing the level of their entrepreneurial skills. In the end, it is expected that productivity of this group of people will improve and positive effect on the level of output might be resulted.</i>
COECHLEC-3	<i>I suggest the accrued profit to be used in <b>infrastructure investment</b>. This is meant to assist in the provision of physical facilities such as buildings for schools, medical facilities, and so on, which will help improving community's welfare.</i>

## ROLE OF MICROFINANCE IN POVERTY ALLEVIATION IN SOKOTO STATE

### Reformatory Measures for Effective Microfinance Services in Sokoto State

Q. 14: What reformatory measures should be taken by the Government to ensure effective microfinance services in the State?

Participants	Responses
UDUS-PROF	<p>Well, a very strong <b>sanitization</b> measure should be taken which requires;</p> <ul style="list-style-type: none"> <li>• The revocation of the operating licenses of any bank that fails to meet minimum operation standards remains a constant measure devised to remove rotten apples from the bunch.</li> <li>• Introduction and enforcement of stiffer sanctions and penalty regimes for various infractions, as a deterrent and entrenching them in the Regulatory/Supervisory Guidelines.</li> <li>• Subsequent regulatory actions based on zero tolerance for infractions, ensuring market discipline and strict compliance with the rules and regulations by all MFBs.</li> <li>• Identifying directors and management staff that have mismanaged, perpetrated fraudulent activities or criminally abused their MFBs, removing and handing them over to the law enforcement agencies for prosecution and subsequently blacklisting them, on an on-going basis.</li> </ul>
COECHLEC-1	<p>Well, I think all microfinance services should be directed towards <b>capacity building</b> of the poor. Therefore, authorities should ensure;</p> <ul style="list-style-type: none"> <li>• Implementation of the Microfinance Certification Program (MCP) for the operators and directors of MFBs with sustained vigour. This is in order to build a critical mass of knowledgeable and skilled manpower to drive microfinance sub-sector to higher level. This will go a long way in enhancing capacity-building programs. It is envisaged that the qualification acquired in Microfinance Banking will be a pre-requisite for holding a management position in any MFB from 2015. Similarly, advanced certificate course is also held regularly for directors of MFBs to keep them up-to-date in modern microfinance banking.</li> </ul>
	In fact, the current state of microfinance

POLIACT	<p>institutions requires proper <b>restructuring</b>. I think, this can be done by;</p> <ul style="list-style-type: none"> <li>• Introduction and enforcement of an operational template for MFBs and benchmarking them on it to promote the practice of microfinance, as against 'micro-commissioning'.</li> <li>• Comprehensive review of the Microfinance Policy Framework and the Regulatory/Supervisory Guidelines, with a view to addressing the issues of inadequate capital base, liquidity, branch expansion and others that exhibit the growth and development of the MFBs.</li> <li>• Introduction of risk-based supervision as a supervisory tool.</li> <li>• Enhanced supervision by increasing the frequency of on-site routine examination to at least once a year, or twice a year, for MFBs with perceived high risk profile.</li> </ul>
UDUS-3	<p>I think the concerned authorities should take steps towards <b>restoring public confidence</b> in microfinance services by;</p> <ul style="list-style-type: none"> <li>• Effective and sustained communication, awareness campaign, sensitization and road shows.</li> <li>• Settlement of depositors of closed MFBs.</li> </ul>

### Causes of Unhealthy Relationship with Clients

Q. 15: Why are many clients complaining of unfavourable relationship of microfinance banks?

Participants	Responses
UDUS-PROF	<p>Well, it is because their services are mostly leading to <b>over-indebtedness of clients</b>. Apparently, the clients of microfinance in Nigeria are becoming over-indebted. The issue of over-indebtedness is related to the amount of loan borrowed, the number of institutions patronized by clients and the ethical consideration of the clients.</p> <p>Thus, borrowers are used to repaying loans by borrowing from another microcredit institution due to the inadequate internal control over loan transactions. In some cases, the staff of microcredit institutions rolls over bad loans.</p> <p>The over-indebted clients also become depressed so much so that they can commit any form of crime including suicide. However, one must not forget that a poor who is born in debt, live in debt and die in debt is also confronted with immense socioeconomic problems. These include hunger caused by natural calamities and</p>

	<i>unexpected death of income earners as well as of sudden loss of livestock bought by loan from microfinance institution. The psychological problems associated with not being able to fulfil the basic services for a family such as proper housing, food and medication put the poor borrowers in a spiral of repeated borrowings with many unfortunate outcomes.</i>
COECHLEC-1	<i>Definitely! It is due to their <b>exploitative credit-creation</b>. Additional charge on loans is generally considered to be typically exploitative. Charging a very high interest rate under the conventional microfinance is a major concern that has led critics to accuse microfinance Institutions (MFIs) of exploiting their clients. In many cases, the interest charged by MFIs in Nigeria range from 25 to 50% of the amount borrowed. This exorbitantly high rate has serious implications for the income and welfare of the poor borrowers who have to repay the principal plus these excessive costs regardless of the outcome of their businesses. High administrative, including supervisory costs of issuing small loan are commonly cited as the main reason for the high rates charged.</i>

#### Microfinance Services for Poverty Alleviation

Q. 16: Which services should be rendered by Microfinance banks to alleviate the poverty of their clients?

Participants	Responses
POLIACT	<p><i>They should emphasize on the provision of <b>social assistance</b>, by;</i></p> <ol style="list-style-type: none"> <li><i>Ensuring the clients' basic needs of food, water, shelter and energy as part of the intervention;</i></li> <li><i>Provision of safety nets to make them more resistant to shocks. Risks related to life and business should be covered by insurance and savings products;</i></li> <li><i>Transferring the ownership of project assets to the client once their capacity is been developed;</i></li> </ol>
UDUS-3	<p><i>They should provide <b>business development support</b> which includes;</i></p> <ol style="list-style-type: none"> <li><i>Partnering and sharing business risk with the poor; tying in the entities' profits with the profits of its clients;</i></li> <li><i>Assisting the client in developing/refining the business model and providing the necessary capacity-building skills to ensure a better chance of the client's success;</i></li> <li><i>Facilitating access to markets, skills and technology by engaging various</i></li> </ol>

	<i>stakeholders in the value chain.</i>
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### Integration of *Waqf* with Microfinance

Q. 17: Can integration of *waqf* and microfinance guarantee better outcome in poverty alleviation?

Participants	Responses
COECHLEC-1	<i>Yes indeed! However, in order to ensure compliance with the injunction, the corpuses of waqf properties should be preserved, but their proceeds can be used in various microfinance services, such as direct financing of the active poor, through salam, murabahah, ijarah, istisna' and bai' al-mu'ajjal. As debt-creating arrangements, these will guarantee the safety of loaned capital. However, in some cases, the proceeds can be used in business and agricultural partnerships, such as mudarabah, musarakah and muzarakah. Although risk is relatively higher in these indirect financing arrangements but they yield greater returns.</i>
UDUS-3	<i>Not necessarily. In fact, waqf properties should not be diverted to other purposes other than how they were used by the previous Muslim generations. Microfinance, as a modern innovation, should not be integrated with waqf.</i>
POLIHOD	<i>I think so. However, waqf funds should be invested in order to protect their perpetuity. All the profits realized from the diverse investments of waqf properties should be used in disbursing interest-free revolving loans to the active poor and/or rendering social security services to the inactive poor.</i>
COECHLEC-3	<i>Absolutely! However, waqf funds could be effectively utilized in productive agro-allied partnership ventures, trade and manufacturing. This will guarantee intergenerational utilization of the funds and sustained poverty alleviation.</i>
UDUS-2	<i>Yes, if professionally managed. So long as the ultimate goal of waqf is to serve the poor, there is need for dynamism in its creation and management. Donation to waqf should be equally in durables and consumables and their utility should be sustained through disbursement of revolving loans and human resource development.</i>



## APPENDIX C

### Focus Group Interactive Sessions

#### Common Features of Locally-Oriented MSMEs in Sokoto State

Q.: 18 What are the common features of locally-oriented MSMEs in Sokoto State?

#### Eight-Member Focus Group in Sokoto Central Senatorial Zone

Members	Views
FOGA-1	<p>Usually, MSMEs in Sokoto State are characterized by certain features which include;</p> <ul style="list-style-type: none"> <li>• Sole proprietorship of one person or family</li> <li>• Poor managerial skills due to their inability to pay for skilled labour</li> </ul>
FOGA-2	<p>They are most known for their low entrepreneurial skills, inadequate educational or technical background</p>
FOGA-3	<p>Yes, they can be easily identified with;</p> <ul style="list-style-type: none"> <li>• Sole proprietorship of one person or family</li> <li>• Poor managerial skills due to their inability to pay for skilled labour</li> </ul>
FOGA-4	<p>Ha ha ha!!! Their most common features are;</p> <ul style="list-style-type: none"> <li>• Poor product quality output</li> <li>• Absence of Research and Development</li> </ul>
FOGA-5	<p>Yes, you are right! They have little or no training and development for their staff</p>
FOGA-6	<p>Well, they could be easily identified with;</p> <ul style="list-style-type: none"> <li>• Poor documentations of policy, strategy, financials, plans, info, systems</li> <li>• High mortality rate especially within their first two years</li> </ul>
FOGA-7	<p>Well, I know them only their over-dependence on imported raw materials and spare parts</p>
FOGA-8	<p>Actually, our local MSMEs are known for their;</p> <ul style="list-style-type: none"> <li>• Poor inter- and intra-sectoral linkage; hence they hardly enjoy economies of scale benefits</li> <li>• Poor Capital structure, i.e. low capitalisation</li> <li>• Poor management of financial resources and inability to distinguish between personal and business finance</li> </ul>


## Obstacles to the Development of MSMEs in Sokoto State

Q. 19: Most of the MSMEs in this State are operating below subsistence capacity, what are obstacles crippling them?

### Eight-Member Focus Group in Sokoto East Senatorial Zone

Members	Views
FOGB-1	<p><i>Definitely! But nothing is crippling them besides <b>lack of easy access to funding/credits</b>, which can be traceable to the reluctance of banks to extend credit to them owing, among others, to poor and inadequate documentation of business proposals, lack of appropriate and adequate collateral, high cost of administration and management of small loans as well as high interest rates. Other obstacles include;</i></p> <ul style="list-style-type: none"> <li><i>Discrimination from banks, which are averse to the risk of lending to MSMEs especially start-ups</i></li> <li><i>Inadequate, inefficient, and at times, non-functional infrastructural facilities, which tend to escalate costs of operation as MSMEs are forced to resort to private provisioning of utilities such as road, water, electricity, transportation, communication, etc.</i></li> </ul>
FOGB-2	<p><i>Yes, you are right! Their major impediments to their growth are many which include <b>bureaucratic bottlenecks</b> and inefficiency in the administration of incentives and support facilities provided by the government. These discourage would-be entrepreneurs of MSMEs while stifling existing ones.</i></p> <p><i>Similarly, <b>weak demand for products</b>, arising from low and dwindling consumer purchasing power aggravated by lack of patronage of locally produced goods by the general-public as well as those in authority.</i></p> <p><i>Moreover, <b>unfair trade practices</b> characterised by the dumping and importation of substandard goods by unscrupulous businessmen. This situation is currently being aggravated by the effect of globalisation and trade liberalization, which make it difficult for MSMEs to compete even in local/home markets.</i></p>

FOGB-3	<p><i>Of course, there are many obstacles. These include; <b>weakness in organisation</b>, marketing, information-usage, processing and retrieval, personnel management, accounting records and processing, etc. arising from the dearth of such skills in most MSMEs due to inadequate educational and technical background on the part of the MSME promoters and their staff.</i></p> <p><i>High incidence of multiplicity of regulatory agencies, taxes and levies that result in high cost of doing business and discourage entrepreneurs. This is due to the absence of a harmonized and gazetted tax regime, which would enable manufacturers to build in recognized and approved levies and taxes payable.</i></p> <p><i>Widespread corruption and harassment of MSMEs by some agencies of government over unauthorized levies and charges</i></p>
FOGB-4	<p><i>Yes, indeed! The problems are not unconnected to <b>uneven competition</b> arising from import tariffs, which at times favour imported finished products</i></p> <p><i>Lack of access to appropriate technology as well as near absence of research and development</i></p> <p><i>High dependence on imported raw materials with the attendant high foreign exchange cost and scarcity at times</i></p> <p><i>Absence of long-term finance to fund capital assets and equipment under project finance for MSMEs</i></p>
FOGB-5	<p><i>Yes, I subscribe to your perspective! The major impediment is <b>lack of scientific and technological knowledge and know-how</b>, i.e. the prevalence of poor intellectual capital resources, which manifest as:</i></p> <p><i><b>Lack of equipment</b>, which have to be imported most times at great cost (capital flight) and which would require expatriate skills to be purchased at high costs.</i></p> <p><i><b>Lack of process technology</b>, design, patents, etc., which may involve payment of royalties, technology transfer fees, etc. and heavy capital outlay.</i></p> <p><i><b>Lack of technical skills</b> in the form of technological and strategic capability</i></p> <p><i><b>Inability to meet stringent international quality standards</b>, a subtle trade barrier set up by some developed countries in the guise of environmental or health standards.</i></p>

FOGB-6	<p><i>In fact, the sector is seriously crippled! This is due to <b>lack of suitable training and leadership development</b>. In spite of the fact that training institutions abound in the State, such as Works School, Runjin Sambo; Vocational Training Centre, Binji; Skill-Acquisition Centre, Mil-Goma, etc. However, these institutions rarely address the relevant needs of MSMEs especially in the areas of accounting, marketing, information technology, technological processes and development, cross-border trade, administration and management of MSMEs. Essentially, MSMEs are left most often on their own to eke out success amidst the avalanche of operational difficulties inherent in the Nigerian environment as well as the operational shortcomings, which characterise institutions set up to facilitate MSME businesses.</i></p>
FOGB-7  	<p><i>Yes, indeed! The problem is largely due to <b>lack of initiative and administrative framework or linkage to support and sustain MSMEs' development</b>, which to a large extent, is also a reflection of poor technological capability or intellectual resource</i></p> <p><i><b>Lack of appropriate and adequate managerial and entrepreneurial skills</b> with the attendant lack of strategic plan, business plan, succession plan, adequate organisational set-up, transparent operational system, etc on the part of many founders and managers of MSMEs in the State. As a fall-out of this, many of the MSME promoters purchase obsolete and inefficient equipment thereby setting the stage, ab initio, for lower level productivity as well as substandard product quality with dire repercussions on product output and market penetration and acceptance.</i></p>
FOGB-8	<p><i>Well, actually it is due to their <b>inability to penetrate and compete favourably in export markets</b> either because of poor quality of products, ignorance of export market strategies and networks or lack of appropriate mechanism and technology to process, preserve and package the products for export.</i></p>

## Impediments to Agricultural Financing in Sokoto State

Q. 20: Agriculture is the mainstay and biggest employer of the people of Sokoto State, but the sector is grossly underfinanced, what are the reasons?

### Eight-Member Focus Group Interactive Discussion

Members	Views
FOGC-1	<i>Yes, it is due to Government policies. If you observe, there are a lot of <b>inconsistency in government policies affects both the availability and quality of agricultural credit to the farmer</b>. Institutional lenders should as a matter of fact be consulted and their feelings incorporated in the credit policy guidelines. Most financial institutions are private institutions and if forced through any means to make credit available to the agricultural sub-sector against their will and against the current market prices and trends, they will probably find ways of circumventing the policy.</i>
FOGC-2	<i>Definitely! I think it is due to the <b>nature of land and immobility of labour</b>. The almost inelastic nature of land and the immobility of qualified farm labor equally contribute to the risky nature of agriculture, making it difficult for those in business to have access to credit especially from financial institutions.</i>
FOGC-3	<i>Yes, and the reason is <b>poor infrastructural facilities</b>. Nigeria lacks good net-work for roads and the desired means of transportation to the hinterlands to collect agricultural produce. Also, the electricity supply and the available storage facilities are nothing to write home about.</i>
FOGC-4	<i>Well, to my opinion, there many reasons. These include <b>slow rate of return</b>. Some Agricultural activities require a very long gestation period, resulting in slow rate of return especially in early years. This funding as farmers take long time to break-even and equally find it very difficult in servicing their loans. Another reason is <b>loan diversion</b>: The causes of loan diversion are many and varied. For example, the burden of extended family system can compel a farmer to use a part or all the loans e has just received from a bank to pay for the hospital bill of a mother-in-law. Also, unfavorable investment climate in agricultural sector and delays in the disbursement of approved agricultural credit can also lead to loan diversion. Similarly, <b>unwilling co-operative attitude</b> is also a contributory factor. To be able to pay back the principal and interest on agricultural credits and to make farmers accessible to agricultural credits at</i>

	<i>affordable rate, farmers are encouraged to form cooperative societies. Interestingly studies have shown that where such co-operatives are formed at all, the spirit and absolute loyalty of the farmers is not there.</i>
FOGC-5	<i>Well, I think the main reason is <b>lack of management or management skills</b>. Many farmers lack the desired management or managerial skills. Many of them know nothing about the preparation of feasibility reports that could be acceptable to banks and also in the art of farm management. Many of them will eventually fail as a result.</i>
FOGC-6	<i>I think <b>collateral</b> is a major obstacle confronting the local farmers in sourcing agricultural credit both from the informal and formal financial institutions. The use of personal land, family land, economic trees or even sons and daughters as collateral to obtain credit for agricultural activities and other purposes were and are still common practices in some of our communities today.</i>
FOGC-7	<i>Well, to my opinion, it is due to <b>unsystematic risk</b>. Agricultural business involves the production, processing, marketing and utilization of the following: crops, livestock, forestry, fishery and wild life. The production of some is prone to a peculiar risk. These risks are mainly unsystematic risks which are beyond the control of the farmer, such as natural hazards, flood, draught, etc.</i>
FOGC-8	<i>No doubt, <b>ignorance about the source of funds</b> is the main reason. Many farmers are illiterate and ignorant of the current happenings in relation to the availability of agricultural credits. Most farmers live rural areas and have knowledge of the outside world.</i>
FOGC-9	<i>Well, I think the <b>problem of time lag</b> could be a reason which happens as a result of change in weather or climate. Failure of rain to come at the usual time could have serious consequences as farming seasons could be delayed, resulting in default in loan repayment or serving of loans</i>

## APPENDIX D

### Random Sampling of Public Opinions

#### Reactions of *Waqf* Beneficiaries in Sokoto State

Q. 22: How is your financial condition after getting *waqf* assistance?

Participants	Responses
BENSER-W1	<i>I felt some relief temporarily</i>
BENSER-W2	<i>It has significantly improved as the volume of my enterprise increased.</i>
BENSER-W3	<i>There is no improvement due to lack of investment capital.</i>
BENSER-W4	<i>Fairly improved with the new investment skill</i>
BENSER-W5	<i>Well, I can say it is satisfactory with the additional investment capital.</i>

#### Improvements Required in the Current Financial Services

Q.23: Which improvement are you suggesting in any financial service?

Participants	Responses
BENSER-S1	<i>There should be skill acquisition training and interest-free investment capital.</i>
BENSER-S2	<i>There is need for adequate interest-free investment capital.</i>
BENSER-S3	<i>Clients need waiver of any accidental loss in investment capital.</i>
BENSER-S4	<i>Clients should be given adequate repayment time.</i>
BENSER-S5	<i>There is need for timely and revolving loan disbursement.</i>

## APPENDIX E

### Raw Materials Distribution in Sokoto State

SOKOTO STATE			
S/N	LOCAL GOVERNMENT AREA	MINERAL RAW MATERIALS	AGRO RAW MATERIALS
1	<b>BODINGA</b>	Limestone, Phosphate, Gypsum	Onion, Tomatoes, Millet, Cowpea, Maize, Livestock, Hides & Skin, Spices, Vegetables.
2	<b>DANGE- SHUNI</b>	Phosphate, Gypsum, Limestone, Kaolin	Millet, Cowpea, Locust Beans, Bagaruwa (Acacia Nilotica), Kenaf, Hides & Skin, Livestock, Vegetable.
3	<b>GADA</b>	Kaolin, Gypsum, Ball Clay, Phosphate	Wheat, Maize, Sweet Potatoes, Cowpea, Kenaf, Onion, Livestock, Hides & Skin, Tomatoes, Pepper.
4	<b>GORONYO</b>	Kaolin, Ball Clay, Gypsum, Phosphate	Wheat, Maize, Millet, Vegetables, Fishery, Rice, Onions, Spices, Hides & Skin, Livestock, Kenaf, Tomatoes
5	<b>GUDU</b>	Kaolin, Laterite	Millet, Groundnut, Beans, Bagaruwa, Gum Arabic, Kenaf, Hides & Skin, Livestock, Spices, Tomatoes.
6	<b>GWADABAWA</b>	Salt, Lakes, Kaolin, Ball Clay	Bagaruwa, Millet, Cowpea, Onion, Carrot, Rice Sugar Cane, Gum Arabic, Garlic, Livestock, Vegetables, Wheat, Maize, Fishery
7	<b>ILLELA</b>	Potash, Kaolin, Ball Clay	Millet, Cowpea, Hides & Skin, Fishery, Bagaruwa, Maize, Rice, Wheat, Livestock, Vegetable.
8	<b>ISA</b>	Granite.	Tobacco, Millet, Guinea Corn, Beans, Groundnut, Bagaruwa, Hides & Skin, Livestock, Tomatoes, Vegetable
9	<b>KEBBE</b>		Guinea Corn, Maize, Millet, Beans, Sugar Cane, Gum Arabic, Mango, Spices, Vegetables
10	<b>KWARE</b>	Gypsum, Limestone, Phosphate	Millet, Beans, Onions, Tomatoes, Rice, Spice, Bagaruwa, Tobacco, Hides & Skin, Livestock, Vegetable.
11	<b>RABAH</b>	Gypsum, Phosphate	Millet, Groundnut, Guinea Corn, Beans, Tomatoes, Mango, Rice, Gum Arabic, Kenaf, Spices, Vegetable. Livestock, Sweet Potatoes
12	<b>SABO BIRNI</b>	Silica Sand, Ball Clay,	Guinea Corn, Millet, Groundnut,



		Gypsum	Beans, Hides & Skin, livestock, Kenaf, Bagaruwa, Locust Beans, Tomatoes, Vegetable, Spices
13	<b>SHAGARI</b>	Gypsum, Phosphate	Beans, Groundnut, Sorghum, Millet, Tomatoes, Mango, Potato (Sweet), Pepper, Onion, Livestock, Vegetables.
14	<b>SILAME</b>	Ball Clay, Silica Sand	Fishery, Gum Arabic, Bagaruwa, Millet, Rice, Hides & Skin, Livestock, Vegetable
15	<b>SOKOTO NORTH</b>	Laterite, Limestone, Kaolin, Phosphate, Silica Sand	Millet, Beans, Carrot, Tomatoes, Hides & Skin, Livestock, Vegetables
16	<b>SOKOTO SOUTH</b>	Laterite, Limestone, Kaolin.	Millet, Beans, Hides & Skin, Tomatoes, Livestock, Vegetable
17	<b>TAMBUWAL</b>	Kaolin, Ball Clay, Granite	Sugar Cane, Beans, Millet, Bagaruwa, Groundnut, Tomatoes, Onions, Kenaf, Maize, Hides & Skin, Livestock
18	<b>TANGAZA</b>	Laterite, Kaolin	Millet, Groundnut, Beans, Bagaruwa, Gum Arabic, Kenaf, Hides & Skin, Livestock, Tomatoes, Spices, Vegetable
19	<b>TURETA</b>	Ball Clay.	Guinea Corn, Millet, Locust Beans, Mango, Cowpea
20	<b>WAMAKKO</b>	Kaolin, Limestone, Ball Clay, Silica Sand	Millet, Rice, Onion, Tomatoes, Carrot, Garden Egg, Cabbage, Tobacco, Sugar Cone, Spices, Beans, Vegetables, Livestock
21	<b>WURNO</b>	Ball Clay, Phosphate, Silica Sand, Gypsum	Rice, Beans, Wheat, Tomatoes, Okro, Spices, Potato (Sweet), Gum Arabic, Kenaf, Garlic, Bagaruwa, Hides & Skin, Livestock, Vegetables
22	<b>YABO</b>	Phosphate.	Millet, Groundnut, Acacia Nilotica, Tomatoes, Sugar Cane, Cowpea, Hides & Skin, Livestock, Vegetables.

Source: *Sokoto State Government Diary* (2016)

## APPENDIX F

### Nigerian States and their Natural Resources

S/N	STATE	NATURAL RESOURCES
1	Abia	Gold, Lead/Zinc, Limestone, Oil/Gas & Salt
2	Abuja	Cassiterite, Clay, Dolomite, Gold, Lead/Zinc, Marble & Tantalite
3	Adamawa	Bentonite, Gypsum, Kaolin & Magnesite
4	Akwa Ibom	Clay, Lead/Zinc, Lignite, Limestone, Oil/Gas, Salt & Uranium
5	Anambra	Clay, Glass-Sand, Gypsum, Iron-ore, Lead/Zinc, Lignite, Limestone, Phosphate & Salt
6	Bauchi	Gold, Cassiterite (tine ore), Columbite, Gypsum, Wolfram, Coal, Limestone, Lignite, Iron-ore & Clay
7	Bayelsa	Glau, Gypsum, Lead/Zinc, Lignite, Limestone, Manganese, Oil/Gas & Uranium
8	Benue	Barite, Clay, Coal, Gemstone, Gypsum, Iron-Ore, Lead/Zinc, Limestone, Marble & Salt
9	Borno	Bentonite, Clay, Diatomite, Gypsum, Hydro-carbon, Kaolin & Limestone
10	Cross River	Barite, Lead/Zinc, Lignite, Limestone, Manganese, Oil/Gas, Salt & Uranium
11	Delta	Clay, Glass-sand, Gypsum, Iron-ore, Kaolin, Lignite, Marble & Oil/Gas
12	Ebonyi	Gold, Lead/Zinc & Salt
13	Edo	Bitumen, Clay Dolomite, Phosphate, Glass-sand, Gold, Gypsum, Iron-ore, Lignite, Limestone, Marble & Oil/Gas
14	Ekiti	Feldspar, Granite, Kaolin, Syenite & Tatum
15	Enugu	Coal, Lead/Zinc & Limestone
16	Gombe	Gemstone & Gypsum
17	Imo	Gypsum, Lead/Zinc, Lignite, Limestone, Marcasite, Oil/Gas, Phosphate & Salt
18	Jigawa	Butyles
19	Kaduna	Amethyst, Aqua Marine, Asbestos, Clay, Flosser, Gemstone, Gold, Graphite, Kaolin, Hyanite, Mica, Rock Crystal, Ruby, Sapphire, Sihnite, Superntinite, Tentalime, Topaz & Tourmaline
20	Kano	Cassiterite, Copper, Gemstone, Glass-sand, Lead/Zinc, Pyrochlore & Tantalite
21	Katsina	Kaolin, Marble & Salt
22	Kebbi	Gold
23	Kogi	Cole, Dolomite, Feldspar, Gypsum, Iron-ore, Kaolin, Marble, Talc & Tantalite
24	Kwara	Cassiterite, Columbite, Feldspar, Gold, Iron-ore, Marble, Mica & Tantalite
25	Lagos	Bitumen, Clay & Glass-sand
26	Nasarawa	Amethyst (Topaz Garnet), Baryte, Barite, Cassiterite, Chalcopyrite, Clay, Columbite, Coking Coal,

		Dolomite/Marble, Feldspar, Galena, Iron-ore, Limstone, Mica, Salt, Sapphire, Talc, Tantalite, Tourmaline Quartz & Zircon
27	Niger	Gold, Lead/Zinc & Talc
28	Ogun	Bitumen, Clay, Feldspar, Gemstone, Kaolin, Limestone & Phosphate
29	Ondo	Bitumen, Clay, Coal, Dimension Stones, Feldspar, Gemstone, Glass-Sand, Granite, Gypsum, Kaolin, Limestone & Oil/Gas
30	Osun	Columbite, Gold, Granite, Talc, Tantalite & Tourmaline
31	Oyo	Aqua Marine, Cassiterite, Clay, Dolomite, Gemstone, Gold, Kaolin, Marble, Silimonite, Talc & Tantalite
32	Plateau	Barite, Bauxite, Betonite, Bismuth, Cassiterite, Clay, Coal, Emerald, Fluoride, Gemstone, Granite, Iron-ore, Kaolin, Lead/Zinc, Marble, Molybdenite, Phrochlore, Salt, Tantalite/Columbite, Tin & Wolfram
33	Rivers	Clay, Glass-Sand, Lignite, Marble & Oil/Gas
34	Sokoto	Clay, Flakes, Gold, Granite, Gypsum, Kaolin, Laterite, Limestone, Phosphate, Potash, Silica Sand & Salt
35	Taraba	Lead/Zinc
36	Yobe	Soda Ash & Tintomite
37	Zamfara	Coal, Cotton & Gold

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Source: *National Bureau of Statistics, Human and Natural Resources, 2015.*



## Frequency Word Cloud



## APPENDIX H

### Categories and Concepts of Constant Comparative Analysis of Data

<b>Integration of <i>Waqf</i>, Microfinance and MSMEs for Poverty Alleviation</b>
<b>Microfinance and Poverty Alleviation</b>
Achievements of Microfinance
Assessment of Microfinance Services
Challenges of Microfinance Operation
Features of Nigerian Microfinance
Improvements in Microfinance Services
Lender-Borrower Relationship
Microfinance Reformatory Measures
Microfinance Services for P.A.
Success in Microfinance Operation
<b>Poverty Prevalence</b>
Causative Factors of Poverty
Features of Poverty
Grass-root PAI
HRD as a Catalyst for Effective PA
Measures for the Success of PAP
Policies for PARA
Policy Measures for Greater Success in PA
Poverty Alleviation Strategies
Repurcussion of Poverty
<b>Role of MSMEs in Poverty Alleviation</b>
Common Features of MSMEs
Impediments to Agricultural Financing
Obstacles to Development of MSMEs
<b>Role of <i>Waqf</i> in Poverty Alleviation</b>
Achievements of the SWC
Assessment of Sokoto SWC
Challenges of the SWC
Funds Mobilization by Government
Integration of <i>Waqf</i> and Microfinance
Reactions of <i>Waqf</i> Beneficiaries
Sources of <i>Waqf</i> Funds
State <i>Waqf</i> Activities
State <i>Waqf</i> Objectives
Utilization of Profit

## APPENDIX I

### Author's Academic Accomplishments in UUM (2015-2018)

#### Papers Published:

- i. Sanyinna, A.Y., Omar, H.H. & Othman, M.F. (2017). Sustainable Poverty Alleviation through integration of Waqf and Microfinance: A Case Study of Sokoto State, Nigeria, in *International Journal of Business and Technopreneurship*, Vol. 7, No. 3, pp 273-306
- ii. Sanyinna, A.Y. & Othman, M.F. (2017). Analytical Overview of the Role Played by Waqf in Poverty Alleviation: A Case Study of Sokoto State, Nigeria, in *Asian Journal of Multidisciplinary Studies*, Vol. 5, No. 9, pp 18-30
- iii. Sanyinna, A.Y. & Omar, H.H. (2017). Frontiers and Mechanics of Risk Management in Islamic Banking System: Policy Measures for Effective Risk Mitigation, in *Journal of Islamic Banking and Finance*, Vol. 5, No. 1, pp 1-9
- iv. Sanyinna, A.Y. & Omar, H.H. (2018). Cash Waqf as an Effective Tool of Financing MSMEs for Sustainable Poverty Alleviation: A Nigerian Perspective, in *International Journal of Islamic Business*, Vol. 3, No. 1 (to be published in June).

#### Academic Workshops/Seminars Attended:

- i. Seminar Celik Wakaf 2016, organized by Yayasan Wakaf Malaysia dengan Kerjasama Majlis Agama Islam Kedah and Pusat Pengajian Perniagaan, UUM, held at Dewan Seminar A, Pusat Konvensyen, UUM, on 4<sup>th</sup> Oct., 2016
- ii. Basics of NVivo Software Program for Qualitative Research, organized by Association of Inasis Postgraduate Scholars, held at Inasis Proton Residential Hall, UUM, on 26<sup>th</sup> Oct., 2016
- iii. Qualitative Analysis with *Atlas.ti* 8 Windows, organized by Centre for Testing, Measurement and Appraisal (CeTMA), UUM, held at UTLC Learning Laboratory, OYAGSB, on 21<sup>st</sup> May, 2017