



DETERMINANTS OF SUSTAINABILITY OF *WAQF*  
INSTITUTIONS FOR POVERTY ALLEVIATION: A  
CASE STUDY OF ZAMFARA STATE, NIGERIA

BY

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## ABSTRACT

Notwithstanding Nigeria's abundant human and material resources, the majority of its population, particularly Muslims from both the northern and southern parts apparently live in abject poverty. This is rather ironical given the distributive justice philosophy of Islam achievable through numerous prescribed mechanisms such as *Waqf*. The study therefore investigates the antecedent factors that promote the sustainability of *Waqf* in Zamfara State, Nigeria being the first state to embrace *shari'ah* and institutionalize *Waqf* in 1999. The present study based on the ethical and legitimacy theories investigates the interrelationships among ethics, investment, efficiency, accountability, transparency and beneficiary participation factors and what influence these variables directly have both in aggregation and isolation or indirectly via the mediation of governance on the sustainability of *Waqf* institution in Zamfara State, Nigeria. Based on a self-developed questionnaire survey and interview protocols, data were elicited from 370 officials of *Waqf* institution while qualitative data were obtained from five stakeholders as well as documents from Zamfara State, Nigeria. Data were subjected to both quantitative-based analyses using multiple regression and qualitative analyses based on transcript interpretation. The results show that there were strong indirect relationships between accountability, transparency and beneficiary participation via governance on the sustainability of *Waqf* institution in Zamfara state, Nigeria. However, a partial mediating effect was noted for beneficiary participation which recorded the strongest direct and indirect relationships compared to the other two variables (accountability and transparency) on sustainability of *Waqf* institution in Zamfara State of Nigeria. Further results show that direct relationships between accountability and transparency on sustainability seemed statistically and practically stronger compared to the relationship with governance. However, ethics showed no effect either through direct or indirect pathways. The findings of qualitative analyses support investment and accountability towards poverty alleviation. It is therefore, suggested that ethics especially, should be practically taken with intense interest in order to forestall the potential long run effects on the sustainability of the institution. Similarly, effective governance of the *Waqf* institution on efficiency and transparency should be encouraged. Also, it is hoped that the findings would help policy makers in *Waqf* institutions and the Nigerian government to reformulate their policies and strategies towards poverty alleviation programmes.

## ملخص البحث

على الرغم من أن الموارد البشرية والمادية متوفرة بنيجيريا، إلا أن الغالبية العظمى من سكانها وخاصة المسلمين منهم في الأماكن الشمالية والجنوبية يعيشون على ما يبدو في فقر شديد. هذه هي المشكلة الأساسية وبدلاً من حلها بتطبيق عدالة الإسلام في توزيع الثروة، والسلطة والتي يمكن تحقيقها من خلال تطبيق العديد من الآليات المنصوصة عليها، مثل: الوقف أو الزكاة. بالتالي فإن هذه الدراسة تهدف إلى تعزيز فكرة استدامة الوقف في ولاية زامفارا بنيجيريا باعتبارها أول ولاية احتضاناً للشرعية، وإضفاء للطابع المؤسسي للوقف وذلك في عام 1999م. تقوم الدراسة الحالية على النظريات الأخلاقية، والشرعية بالتحقيق في العلاقات المتبادلة بين الأخلاق، والاستثمار، والكفاءة والمساءلة، والشفافية، والعوامل المشتركة للمستفيدين، وتأثير هذه المتغيرات عليها مباشرة سواء في المجتمع والفرد أم غير مباشرة عن طريق وساطة الحكم على استدامة مؤسسة الوقف في ولاية زامفارا بنيجيريا. بناء على المقابلات الشخصية والاستبيانات المتحصل عليها من عدد 370 فرد من موظفي مؤسسة الوقف في حين أنه تم الحصول على البيانات النوعية من خمسة أصحاب من المصلحة فضلاً عن الوثائق التي تم الحصول عليها من ولاية زامفارا بنيجيريا. وتم تحليل البيانات كل على حده على أساس الكمية باستخدام الانحدار المتعدد، بينما التحليل النوعية اعتمدت على تفسير النص. أوضحت النتائج أن هناك علاقات قوية غير مباشرة بين المساءلة، والشفافية، ومشاركة المستفيد عن طريق الحكم على استدامة مؤسسة الوقف في ولاية زامفارا بنيجيريا. ومع ذلك، لوحظ أن تأثير الوساطة الجزئي لمشاركة المستفيد والتي سجلت أقوى العلاقات المباشرة وغير المباشرة مقارنة مع اثنين من المتغيرات الأخرى (المساءلة والشفافية) على الاستدامة من مؤسسة الوقف في ولاية زامفارا بنيجيريا. تظهر النتائج أيضاً أن العلاقات المباشرة بين المساءلة والشفافية في الاستدامة يبدو إحصائياً وعملياً أقوى مقارنة بالعلاقة مع الحكم. ومع ذلك، لم تظهر الأخلاق أي تأثير سواء من خلال مسارات مباشرة أو غير مباشرة. نتائج التحليل النوعية دعمت الاستثمار، والمساءلة من أجل التخفيف من حدة الفقر. ولذلك، تم اقتراح أن الأخلاق بصفة خاصة يجب أن تُؤخذ عملياً باهتمام شديد من أجل الحيلولة دون التأثير المحتمل للمدى الطويل على استدامة المؤسسة. وبالمثل، ينبغي تشجيع الإدارة الفعالة لمؤسسة الوقف على الكفاءة، والشفافية. أيضاً، ومن المتوقع أن نتائج هذه الدراسة من شأنها يمكنها مساعدة واضعي السياسات في مؤسسات الوقف والحكومة النيجيرية إلى إعادة صياغة سياساتها وإستراتيجياتها تجاه برامج التخفيف من حدة الفقر.

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## DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degree at IIUM or other institutions.

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*This thesis is dedicated to the memory of my late wife Hajia Rasheedat Romoke Oladapo and the mother Hajia Nimotalahi Akinkunmi.*

*The thesis is also dedicated to my mother Hajia Silifat Ayoke Oladapo father Haji Alimi Adewuyi Oladapo, my children AbdulWaheed, Sulaimon, AbdulBasit, Ramotalilah, AbdulQuadri, Barakat and Rodiyat.*

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## LIST OF ABBREVIATIONS

PRB	Population Reference Bureau
IPL	International Poverty Line
UNICEF	United Nations International Children’s Emergency Fund
UNDP	United Nations Development Programme
NGO	Non–Governmental Organisation
OPN	Operation Feed the Nation
IFAD	International Fund for Agricultural Development
NACCIMA	Nigerian Association of Chambers of Commerce, Mines and Agriculture
CSPS	Clinton School of Public Service
OSF	Open Society Foundation
UNEP	United Nations Environment Programme
NBS	National Bureau of Statistics
IISD	International Institute for Sustainable Development
Pb	Lead Poisoning
NPC	National Planning Commission
NDE	National Directorate of Employment
YES	Youth Empowerment Scheme
FEAP	Family Economic Advancement Program
RIDS	Rural Infrastructure Development Scheme
FSP	Family Support Program
DFRRI	Directorate of Food, Road and Rural Infrastructure
SAPs	Structural Adjustment Policies
FGN	Federal Government of Nigeria
RIMA	Research on Islam and Muslims in Africa
DEA	Data Envelope Analysis
MFI	Microfinance Institutions
DCF	Development Co-operation Forum
PAAS	Pilot Asset Acquisition Support
MPC	Malaysia Productivity Corporation
DCT	Divine Command Theory
FRCN	Federal Radio Corporation of Nigeria
SME	Small and Medium Enterprise
ETH	Ethics
INVMT	Investment
EFF	Efficiency
ACCT	Accountability
TRANS	Transparency
BP	Beneficiary Participation
SWI	Sustainability of Waqf Institution
GOV	Governance
SPSS	Statistical Package for the Social Sciences



# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

The human population of the world as of April, 2013 was estimated at 7.1 billion (Population Reference Bureau (PRB), 2013). More than half of the above figure then lived in abject poverty. A study by Global Issues (2013) estimates global absolute poverty at over 3 billion of the world's population living below US\$2.50 per day.

In Sub-Saharan Africa, more than half of the population lives below the benchmark of international poverty line (IPL) of US\$2.00 per day (World Bank, 2013). Similarly, in Nigeria, Africa's most populous nation, 84 percent of the population live below the poverty line of US\$2.00 per day, based on the 2010 statistics with the majority of them living in the rural areas (World Bank, 2013). Hence, the effect of poverty in Nigeria is skewed much more towards rural than urban (Ogwumike, 2001).

The global effect of poverty has deprived poor people of their basic needs of life (Chitranshi, 2009). Poor people often do not have food to eat, lack shelter and medication thus becoming emaciated and unhealthy. In Africa, the effects of poverty are so numerous and devastating. For instance, African countries automatically become a haven for financial and religious criminals (Adadevoh, 2009). Furthermore, poverty is aggravated due to the absence of economic opportunities, inadequate infrastructure as well as security of life and property.

In Nigeria, poverty is responsible for the poor people's inadequate income, lack of permanent job, failure to own property or maintain proper healthy conditions (Osinubi, 2003). Also, the effect of poverty in Nigeria characterizes lack of adequate level of education and inability of the poor to fully satisfy their daily basic needs from

time to time. Further to the aforementioned effects, the 2008 statistics show that 72 percent of the rural populace did not have access to improved sanitation facilities. In the same year, 58 percent of the rural poor were deprived of germ-free drinking water (United Nations International Children's Emergency Fund (UNICEF), 2012a). Furthermore, statistics from 2006 to 2010 show that 87 percent of children less than 6 months old were not properly breast fed by their mothers (see Appendix A).

## **1.2 POVERTY ALLEVIATION PROGRAMMES**

As poverty is a global phenomenon, it has also been tackled globally at different levels. Poverty alleviation programmes have been conducted by public, private and voluntary sectors, which include NGOs. Their activities have brought success in some countries and failure in others mostly in the developing nations. The next subsections discuss some of the success of poverty alleviation programmes in both developed and developing countries. On the other hand, there are cases which have registered tremendous failure which are mostly in developing countries. This is addressed in Section 1.2.2. The study also highlights the failures of the programmes in the developing countries as well as drawing a contrast in the course of the discussion.

### **1.2.1 Poverty Alleviation Programmes in Developed Countries**

The efforts of poverty alleviation in developed countries, through the three sectors, namely public, private and voluntary sectors, have managed to drastically reduce poverty. The public sector in developed countries has been instrumental to poverty alleviation. In the US for example, a monthly food stamp programme which benefitted about 25 million people in 2006 resulted in significant poverty reduction (Bane, 2008).

In view of this, the US was able to rescue 8.4% of its total population from hunger that year.

Similarly, in the UK relative low income dropped to 19 percent in 2004/2005 compared to 24 percent in 1998/1999 (Collin, 2007). The reduction in poverty in the UK as enunciated above, accounted for the graduation of some members from relative low income to better levels. Thus the efforts of the government reduced a proportion of children living in households with relative low income in the particular year. In addition, the Irish government reduced poverty from 5.8 percent in 2003 to 3.7 percent in 2005 (Collin, 2007). The Irish government basically focused on old people's poverty in the country. Similarly, the government of Ireland in the same periods considered those living in consistent poverty by reducing poverty level to 27 percent from 33.6 percent. The two countries (the UK and Ireland) channeled their poverty alleviation programmes through economic policies by creating jobs, improving tax benefits and income support to the people (Collins, 2007).

Also, in Canada poverty declined to 11.3 percent in 2006 from 13.8 percent in 2000. The country focused on child poverty alleviation by giving social assistance income to parents (Holden, Chopin, Dyck & Fraser, 2009).

Governmental efforts towards poverty alleviation are normally complemented by efforts from the private sector. For example, the private sector is known for improving the standard of living of the poor (United Nations Development Programme (UNDP), 2004). The sector focuses on job creation through its resources such as managerial, organisational and technological innovations, which the sector uses to improve the lives of the poor. A similar study by Dangelmaier (2012) shows that the sector has been able to tackle social unrest as a result of jobs created for the poor in the society.

In addition, the sector has been able to reduce poverty and thus, increase economic emancipation of the rural poor. The sector focuses on the economic freedom of the rural poor by applying an enabling environment, regulatory policy and sound legal framework among others (Eggenberger-Argote, 2005).

Besides the public and private sectors, there is the voluntary sector in the economy, including NGOs. In their separate efforts to alleviate poverty in the United States, the voluntary sector in the past had provided jobs for 8.8 million people. This represented 8.2 percent of the country's private employment in 2002. Apart from this, the NGOs set-up much of the hospital care, higher education, family service agencies, nursing homes, soup kitchens, etc. using their vast resources (Salamon & Sokolowski, 2005).

Furthermore, the voluntary sector has contributed significantly to the total development assistance needed by the developing countries (Clark, 2013). In the aforesaid countries, the NGOs have become involved in service provision which is supposed to be the sole responsibility of the government (Lewis & Kanji, 2009). The voluntary sector also undertakes service delivery in order to build confidence among the local people. For instance, service provision in some developing countries of the world has been in the form of direct service and self-help starting from the downtrodden in order to alleviate them. Additionally, most NGOs demonstrate the ability to reach the poor and release them from poverty level which may be difficult for government agencies to accomplish (Tendler, 1982).

In like manner, these NGOs focus on poverty alleviation due to their closeness to the poor. As discussed above, it can be seen that these three sectors have successfully contributed towards poverty alleviation in the developed economies. This success is due to the sectors' commitment to alleviate poverty among the poor in the society. Hence,

the aforementioned sectors have reduced hunger and child poverty, provide employment, as well as add richness to community life. It may be expedient to review poverty alleviation programmes in developing countries to identify similarities and or otherwise in outcomes.

### **1.2.2 Poverty Alleviation Programmes in Developing Countries**

Though the efforts of governments, private sectors and NGOs in the developed countries have had tremendous positive impact towards poverty alleviation, the result in developing countries except for a few has been with dismal. For example, in South-East Asia and particularly Malaysia, based on reports available, poverty rate at \$2.00 per day had declined from 8 percent in 2004 to 2 percent in 2009 (World Bank, 2013). In the same years as stated above, rural poverty declined significantly from 12% to 8% and urban poverty from 3 percent to 2 percent. The country during these periods concentrated on poverty alleviation among the citizens in both rural and urban areas.

Contrary to the Malaysian case where poverty rate has drastically declined, in Sub-Saharan Africa, poverty keeps on rising. For example, measures employed to attain macroeconomic stability have turned out to affect income redistribution with attendant risk to prevalent poverty (Kousari, 2012). Sub-Saharan Africa focuses on macroeconomic stability through which poverty could be addressed among the poor. Notwithstanding, the attempt does not bring appreciable result to the deprived. Similarly, in South Africa, the government seems to be unable to reduce income inequality and the consequences of poverty among the rural women. The country focuses on poverty alleviation among women in the rural areas. However, the majority of the rural women still live in unbearable conditions with deplorable sanitation and inadequate basic needs of life (Ozoemena, 2010).

In Africa, the role of the three sectors, namely public, private and voluntary sectors has been very modest towards poverty alleviation. In the specific case of Nigeria, poverty alleviation programmes can be categorized into three, namely governmental, private sector and non-governmental organisation (NGO). For instance, the government of Nigeria introduced programmes such as Federal Urban Mass Transit, Sites and Services Scheme, National Economic Reconstruction Fund, Nutrition-Related and Small-Scale Enterprise (Obadan, 2001). The government concentrates on poverty alleviation among the poor through structural adjustment policies. The policies are meant for the special needs of the poor or at least for the vulnerable to feel the impact. However, the policies have brought negative effects to the people due to lack of emphasis on societal development and loss of attention to the socio-economic problems of the vulnerable groups (Obadan, 2001).

Thus, the policies have increased the incidence of poverty among the less privileged in the society. Furthermore, despite the efforts of the government to avert poverty in the country, poverty is still on the increase (Ogwumike, 2001). The reasons for the failure of various poverty alleviation programmes of the government are largely due to the negative effect of the government policies on the poor, lack of ethics and transparency in the poverty alleviation programmes as well as corruption by some officials who enrich themselves at the expense of the programmes coupled with problem in implementation (Obadan, 2001; Ogboru & Abimiku, 2010). For instance, the Operation Feeds the Nation (OFN) of past governments that promised abundant food, employment and export earnings to the nation had failed to do so. Agbi (2009) attributes the failure to lack of ethics and transparency. This, according to the author, is because the OFN programme deceives many people since it could not fulfil the promise of feeding the poor due to the programme's failure and inability to boost food security in

the country. Likewise, lack of political will due to lack of ethical values in addressing issues as they affect the public and lack of strategically sound as well as articulated policies were responsible for the failure of previous poverty alleviation programmes in Nigeria (Onuba, 2012).

Also, the policy of external borrowing according to Loko et al. (2003) has caused increased in the level of poverty in Nigeria. The borrowing has been driven by corruption and unexpected mismanagement of substantial oil revenue accruing to the country by the respective administrations with its inherent danger (Udoh, 2016). Furthermore, the author argues that Second Republic politicians are characterized by the misuse of power. This is followed by the significant numbers of law-makers who are largely responsible for the transformation of Nigeria into a debtor nation. The policy as it were, was not only corruption driven but also failed to alleviate poverty. Instead of solving the menace of poverty, the country experienced negative consequence of a high level of poverty within and among the citizens.

In addition to the above various efforts of the governments, the private sector also provides mostly income-generating activities and job-creation opportunities. This makes for a move towards economic growth and poverty reduction (International Fund for Agricultural Development, (IFAD) 2012). According to IFAD, the private sector focuses mostly on economically active rural poor people such as small farm holders, rural micro-entrepreneurs, rural wage earners, small agricultural traders and herders. This is an attempt to alleviate poverty among the deprived rural dwellers.

Similarly, Dr. John Osemede, Director-General, Nigerian Association of Chambers of Commerce, Mines and Agriculture (NACCIMA) has placed emphasis on the private sector as an engine of growth which is needed in the Nigerian economy as the only solution to her prevailing economic challenges (NACCIMA, 2013). The DG,

based his argument on the fact that, private sector operates consistently than the government due to changes of power in the latter. These changes of power have contributed to policy inconsistency and implementation challenges in the Nigerian economy.

Notwithstanding the record of success of private sector initiatives in the developed world, there are challenges facing the private sector in African countries and especially in Nigeria (Osemeké, 2011). These challenges hinder the success of the private sector. They are lack of investment for income generation through which funds can become accessible for the intended purpose, lack of ethics which is responsible for the unpredictable and weak policy framework, absence of enabling environment, inadequate and deteriorating infrastructures for example, electricity, water, road, etc. Thus, the absence of the sustainability factors, namely investment and ethics has made it practically ineffective for the sector to alleviate poverty among the poor to an appreciable level.

The voluntary sector dubbed the third sector in the economy is noted for its non-profit drive, unlike the private sector. Though the voluntary sector has always been ignored, it still contributes immensely to poverty alleviation. For instance, the sector offers prompt services to the needy, provides adequate welfare to the indigent and monitors government's performance in terms of accountability and transparency which is important for this study (Suharko, 2007; Nelson, 2007). Also, the voluntary sector is known for its track records of solving the social problems of the poor among other things (Herzlinnger, as mentioned in Harvard Business Review, 1999). Hence, there has been increase in the number of NGOs. The total number of NGOs in Nigeria alone is 221, though only 64 have been formally approved by the authority. Their areas of