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EXPLORING WAQF (FOUNDATIONS) AS INNOVATIVE FUNDING STRATEGY FOR PRIMARY EDUCATION IN NIGERIA

¹Musa, Muhammad Fika, ²Tarda, Badamasi Ayuba PhD & ³Abuakar, Rislanu
Imam

¹Phone: 08035996962; 07051535845

E-mail: mmfika127@gmail.com

²Department of Foundations, School of Education, FCT College of Education, Zuba-
Abuja.

Phone: 08065252349

E-mail: badamasinainna@gmail.com

³Federal University of Lafia, Nasarawa State, Department of Business Education,

Phone: 08032681550; 07069922243

E-mail: abri002@gmail.com

Abstract

Financing primary education for sustainable educational development is a huge financial burden on relevant stakeholders that requires a substantial number of resources to be realized. The economic challenges individuals, corporate bodies as well as governments at all levels and indeed are facing coupled with too many competing demands necessitated a drop in the allocation for education annually. However, because of the importance of primary education as a foundation for successive education as well as in individual and national development, the funding of this critical stage in the education sector should not be allowed to suffer financial setbacks. Hence, there is a need for pragmatic and innovative financing options for sustainable educational development. This paper aims to explore the nature of Waqf as a shari'ah-compliant source of raising funds for public utilities. Some of the reasons why exploring this window is important include providing a legitimate source of funds, cultural preservation, and achievement of better results among others. The paper concluded that relevant stakeholders should explore more funding opportunities to generate legitimate sources of funds to block the funding gap in primary education financing. The paper recommends the following among others that Governments at all levels should embrace more funding sources like Waqf just like sukuk bonds in the financing of critical infrastructure in the country, School administrators and managers should consider this option of waqf as a component of their IGR structure to harness more resources for

education.

Keywords: *Education, Financing, Innovation, Primary Education, Sustainable Development*

Introduction

Waqf is an Arabic term which etymologically means ‘to stop’, ‘to detain’, ‘to contain’ or ‘to preserve’. In Islamic shari’ah, it is a voluntary, permanent, irrevocable dedication of a portion of one’s wealth for a pious purpose in perpetuity (National Awqaf Foundation of South Africa, 2020 and Leaders, 2016). *Waqf* property is never gifted, inherited, or sold rather the benefits/fruits of the waqf may be utilised for any shari’ah-compliant purpose, especially education of the people, provision of essential amenities, health care and services etc. The origin of *waqf* dates back to the time of the prophet Muhammad (SAW) in a hadith reported by Ibn ‘Umar. Thus:

‘Umar acquired land in Khaibar. He came to Allah’s Apostle (saw) and sought his advice regarding it. He said: “Allah’s Messenger, I have acquired land in

Khaibar. I have never acquired more valuable for me than this, so what do you command I do with it? Thereupon the Prophet (saw) said: If you like, you may keep the corpus intact and give its produce as Sadaqah. So ‘Umar gave it as Sadaqah declaring that the property must not be sold or inherited or given away as a gift. And ‘Umar devoted it to the poor, to the nearest of kin, to the emancipation of slaves, to wayfarers/guests, and in the way of Allah. - Sahih Muslim

Because of the continuous nature of the *waqf*, it’s imperative in funding education for sustainability cannot be ignored. Education is the largest industry in Nigeria that caters for all citizens' needs and desires for knowledge and skills as well as the sole producer of skilled and semi-skilled workforce for national development. Educational institutions at all levels are spread all over the nation and are controlled mostly by governments and other stakeholders. The attendant financial implication of this huge sector of the Nigerian economy cannot therefore be underestimated. Government spending on education at the national and sub-national levels are huge sums of money.

Education financing is a huge financial responsibility of all concerned stakeholders (Sergeant-Awuse 2014; Tarda, & Fika 2017). The constitution of the Federal Republic of Nigeria 1999 as amended has been unequivocal about education funding by placing education on the concurrent legislative list (FRN, 1999). It further affirmed the extent of the financing burden by welcoming the contributions of private individuals and corporate entities in the funding of education. This constitutional provision has devolved the powers, ownership, and control as well as funding of education among the three tiers of governments; federal, state and local governments respectively; with each tier bearing its educational responsibilities. because of the unequal financial status of the federating units, some states and local governments are better equipped than others to meet their financial obligations for education. However, those who are not financially buoyant have to explore other funding opportunities to augment their finances for education (Sergeant-Awuse 2014; Tarda & Fika 2017). A

combination of both traditional and innovative funding options is now a global best practice for education financing (Centre for the Study of the Economies of Africa, 2022). Nations like ours with annual grossly inadequate allocation for education can utilize such an advantage.

Despite the constitutional arrangement, underfunding remains one of the major problems in education (Ubogu, & Money, 2018). The Universal Basic Education law of 2004 provides free, universal, and compulsory education to all children in Nigeria, this move is grossly challenged by the growing population of school enrolment and economic uncertainties. However, this scenario should have allowed policymakers to explore more funding opportunities to fill the funding gap. Despite the huge financing deficit in the education sector, less attention has been given to innovative financing options over the years (Centre for the Study of the Economies of Africa, 2019). The prevailing inadequate funding to finance basic education in Nigeria is particularly evident in the huge number of Out of out-of-school children, which is the highest in the world (Organisation for Economic Co-operation and Development, 2019; UNESCO, 2022).

Primary education is the level of education on which the rest of the education system is built as well as the key to the success or failure of the whole system (Federal Government of Nigeria, 2013). The goals of primary education as enunciated in the Federal Government of Nigeria (2013) are to:

- a) Inculcate permanent literacy and numeracy, and ability to communicate effectively.
- b) Lay a sound basis for scientific and reflective thinking.
- c) Give citizenship education as a basis for effective participation in and contribution to the life of the society.
- d) Mould the character and develop sound attitudes and morals in the child.
- e) Develop in the child the ability to adapt to the child's changing environment.
- f) Give the child opportunities to develop manipulative skills that will enable the child to function effectively in society within the limits of the child's capacity.
- g) Provide the child with basic tools for further educational advancement, including preparation for trades and crafts of the locality.

In pursuance of the stated goals, the Federal government of Nigeria in its National policy on education further affirmed that primary education shall be tuition-free, universal and compulsory. This implies that pupils should not be charged tuition throughout their education at this level as it will be borne by the government(s). The level is also universal and compulsory; all Nigerian children of school age irrespective of whatever reason and background must be enrolled in primary schools and stay till completion. Staying in school for a period of six good years would allow the child to develop positive characters and potentialities necessary to contribute meaningfully to

societal and National Development.

For effective service delivery, the policy document requires that certain facilities and services be provided as a basis upon which the stated goals of the level can be realized. These include a school library, basic health scheme, counselling, educational resource centre and special (competent) teachers of subjects such as Mathematics, English, and Sciences etc. The implication of this however is that much more money is needed in the system to provide for all these. Consequently, lack of or non-provision of these will hinder the success of education at this level hence the need to explore other funding opportunities to argue governments' annual budgetary provision becomes necessary. This paper aims to explore the nature, reasons, and benefits of *Waqaf* as an additional or innovative funding strategy for primary education for sustainable educational development.

What is innovative financing for Education?

Though innovative financing as a term is not a strange connotation, their mix gives a new interpretation and imperative for education. Innovative finance is a new concept in the literature of education financing (Sergeant-Awuse 2014). The concept should not be misrepresented as replacing the traditional and non-traditional sources of funding education (KAWA Uganda, 2023). Organisation for Economic Co-operation and Development (2019) defined innovative financing for development to mean initiatives that aim at raising new funds for the development of primary education. Availability of funds in education is not enough a determinant of successful and effective education rather efficient and purposeful direction of funds available to meet educational targets. (Nnabuo, 1997), opined that the main aim of this arrangement is to narrow the legitimacy gap between the resources needed to achieve educational goals, and the resources made available. Innovative funding approach to financing education aimed at mobilizing more financial resources from both local and international sources as well as efficient utilisation of same to achieve the aims and goals of education.

State of Education Finance in Nigeria

Financing education in Nigeria is a shared responsibility of all three tiers of government and the private sector. Public schools across levels are mainly funded through tax-payer monies (Ubogu and Money, 2014). This monies are appropriated through the respective regulatory bodies. The SDG global report (2023) reported that low- and middle-income countries face a nearly \$100 Billion Annual Financial gap to reach their education target. This translates to a reduction in foreign aid to education with its attendant consequences on education financing. Nigeria enjoins a substantial amount of these foreign aid from countries such as the USA, UK, Japan, Canada etc. Which have their peculiar internal challenges begging for attention?

Education in Nigeria is in a state of urgent need of more robust and sustainable funding that can revive and transform the sector to greatness and primary education being the bedrock, requires more attention. The annual budgetary allocations to education over the years across all tiers of government have been grossly inadequate. This however

results in incessant teacher strikes, dilapidated facilities, lack of instructional resources, and overcrowded classrooms among others. In addition, the structural funding arrangement for primary education between the state governments and the local government as well as the intervention of the Universal Basic Education Commission to raise more funds to fund primary education has increased hope for better funding even though it comes with challenges,

Table 1; Federal government allocation to education as a percentage of the total national budget

	2015	2016	2017	2018	2019	2020	2021
Percentage	9.26	6.65	6.12	5.94	5.86	5.13	5.14
Annual change	0.22	-2.60	-0.53	-0.18	-0.09	-0.72	0.01

Source: UNESCO (2022)

From the table above, it is evident that the overall federal allocation to education as a percentage of GDP over the years is far less than required. This no doubt has to translate to poor infrastructure, understaffing, inadequate instructional resources and many other challenges.

Waqaf (Foundations) as Innovative Funding Strategy for Primary Education

Though *waqf* has a long-standing history in Islamic literature, its adoption, adherence and proper management in this part of the world still calls for more awareness and reorientation. The reasons for innovative financing options for education are that: education is a big service industry that requires a lot of financial backing to be achieved while the annual allocation to the sector is grossly inadequate. The federal government of Nigeria in its National Policy on Education (2013) stated unequivocally that education is an expensive social service that the government alone cannot bear its burden hence welcoming the contributions of individuals and corporate bodies. Despite the existence of various innovative education financing options and the feasibility of their application in Nigeria, their awareness and exploration have been very limited in the country Centre for the Study of the Economies of Africa (2022). However, the efficient deployment and utilization of these sources is still not very popular. Innovative financing as earlier pointed out is essentially aimed at mobilizing all available funding opportunities from both internal and external sources as well as for the efficient allocation of same for the attainment of educational goals and objectives. Some of the specific reasons for innovative funding include.

1. **Inadequate funding:** Insufficient annual allocations from governments and other concerned stakeholders are the major cause of education challenges. Some states and local governments do not make adequate positions for financing education (Nwakudu, 2016). The inadequacy of existing funding opportunities to meet the needs of education hinders the national development agenda. The traditional and non-traditional funding solutions from both bilateral and multi-lateral windows are grossly inadequate to propel the education sector to greatness because of the enormity of funds expected. Burnett and Birmingham (2010) posited that (foreign) financing support is

likely to decline or at best stagnate, over the next few years at the same time as needs may increase. This is so because donor nations have their peculiar challenges to contend with while here our enrolments are growing on an annual basis with the rapid expansion of educational institutions. The United Nations global report on SDG (2023) reported that low- and middle-income countries face a nearly \$100 billion annual financial gap to reach their education target.

2. **Creation of robust community-based funds:** One good essence of waqf is to provide for a community-based funding opportunity to augment the budgetary gap for education. This innovative window allows the community to define the needs and application of the waqf funds to such relevant areas that can better serve humanity.

3. **Preservation of cultural values and beliefs:** Sometimes, the conditions attached to some of the bilateral and multilateral donor supports are not friendly and acceptable to the recipient countries. Some of the financial distress connected to funding is connected to the attitudes of the donors to enforce their values on support (Dele, 2014), on developing nations as well as influence the areas where the funds could be utilised, most at times in non-priority areas. Some Western countries hinged their support to developing nations on the acceptance of LGBT/same-sex marriage, importation of alien curricula etc (Tarda and Fika, 2017). For this reason, therefore, the need to harness untapped resources to fund education is paramount.

4. **Provision of legitimate and Shari'ah compliant funding:** in other to avoid doubting the legality and authenticity of some funding initiatives and innovations, waqf funds are proven as clean sources of funding as all proceeds are from Islamically accepted ventures. Waqf has been one of the foundations of the Islamic economic system providing education, health services and many more (Hong Leong Bank, 2023).

5. **Accessing the untapped resources for education:** Innovative solutions is necessary to harness the vast untapped resources available in the environment for the development of education. This is one of the task areas of educational administrators (Tarda and Fika, 2017) that has to be pursued vigorously to allow for more resources to come to school for the attainment of educational goals. While doing so, Burnett and Birmingham (2010) posit that the element of entrepreneurial creativity must be employed by educational leaders for more untapped funds to be released to serve the education needs, especially in developing countries across the world. Where funds are available through such windows, more out-of-school children will be brought back to school and more facilities and resources will be provided.

6. **Achievement of better results:** Because of the non-transferability of *waqf* coupled with the importance of education in the scheme its things, all necessary windows of opportunity have to be explored to enable the attainment of the predetermined educational goals. The success of the education sector and indeed of the primary level is the success of all other levels of education and spheres of human endeavours. Though

financial resources are needed to attain the objectives of education, prudence and accountability are paramount (Sergeant-Awuse, 2014) to ensure value for money.

7. **For continuity and sustainability:** owing to the continuous nature of waqf as an innovative funding strategy for education, it is therefore a sure way of raising funds for education for the foreseeable future time. However, other funding options like endowments may cease to exist if the founder dies and the inheritors (heirs) wish to discontinue but the non-transferability of waqf allows for its continuous existence.

Conclusion

As a result of the enormity of resources needed to provide quality primary education, no stone should be left unturned. All relevant stakeholders should explore more sources of generating legitimate funds. Waqf has a long-standing reputation in financing social and humanitarian services for sustainable development. The more the foundation of our education becomes strong, resilient and sustainable, the success of the subsequent levels of education is assured.

Recommendations/Way forward

Sequel to the undoubted nature of waqf in funding sustainable social services to humanity, this paper suggests the following as a way forward for education stakeholders to tap from the windows of waqf to generate more legitimate funding for education at the primary education level and even beyond:

1. Governments at all levels should widen their horizon in understanding not only conventional sources of generating funding for education to other innovative and legitimate sources like waqf. Just like the way the Federal government of Nigeria embraces *sukuk* bonds in the financing of critical infrastructure in the country, waqf has the potential to bring about more additional monies into education.
2. School administrators and managers should consider this option of waqf as a component of their IGR structure to harness more resources for education. This is so because the schools are closer to the community than the government at the federal, state or local levels. They should identify such philanthropist in and around the community of their schools to commit a portion of their resources.
3. For sustainability of the waqf and its proceeds, the custodians/managers of waqf wealth or property must be financially prudent and accountable in transacting the resources under their watch.

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