

## The Role of Muzara'ah Islamic Financing in Supporting Smallholder Farmers among Muslim Communities: An Empirical Experience of Yobe Microfinance Bank

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**Abstract :** The contemporary world has seen many agents of market liberalization, globalization, and expansion in agribusiness, which pose a big threat to the existence of smallholder farmers in the farming business or, at most, being marginalized against government interventions, investors' partnerships and further stretched by government policies in an effort to promote subsistent farming that can generate profits and speedy growth through attracting foreign businesses. The consequence of these modern shifts ends basically at the expense of smallholder farmers. Many scholars believed that this shift was among the major causes of urban-rural drift facing almost all communities in the World. In an effort to address these glaring economic crises, various governments at different levels and development agencies have created different programs trying to identify other sources of income generation for rural farmers. However, despite the different approaches adopted by many communities and states, the mass rural exodus continues to increase as the rural farmers continue to lose due to a lack of reliable sources for cost-efficient inputs such as agricultural extension services, mechanization supports, quality, and improved seeds, soil matching fertilizers and access to credit facilities and profitable markets for rural farmers output. Unfortunately for them, they see these agricultural requirements provided by large-scale farmers making their farming activities cheaper and yields higher. These have further created other social problems between the smallholder farmers and the large-scale farmers in many areas. This study aims to suggest the Islamic mode of agricultural financing named Muzara'ah for smallholder farmers as a microfinance banking product adopted and practiced by Yobe Microfinance Bank as a model to promote agricultural financing to be adopted in other communities. The study adopts a comparative research method to conclude that the Muzara'ah model of financing can be adopted as a valid means of financing smallholder farmers and reducing food insecurity.

**Keywords :** Muzara'ah, Islamic finance, agricultural financing, microfinance, smallholder farmers

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