



THE POTENTIAL APPLICATION OF *MUZARA'AH* IN BRUNEI DARUSSALAM: A FEASIBILITY STUDY AMONG YOUTHS

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ABSTRACT

Covid-19 without doubt has tested the resilience of many sectors including the food sector. Shortage of food supply during the pandemic due to logistics has heightened measures and awareness of governments across the globe. One of the many mitigation proposed by the government of Brunei Darussalam was to kick start the involvement of more local entrepreneurs in the agricultural sector. Several efforts were made by the government including the pilot programme whereby potential individuals were given plot of lands, up to 7,000 hectares of gazetted land for agricultural development (Wasil, 2019). The allocation of lands was also timely to pick up the rising rate of unemployment in Brunei at the rate of 7.4% in 2022 alone after and during the onset of Covid-19 (CSPS, 2022). However, criteria for the pilot programme available for example having a successful registered business with a steady stream of cashflow and having the expertise in agriculture may hinder both the progress of the sector and youth's employability prospects, as well as wastage of the allocated lands. This study investigates the potential application of *muzara'ah*, a traditional Islamic contract used in agriculture to be used in Brunei Darussalam among youths. The study aims at investigating the feasibility through documentation analysis as well as semi-structures interviews with youths as one of the important stakeholders for the improvement of the agricultural sector. The study projects a positive acceptance of *muzara'ah* among the youths as they see bigger opportunities in using the contract if coupled with the pilot scheme for agriculture development. The research suggests further collaboration between government and institutional agencies involved with local agripreneurs to better understand and open further opportunities using the *muzara'ah* contract for application.

Keywords: *Muzara'ah*, Agripreneurs, Brunei Darussalam, Agriculture

Submitted: 14/5/2023

Accepted: 29/11/2023

Published: 18/12/2023

INTRODUCTION

Covid-19 has tested the resilience of many industries, including the food sector. Aside from employment layoffs, the concern on food security and sustainability remains main concerns all across the globe. Nations who are main producers of agricultural outputs have started introducing technology to increase their production whilst nations that struggled and remained impacted due to shortage of agriculture imports during the health threat have taken approaches to do the hard work in full aggressive modes. Brunei Darussalam, a country well-known to be major oil and gas producers was inevitably on the loss side during the pandemic. It is fair to say that the country's initiative to further cross and expand into other sectors like agriculture were much earlier beforehand. The Brunei government has offered pilot





programmes of up to 70,000 hectares of land for agricultural land use (Wasil, 2019). However, it is believed that Covid-19 gave the push needed to shift. With the involvement of more IT related advancements, with agriculture included, initiatives, strategies and plans are made to better use technology to heighten production and the progress of agriculture in the country. Unemployment issues were also taking a toll on the welfare of citizens, as it was at a rate of 7.4% during the onset of the pandemic (CSPS, 2022). Despite many financial relief measures by the government, questions rose on the duration financial assistances would be provided. Thus, taking into the aspect to further progress the agriculture sector in Brunei as well as to cover the basis of unemployment issues, the research investigates the ideality of whether *muzara'ah* can be applied in relevance to the pilot scheme already offered by the government. The research studies the relevance and applicability of the contract in the context of agricultural setting in Brunei particularly for crops or cultivation by involving Bruneian youths as its main participants.

LITERATURE REVIEW

The importance of the agricultural sector has become the main agenda especially for developing countries to attain sustainable food security. The sector is also known to play a major role in contributing to a country's economic development. The opportunities that agriculture offers, also bring in employment and skilled individuals. However, the hurdle of agriculture faced by farmers including potential youths are due to factors like the non-availability of funding, lack of agricultural skills and expertise and no access to land. With over 6.8% of unemployment rate recorded in 2019 (DEPS, 2019) and 7.4 % in 2020 and fell drastically to 4.9% in 2021 respectively (CSPS, 2022) it is pertinent that the dependency of youth on government sector in Brunei Darussalam be shifted to the agriculture scene to further upskill their potential and opportunities, and at the same time create employment opportunities. Being the category of generation in the most proactive stage, the involvement of youth is very important to sustain agricultural productivity (Naamwintome & Bagson, 2013). Most often than not, youths are excluded from policies and programme considerations making them distant from the country's directives and aspirations (Fao et.al, 2009). It is with this that initiatives and schemes should be formulated to open up windows of opportunities for youth for the potential of creating a positive change especially in the agricultural sector. Among the initiatives, aside from funding is giving them access to land via a non-conventional way which is through *muzara'ah*. *Muzara'ah* is defined by AAOIFI (2017) as the partnership in crops in which one party presents the land to another for cultivation and maintenance in consideration for a common defined share in crops. According to Muttalib (2015), the use of *muzara'ah* between landowners and sharecroppers in the East Praya Sub district has actually given sharecroppers the fulfillment of their basic daily needs while giving the landowners the ability of achieving more benefits in their daily living. Among the reasons mentioned by Furqan (2016) on the use of *muzara'ah* are, the inability of landowners to cultivate their own land, preference to let others utilize and cultivate the land and from landowner to benefit at the same time, farmers who do not own land or those who are unemployed, having a large land that requires the tendency to work extra hours and the intention of landowners to get extra produce from the land. Rafiy et.al (2016) have also conducted a study on *muzara'ah* from the Islamic perspective mentioning that the use of *muzara'ah* is far more profitable for both the landowner and the farmer compared to the use of *ijarah* (rental) of lands. This is because the landowner is able to get more produce compared to the land rental while the farmer is not losing much if his crop fails compared to





paying rental obligations to the land owner. In comparison to rental, the use of *muzara'ah* is a win-win situation, a cooperative system for both parties. Thus, with the introduction of the *muzara'ah* mechanism, it can provide an alternative for youth in particular to start and be involved in agriculture without the need of credit ability, collateral or even their own land. The enhancement of the concept and embodiment of the use of the contract can open up numerous advantages and opportunities, not only for the benefit of the youths but also the land owner, the society and the country through contribution of economic revenues based on the fiqh muamalat contract.

RESEARCH METHODOLOGY

The research uses a qualitative approach by making use of both primary and secondary data. Data is derived from published sources, documents and news articles. According to Creswell (2014), qualitative research is “an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem”. This approach makes its suitable to investigate the feasibility of *muzara'ah* among youths in Brunei. Documentation analysis is used to analyse data from documents while interviews conducted are done based on a semi-structured form. Interviews are then transcribed to further understand and substantiate the findings of the research. A list of questions were prepared beforehand and sent to respondents pre-interview sessions. In total, 22 respondents were interviewed for the study. The respondents were individuals categorized as youths by Brunei's Ministry of Culture, Youth and Sports (CSPS, 2020). Purposive sampling was used as respondents have basic understanding on *muzara'ah*, have background education in agriculture and are mostly pursuing agriculture in their undergraduate study. The information of the respondents were kept confidential as part of research ethical considerations. The research ensures that the minimum number of interview respondents required is achieved to obtain data saturation on the basis that Guest et.al (2006) states that saturation even occur in the first twelve interviews.

MUZARAAH IN BRIEF

Muzara'ah is associated with partnership in farming or a joint act of planting. Hanafis define it as a contractual agreement on farming against a pre-agreed share from the crop production (Al-Dusuqi. Malikis, on the other hand, define it as a joint partnership on crops (Al-Dusuqi, 1985) while Shafi'is refer to it as agricultural work on land for a share in the output of crop production with seeds from the land owner. According to Hanbalis, it is a provision of land to a farmer to work on it and share a specified known portion from the produce (Ibn Qudamah, 1997).

In a nutshell, *muzara'ah* is a sharecropping agreement between two parties where one-party hands over his land to be used by another with skills in return for part of the land's produce (Yahuza, 2018).

Muzara'ah requires at least five of the necessary features. Firstly, the seeds used to cultivate are from the landowner. The land being arable, is another important factor to ensure *muzara'ah* can be carried out on the land agreed on. Third feature is for the land to be accessible and available for direct use of the farmer. Like any other agreement, *muzara'ah* must be known and agreed by the parties involved. The last feature is the clarity and affirmation of the contract agreed. This can be done in written contract form or oral, in accordance to the custom (urf) of the society (Amin, 2020). For the application of *muzara'ah* in this study, it embodies the research to find out its practicality and viability among youths.



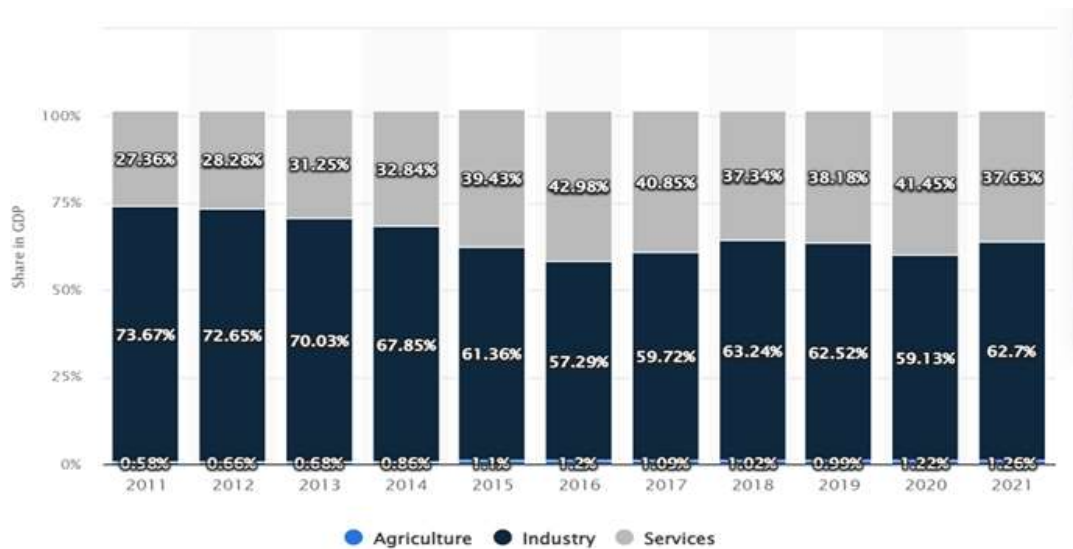


Thus youths as cultivator, where land is handed over by landowner to be cultivated on where in turn, production will be divided according to agreed crop production. The expenses of the farming will not be borne fully by the farmer, as landowners also bear the costs of farming on the land.

AGRICULTURE AND EMPLOYMENT IN BRUNEI DARUSSALAM

The country has always recognised the need to diversify away from the oil and gas sector and has also pledged to transform itself from a primarily resource based economy to a fourth industrial revolution (4IR) economy (Cheong et.al, 2020). The country’s move however lacks the momentum and success it aspires to be especially if the country aims to achieve the country’s 2035 Vision (Wawasan 2035).

The share of agriculture to GDP in Brunei Darussalam marks at 1.22% and 1.26% in 2020 and 2021 respectively (O’Neill, 2022). It was reported by MOFE (2022), that Q3 2021 saw a positive increase in the non-oil and gas sector, cumulatively agriculture, forestry and fisheries. Initiatives and efforts are continuously pursued by the Government in order to increase production and stimulate the progress of the agriculture sector in the country. Since 2016, the pilot programme has given out over three hundred hectares offering heavily subsidized land rental to encourage Bruneians to take up farming. 16 out of the 46 recipients of the lands are youths where rental are as low as \$5 to \$25 per hectare per year. The share of agriculture to GDP rental rates are shown in Figure 1 below.



Source: O’Neill, (2021).

Figure 1: Brunei Darussalam: Share of Economic Sectors in Gross Domestic Product (GDP)





Table 1: Rental Rate for Agricultural Development Areas

NO	COMMERCIAL AGRICULTURAL ACTIVITIES	RENTAL RATE (\$/Ha/Year)
1	Goat	\$5.00
2	Deer	\$5.00
3	Buffalo & Cattle	\$5.00
4	Paddy	\$12.50
5	Vegetable	\$25.00
6	Sugar Cane Planting	\$25.00
7	Fruit	\$25.00
8	Nursery (Floriculture, Grass & etc)	\$50.00
9	Tissue Culture	\$50.00
10	Poultry	\$100.00
11	Duck	\$100.00
12	Hatchery	\$100.00
13	Abattoir and Feedlot	\$125.00
14	Agri-Mart	\$500.00

Source: Agriculture and Agrifood Department, (2021).

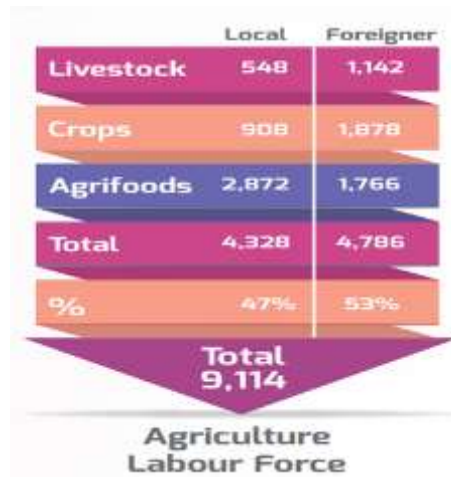
Efforts to spur the growth of agriculture revolve especially among the youths, a strategy to also address the sector as an employment niche. Thus far, the number of local employees working in the sector are not overwhelming enough though there was a slight increase in 2021 compared to 2020 from 3403 to 4328 but the proportion remained low in terms of percentage to the number of foreign workers. The following figures depict the number of local employees compared to the foreign workers.



Source: Agriculture and Agrifood Department, (2020).

Figure 2: Agriculture Labour Force in Brunei Darussalam 2020





Source: Agriculture and Agrifood Department, (2021).

Figure 3. Agriculture Labour Force in Brunei Darussalam 2021

Employment in Brunei Darussalam is deeply concentrated in the public sector. The unemployment rate of 7.4% was documented in 2020 and has remained a critical issue, among the youth in particular (CSPS, 2022). The diagram below evidences the unemployment rate in Brunei Darussalam for the past few years. The Government is trying to diversify the economy to create more employment in sectors other than energy and at the same time upgrade the skills of the labour workforce. Realising that the youth make up the hope and ability to sustain and continue agriculture while at the same time remain relevant to achieve the country’s 2035 Vision (Wawasan 2035), it is imperative that they are given the necessary attention. A recent newsletter documents 151 youth are active in agriculture and 11 in fisheries in 2023 (Othman, 2023). It is also mentioned that over the past few years the implementation of programmes, including agricultural pilot projects, enterprise expansion and agricultural youth exposure, have been provided to attract youth entrepreneurs to agriculture and fisheries. This shows the Ministry of Primary Resources and Agriculture’s efforts to call on youth seeking for employment to consider agriculture as the chosen field of employment for income generation and at the same time contribute to the country’s economy and guarantee its food security and exports.

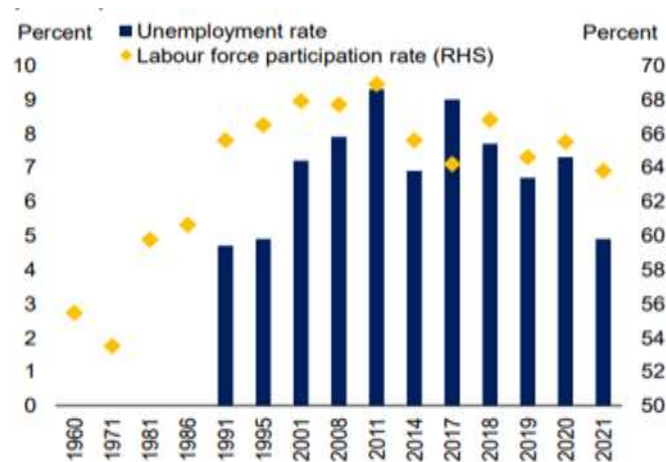


Figure 4. Unemployment Rate and Labour Force Participation (CSPS, 2023)





FINDINGS

From the interviews conducted, all of the participants see the viability of *muzara'ah* if it were to be applied in Brunei. They see it as an opportunity to get their hands on rather than just be based on theory after completing their undergraduate degrees. Most of them are aware on the pilot schemes as well as other programmes offered by the Department of Agriculture and Agrifood. However many are poignant to state that their interests to get lands for their own agribusiness venture are restricted from the financial aspect. Being fresh graduates, they are not be able to cater the cost of starting up and further take up machinery costs and associated farming bills. They also view that with AI and technology, smart farming can be applied to further increase crop production with *muzara'ah*. However, it seems that finances continue to be the main hurdle.

Majority of the respondents are also aware that rentals of the government land schemes are quite cheap, however to ensure production is maintained and further increased to be eligible for a farm extension scheme makes them wary. Respondents mention that having access to land is necessary to start what they learn during pre-university and university days. Without the right support, financial and labour wise, it is very difficult for youth to start from scratch understanding the risks that comes with agriculture. Among the crops mentioned by respondents which have quite the potential and are of their interests are sugarcane, cucumber and vegetables. This coincides with the most planted type of crops by entrepreneurs as stated by DAA (2021) which are vegetables and fruits. This shows that the interests of the respondents are skewed on plantations or cultivations that require ample space, excluding the alternative of just venturing in small scale hydroponics.

Most of the respondents mention that they took agriculture for their under-degree study as the last option as continuance to their previous study. Only a minority claims that they chose agriculture to study further for their future plans before venturing into their own agribusiness or to continue their family's business. Most if not all, state that taking agriculture as their bachelor's degree program does not necessitate them to be involved in the agriculture scene. They see it as a means of getting hold of a degree to pursue other career opportunities aside from farming. A few of the respondents were rather optimistic in pursuing more into agriculture as they see their prospects in the sector to be unlimited. These mix responses are seen to correspond to the study by Musa & Idris (2020) that found young people of Brunei aspire towards prestigious jobs. This means that they have preference for jobs in the professional, managerial or technical sector, and they have less preference for manual jobs. The reliance on government jobs and welfare partly shapes the job aspirations of the youth. This creates their lower preference for jobs in the private sector as well as sectors like construction and farming. They consider the other sectors as demeaning and should usually be done by foreign workers (Musa & Idris, 2020). This is usual for a rentier state. According to Levins (2013), in a rentier state or economy the government receives money from the sales of oil and later distributes it to its citizens through government projects and activities such as welfare or subsidies which lead to a "rentier mentality". Levins (2013) also points out that in such an economy, more often than not, people rely on the government for food, health service, and job opportunities. In a rentier state, he adds, the government plays a benefactor role, and the people might not rush for change. They also have a risk-aversion to employability as they prefer to have a stable fixed monthly income rather than be involved in enterprising (Low et.al, 2013). One responded to the fact that they can actually fill in related positions such as agricultural consultant, farm manager, estate manager, fish farm manager, rural practice surveyor, scientists, be involved in Brunei Fertilizer Industry or even a primary school teacher. This aspiration is rather necessary as teachers who are literate





and expert in the field of agriculture is lacking. The state of agriculture literacy in the country needs to be catered with immediate attention in order to progress the sector further. The responses also signal the need for a serious shift in the mind-set of youths and the current generation on the prospects of agriculture. This needs to be done at all levels from family, social and government interventions. Without this turning point, regardless of many efforts or moves cascaded by authorities, the future of agriculture to be enhanced and sustained by youths is rather bleak.

SUGGESTIONS AND RECOMMENDATIONS

1. It is recommended that rental of lands through *muzara'ah* to be trialed first at a small-scale level. This could involve rental of lands from private owners and later organisations. It is proposed that the concept of *muzara'ah* be done through land matching.
2. A one stop centre is needed for land matching in order to evaluate the criteria for youth agripreneurs for e.g. the type of crops or cultivation, duration of the agreement, the location of the land. The criteria would no longer be in terms of financial standing but would only be based on the agriculture knowledge (not expertise), willingness, effort and resilience of the farmer or cultivator.
3. Further education on agriculture is needed to increase awareness on the sector's potential as a source of income stream and an avenue for employability. This is to ensure that youths no longer has the standard mentality of farming as something demeaning but a hard-earn respectable job instead. The rentier state mentality must be changed to lessen its effects.
4. Innovation is also needed to incorporate *muzara'ah* into a hybrid concept structure to enable youths' access to funding from financial institutions.
5. Inculcate better understanding on *muzara'ah* among youths particularly for them to integrate the element of not just profit but also the spirit of cooperation.
6. Close collaboration between land department and agriculture department is needed for *muzara'ah* and other innovative suggestions to be successfully implemented.

CONCLUSION

The role of *muzara'ah* in the primer agriculture settings gave leverage to both parties. of agriculture. The notion of *muzara'ah* itself gives opportunities to the cultivator to gain from his expertise and enables the land owner to gain benefit from the fruition of the land. With the government pilot schemes offered, youths in this study agree to *muzara'ah*'s viability and are open to its opportunity. They recognise the hurdles that come together with the scheme as they would not be able to fulfil the requirements necessary. Funding as the major hindrance amongst youth entails that to start and venture into agripreneurship on their own without any financial support is not feasible. Submission of cash-flow accounts would also necessary mean that the applicant has a financial standing and has pursued business for quite some time. Youths who have the tendency to venture in agriculture may not have the land, finances or years of experience yet thus the pilot schemes may seem to not be favourable to youths. The introduction of *muzara'ah* into the agriculture scene can possibly bring in opportunities for youths to be involved in the sector. The sharing of risks between parties can bring in a sense of mutual cooperation and thus parties are motivated to perform better for the benefit of both parties.





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