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“My People shall not be Poor”:

Mosque-based Microfinance Model and Poverty Alleviation among Nigerian Muslims.

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Abstract

Even though various Governmental and Non-Governmental Organisations have risen up to the challenge of alleviating poverty and reducing income inequality in Nigeria through the medium of microcredit and microfinance, the efforts appeared to be plagued by inept performance, low outreach and religious beliefs of Muslims. Concerned about these challenges, this paper suggests an alternative way of delivering credit and credit-plus services to Muslims in Nigeria through the utilisation of the mosque and Islamic financial instruments. It argues that using the platform of the mosque for microfinance will increase outreach, improve efficiency and reduce running costs. In addition, Islamic financial instruments could boost the funds which will be made available to the poor.

Introduction

Despite the fact that Nigeria boasts of abundant human and natural resources, it is still classified as one of the countries with the lowest Human Capital Development (HCD). In 2003, about 90.8% of Nigerians lived on less than two dollars (\$2) per day while about 70.2% of them lived on less than one dollar (\$1) per day. Moreover, about 70.2% of the urban dwellers earned less than the national poverty line rate¹. Furthermore, a fifth (20%) of the poorest Nigerians earned only 4.4% of all the income in the country while the same proportion (20%) of the richest population earned 55.7% of Nigeria's income. In addition, Gini Index which shows the extent of income disparity or otherwise, where 0% indicates perfect income equality and 100% indicates perfect inequality showed that Nigeria has 51.7%. Therefore, there is a high level of income inequality in Nigeria². Further, in 2004, Nigeria had about 10% of its citizens having access to essential drugs, and 50% of them have access to drinking water. About 90% of the sub-urban dwellers depend

on the forest for livelihoods and their energy requirements.³ In addition, unemployment rate for the urban areas was 12.4% while it was 23.2% for the sub-urban areas⁴.

To stem the tide of poverty in Nigeria, a number of Non-Governmental Organisations (hereafter referred to as NGOs) have risen up to the challenge of promoting the welfare of the poor and reducing income inequality in the country. These NGOs mostly rely on simple credit procedure built upon the existing traditional systems of saving and lending otherwise known as the African Traditional Rotation Savings and Credit Association (hereafter referred to as ATROSCA). Notwithstanding, claims have been made that most of these NGOs are not sustainable as they suffer from impaired management and dearth of innovative approaches⁵.

The provision of credit and some other social services to the poor, otherwise known as microfinance, is a potent way of lifting the poor out of poverty. This initiative works through empowering the poor to engage in income generating ventures. They are also trained on certain aspects of their livelihood. These include home management, religious instructions and family planning techniques. Although, government agencies engage in a supply-led credit advancement to the poor, microfinance banks and NGOs) have impacted on them through group concept, which is grass-root based, and the provision of social services.

Moreover, in 2005, the Central Bank of Nigeria (hereafter referred to as CBN) revealed that only one million (1,000,000) of the forty million (40,000,000) Nigerians in need of microcredit were served in the country⁶. This assertion reveals that there is a huge gap waiting to be filled in the provision of micro-credit to the poor in the country. In filling this gap, care has to be taken in carrying along the Muslims whose religious belief unequivocally prohibit financial transactions which are based on interest (*ribā*). This is contained in the Qur'an where Allah says:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا
مُضَاعَفَةً وَأَتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

O you who believe: Devour not usury doubled and multiplied but fear Allah that you may (really) prosper. (Q3: 130)

In the light of the above injunction, conscious Muslims in Nigeria have avoided the patronage of the nation's financial institutions including banks and NGOs which are essentially interest-based⁷. It is axiomatic that poor Muslims in Nigerian are not likely to be lifted from the morass of poverty until something critical is done to reduce the challenges faced by microfinance operators and the religious beliefs of Muslims in the field of financing. This paper, therefore, critically examines the issues involved in providing a Shari'ah compliant NGO which will effectively utilise the mosque institution as the platform of its core programmes.

Informal Microfinance Model in Nigeria

There are two kinds of microfinance operators in Nigeria. The first are the Formal Microfinance Institutions while the second are the Informal Microfinance Institutions. Formal microfinance institutions are banks which are usually regulated by the government. On the other hand, informal microfinance models are initiatives and programmes which are not only privately owned but are also not regulated by the government. These include cooperative societies, money lenders, ATROSA and civil society organisations.

Generally, civil society organisations in Nigeria can be classified into three. They are advocacy, philanthropic and NGOs. Advocacy groups are established to defend a particular cause such as training and research. On the other hand, philanthropic groups which are also called social organisations or operational groups combine any of the specific function of advocacy groups with some other humanitarian services. Majority of them are interested in community development and are, therefore, called Community Based Organisations (hereafter referred to as CBOs). These CBOs usually protect and promote the interest of their members and the welfare of their communities. They also provide socio-economic funding by helping to provide social and infrastructural services in event of the governments' failure⁸.

In some cases, NGOs are community based when their membership and their activities are considered. They are established to provide some socio-economic facilities which the government has failed to procure for the people. Many of them are voluntary in their membership and they engage in targeted voluntary services through the instrumentality of their board members who are either selected or elected. They usually acquire their funds through grants from donor agencies, loan from banks and subscription by members⁹.

In response to economic challenges faced in the country between 1980 and 1989, several Community Based NGOs were formed. However, the history of these Community Based NGOs dates as far back as 1940s¹⁰. Sub-urban areas are the target areas of the various NGOs in Nigeria. They built their operations upon the existing traditional system of daily contributions and rotational savings. Their impacts are also felt in the lives of the poor in the area of capacity building¹¹. The CBN, in its survey of 2001, identified one hundred and sixty (160) of such NGOs. The survey also revealed that the NGOs had constraints in their operations. This is in addition to the ineptitude performance noticed in these NGOs by the Central Bank of Nigeria¹².

As at 2001, these NGOs were located in only twenty-eight (28) of the thirty-six (36) states of the federation. Six (6) of them operated one thousand, one hundred and ninety-three (1,193) branches in 2003 with the total assets base of only eight (8) of them standing at seven hundred and eighty-nine million Naira (N789,000,000). The number of borrowers from the ten leading Microfinance firms stood at four hundred and five thousand nine hundred and fifteen (405,915) as at 2003.¹³ Most of these organisations operate in both urban and sub-urban areas. They have the following objectives:

- I. To build capacities for the creation of wealth among enterprising poor and to also strengthen rural responsive banking methodology thereby leading to sustainable livelihood.
- II. To strengthen the socio-economic conditions of the female gender with special emphasis on those settled in sub-urban areas through offering financial and non-financial services which include granting loans and giving of adult literacy, girl child education, skill acquisition and reproductive health care services.
- III. To completely eradicate poverty through the provision of microfinance and skill development to enhance income generation¹⁴.

Furthermore, the operations of these NGOs are similar. In explaining their operations while putting into consideration similarity in polity, the operational strategy of the Country Women Association of Nigeria (hereafter referred to as COWAN) with headquarters at Akure, Ondo State of Nigeria is picked as case study. This association is national in outlook as it covered twenty-eight (28) out of the thirty-six (36) states of Nigeria in 2002. Founded in 1982, its clients cover both urban and sub-

urban poor. The association combines ATROSCA also referred to as daily contribution and the group operation procedure wherein clients voluntarily organise themselves into Self Help Groups (hereafter referred to as SHG) for the purpose of receiving financial services¹⁵.

Prospective female clients of COWAN constitute themselves into village groups of between ten (10) and twenty-five (25) members who have some social or economic relationship with one another. Here, social force is exerted as it forms a forum where "needs, strategies and solutions" to individual's problems are adequately addressed. About five (5) of such groups usually constitute a community group. Through its head, the village groups are streamlined and coordinated. Above this is a similar formation leading to zonal, state and national levels.¹⁶

To be a group member, daily savings must be made. There are other special savings such as Medical and Educational Savings. For primary groups to be collectively eligible for receiving loans, they must have existed for three (3) months and joined the community group with regular savings from their village or primary group. Before a primary group receives a loan, its members must have attended the NGOs 'Youth Option Life Plan' training programme, where skills necessary for their planned enterprise would have been acquired.¹⁷

Islamic financial Instruments

Islam has a number of ways by which funds can be sourced. These institutions include *zakāt* (almsgiving), *sadaqah* (charity) and *waqf* (Islamic endowment). *Zakāh* is one of the five pillars of Islam and it is mentioned in thirty-two (32) places in the Qur'ān¹⁸. It is the determined allotment of wealth prescribed by Allah for onward distribution to those entitled to them¹⁹. Allah mentions eight categories of people entitled to it in the Qur'ān which states:

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسَاكِينِ وَالْعَامِلِينَ
عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْعَارِمِينَ
وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ
عَلِيمٌ حَكِيمٌ

Alms are for the poor and the needy and those employed to administer the (funds) for those whose hearts have inclined (towards Islam) for those in bondage and in debt, in the cause of

Allah and for the wayfarer. (Thus is it) ordained by Allah and Allah is full of knowledge and wisdom. (Q9:60)

As mentioned in the Qur'ān cited above, the poor and the needy fall into the category of those to benefit from *zakāt*. The poor is one whose vital needs are not met irrespective of whether his/her wealth has reached *nisāb*²⁰ or not. *Zakāt* is therefore aimed at ameliorating his/her hardship through the satisfaction of their basic needs. Imams Mālik and Shāfi' are of the opinion that the specific objective of wealth is dependent on time, needs, circumstances and resources. Imam Shāfi' added that judging by material wealth alone is not sufficient, as a person may be viewed as rich whereas he/she lacks the means to fully sustain himself/herself and his/her dependants²¹.

There are two opinions on how much to give to the poor in order to meet their basic needs. While some have opined that their lifetime needs should be met at once, others advocated meeting their needs for a year. Imam Shāfi' advocated the giving of lifetime needs to the poor rather than for a year alone. Nevertheless, this all year empowerment depends on different geographical zones. Imams Mālik and Hanbal together with other jurists are of the view that only one year's need should be met because the Prophet was in the habit of keeping food for his family for one year²². However, I think it is better to give *zakāt* that would be enough to lift the poor out of the vicious circle of poverty. I believe that it makes no sense for a poor person to be given *zakāt* every year particularly when the facility is there to position him/her in a place where he/she should give in the year succeeding his/her first receipt of it. This can be better achieved through the poor directing such *zakāt* funds into fruitful productive activities that would sustain them all through their lives.

Sadaqah, however, is the giving away of goods and funds (*māh*) for Allah's sake. This is not without the intention of expressing faithfulness and strong belief in eschatology. This term is used interchangeable for *zakāt* in the texts of both the Qur'ān and *hadīth*. In early Islam, *sadaqah* was mostly used but *zakāt* has now taken up its place while *sadaqah* now means voluntary donation to the poor.²³

Muslims are encouraged by Allah and His Prophet to give *sadaqah*. This can be in form of cash or kind. Here, we are concerned with the *sadaqah* in cash or, better still, in material things. Allah lends credence to the validity of *sadaqah* in the Qur'ān which states:

مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ كَمَثَلِ
حَبَّةٍ أُنْبِتَتْ سَبْعَ سَنَابِلٍ فِي كُلِّ سُنْبُلَةٍ مِئَةٌ حَبَّةٌ
وَاللَّهُ يُضَاعِفُ لِمَنْ يَشَاءُ وَاللَّهُ وَاسِعٌ عَلِيمٌ

The parable of those who spend their substance in the way of Allah is that of a grain of corn: It grows seven ears and each ear has a hundred grains. Allah gives manifold increase to whomsoever he pleases. And Allah cares for all and He knows all things. (Q2:261)

The Prophet corroborated this by saying:

إِنَّ الصَّدَقَةَ تَطْفِئُ غَضَبَ الرَّبِّ، وَتُدْفَعُ مِيتَةَ
السُّوءِ

Sadaqah quenches the Lord's anger, and pushes away bad death²⁴.

Sadaqah is not restricted to a particular percentage of one's wealth. On the maximum amount that can be given as *sadaqah*, jurists hold the view that giving all of one's property out as *sadaqah* is permissible once the donor is fit, not indebted or having dependents to cater for, otherwise this act becomes *makrūh* (permitted but detested under the *Shar'ah* law)²⁵.

Waqf is a kind of gift wherein the corpus is detained while the usufruct is set free. Detaining the corpus here, denotes the prevention of the gift from being inherited, given out as a gift sold, lent, mortgaged or rented out. Similarly, setting free of the usufruct denotes the dedication of the gift for the purpose afore-mentioned by the giver, or founder (*wāqif*) without any pecuniary return or gain²⁶.

Waqf is a fundamental instrument which serves the purpose of redistributing income in an Islamic economy through non-obligatory means. A *waqf* exists when a privately owned property is permanently endowed as charity with the revenue generated from it spent for the same purpose (charity)²⁷. The institution of *waqf* started during the lifetime of Prophet Muhammad (SAW) and was practiced by his companions (*sahābah*) and generations that followed them (*ābi'ūn*). On its origin, the Prophet had encouraged his wealthy companions to establish foundations aimed at ameliorating the suffering of the community. This good work is

only performed with the hope of reward from Allah in the hereafter. Allah encouraged this virtuous act in the Qur'an when He says:

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ وَمَا تُنْفِقُوا
مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ

By no means shall you (all) attain to righteousness unless you (all) give (freely) of that which you love and whatever you give of a truth, Allah knows it well. (Q3:92)

The following saying of the Prophet gives credence to this act:

إِذَا مَاتَ الْإِنْسَانُ انْقَطَعَ عَنْهُ عَمَلُهُ إِلَّا مِنْ ثَلَاثَةٍ
إِلَّا مِنْ صَدَقَةٍ جَارِيَةٍ أَوْ عِلْمٍ يُنْتَفَعُ بِهِ أَوْ وَلَدٍ
صَالِحٍ يَدْعُو لَهُ.

When man dies, no further reward is recorded for his actions, except in three areas: *Sadaqah* (charity) whose benefit is continuous (i.e. *waqf*), or knowledge from which benefit continues to be reaped or the supplication of a righteous son (for him)²⁸.

There are two kinds of *waqf*, *waqf khayrī* (charitable/public endowment) and *waqf ahli* or *waqf dhurrī* (private/family endowment). *Waqf ahli* is the kind of *waqf* which is dedicated to the cementing of the bonds of kinship and goodness to family members. This form of *waqf* prevents the family members of a rich personality from begging as their needs are catered for from such an endowment. However, *Waqf khayrī* is the kind of *waqf* dedicated to the totality of the masses. It does not discriminate against anybody, but instead serves everyone.

Ahmed (2002) and Kahf (2004) have proved that funds generated from *zakāt*, *sadaqah* and *awqāf* could provide the much needed microfinance funds for the poor. They claimed that *sadaqah* and *awqāf* funds could be utilised in the financing of productive activities at subsidised rates while *zakāt* funds could be restricted to serving consumption purposes. They equally postulated that *zakāt* funds may be given to the extremely poor ones in order to divert their interest from production equity funds that might have been advanced to them. It is, therefore, their opinion that the

combination of *zakāt*, *sadaqah* and *waqf* in the microfinance industry would facilitate the escape of the poor from the morass of poverty²⁹.

Mosque and Financial Empowerment

Mosque otherwise called *masjid* in Arabic means a place where prostrations are made. It has been asserted that during the *Jahiliyyah* era (the period of ignorance which preceded the mission of the Prophet), the surroundings of the *ka'bah* was called *Masjid*³⁰. This, in my opinion, is because the area in question was reserved by the Makkan *Mushrikūn* (polytheists) for the purpose of making prostrations to *hubal* (their arch idol which was placed on top of the *ka'bah*). Generally, the worship of Allah can be done anywhere except places which are considered not pure enough for worship. There is, therefore, no consecrated place for worship in Islam.

Mosques play a very important role in Islam. They are centres of Muslims' religious lives. They are also places where the blood of spiritual life is sent into the veins of Muslims. The coming together therein five-times daily allows for fraternity among the Muslims. It is thus, a home for learning the spirit of unity and goodwill. As such, Muslims are educated on questions regarding their welfare. During the era of the Prophet and his companions, the mosque served the purpose of political and social centre where crucial state issues were decided upon. It also served as the council-hall and law courts of the Muslims³¹.

In my own opinion, since the mosque is a home for fraternisation and education, the coming together of the congregation of worshippers in it to form SHGs would not be an error. It should rather strengthen the existing ties among concerned Muslims. Since the *sahābah* (companions of the prophet) used mosques as council-halls, Muslims are justified to use same for programmes of similar or equal importance.

Moreover, Islamic jurists have noted that learning and allied matters could be carried out in the mosque. This is allowed irrespective of whether the content of such learning activity or allied matters are mundane or not. The key issue here is that such issues must be lawful with respect to the *Shari'ah*³². In that light, the social training programmes dealing with both religious and non-religious issues could be carried out continually in the mosque. These include teaching on how to fulfil the requirements of the *Shari'ah* and how to fruitfully utilise credit facilities to earn decent living. As such, the allocation of credit in form of imputes to boost the

empowerment of the poor Muslims through Islamic equity loans can, in my opinion, be done in the mosque since the *Shari'ah* permits that a beggar can be given gifts in the mosque. This was practiced by Abu-Bakr, the second caliph of Islam, when he entered the mosque and saw a beggar asking him for *sadaqah* (charity), during which he collected a chunk of bread from Abdul Rahmān, his son, and handed same over to the beggar. He (Abu-Bakr) latter mentioned this action of his to the Prophet who did not raise any objection to it³³.

Nevertheless, Islamic jurists hold that the mosque should neither be a quarrelling place nor a place where voices should be excessively raised. In addition, it should not be a place where commercial, vocational, technical, professional activities are carried out³⁴. In view of these rulings (*fatāwā*), no any form of trading or instructing in technical and vocational activities is allowed to take place inside the mosque. Rather, the mosque premises or a neutral and more suitable place outside the mosque premises could be assigned for such activities. Similarly, coordinators of mosque-based programmes would need to do all it takes to avoid quarrels that may ensue during the microfinance activities. I believe these rules would guide and ensure the sanctity of the mosque as a place of worship where other worshippers are not to be disturbed.

Lastly, the Shāfi' and the Hanābilah Schools of thought allow women running their monthly courses or in post-natal bleeding to enter into the mosque if there is a need for them to fulfil certain obligations therein after which they would have to leave³⁵. Based on this ruling, I subscribe to the opinion that women, like their male counterparts, could enter the mosque for the purpose of attending programmes which are related to the fulfilment of their livelihood and keeping their identity in the community after which they would move out of it.

Case for Mosque-Based Islamic NGO

There is the need to establish a mosque-based Islamic microfinance NGO in Nigeria. This Islamic microfinance NGO would be a national one with its national headquarters at the country's capital, Abuja and with each state capital in Nigeria having its own office. This NGO should not only encourage savings and advance credit transactions but should also incorporate social and religious programmes. This approach essentially integrates not only an adequate but a timely credit into the larger developmental process. The goal of this NGO should be to uplift the poor Muslim from the vicious circle of poverty. The objectives of this NGO would be:

- (i) to assist the Poor Muslims through the provision of seed-micro capital so as to engage in tangible income generating businesses,
- (ii) to encourage and foster the bottom-up approach³⁶ in empowerment and decision making,
- (iii) to develop latent skills, advance general and beneficial knowledge and propagate the pristine religious beliefs of Islam in all aspects of life,
- (iv) to promote sustainable development in Nigeria through provision of socio-political and economic liberty; and
- (v) to afford all Nigerian Muslims irrespective of their age, gender, or ethnic affiliations the opportunity of benefiting from Nigeria and contributing to its growth

Mosques in Nigeria are generally divided into two categories. The first are the local mosques which are located near to homes and offices. Each of the local mosques has an imam (leader of prayers) and a *mu'adhdhin* (caller to prayers) and Mosque Management Committee members who are usually not paid for the services they render. However, the management of mosques in the South of Nigeria differs from that of the North. Nevertheless, worshippers in the local mosques could constitute themselves into SHG of between three (3) to seven (7) individuals. Two (2) or more of these groups could co-exist in a mosque. Group members should belong to the same age range, practice similar occupations, earn similar income, and have similar levels of education. They must, however, not be blood or marriage related and female groups shall be different from male groups.

For anyone to join any of the groups, his/her Imam must have testified to his/her regular attendance at prayers and good character. Moreover, each group would elect its president, secretary and treasurer and fix regular weekly meetings at its convenience. All the groups will in turn meet at the nearest central mosque designated for them to deliberate on issues of common interest and partake in social development activities in addition to repaying their borrowed or equity funds.

The second category of mosques is that where the *Jumu'ah* (Friday) prayers are observed. These are the central mosques. These central mosques are usually big and located in vicinities where the worshippers in many local mosques worship on weekly basis. These central mosques have their *imams* and *mu'adhdhins*. They also have different committees

with one of them for the '*ulamā*' (religious scholars) and at least another one for the mosque management. These Mosque Management Committee members are usually people of integrity who cannot only assist in the collection *zakāt* and *sadaqah* but also manage the *awqāf* properties meant for this initiative.

These imams and Mosque Management Committee members, otherwise known as mosque workers, could act as agents for the Islamic microfinance NGO. As part of their duties is the monitoring of SHGs registered with accredited central mosques for the purpose of obtaining credit and other social services from the Islamic microfinance NGO. These workers would have a stake in the financial transactions between the Islamic microfinance organisation and their clients at the level of SHG based on their collection of service charges on profits made from equity loans and agency services performed on behalf of the NGO. Therefore, the issue of high running cost of microfinance through the maintenance of numerous offices and payment of several members of staff will be eliminated. This model would also empower the army of mosque workers who are themselves poor.

This Islamic microfinance NGO would not advance loans to anyone who has not gone through its Skill and Vocational Development Course and Small Enterprises Management Training Programme which would be organised at the Local Government levels in conjunction with seasoned professionals, artisan and traders in different fields. Leadership Development Programmes would also be organised for Mosque workers and the leaders of this NGO through collaboration with seasoned management consultants.

It would be rewarding if the NGO makes its clients keep five (5) different savings accounts. First is the Health Care Account to cater for the health needs of clients and their households. Second, is the Education Account which will be used in the Human Capital Development (HCD) of individuals and households. Third, is the Rotational Savings Account which involves fixed amount of money among clients. It is based on this that interest-free loans or equity loan capital are worked out to clients within the groups. Fourth, the Ordinary Savings Account and finally is the Cooperative Insurance Account (*takāful*) which will consist of a fixed percentage of profit made on business to serve as the emergency fund. The Takāful Fund would be divided into two. One would be invested and profits shared among clients while the second would serve as charity to deserving clients.

This mosque-based Islamic microfinance is expected to raise funds through four ways. The first is the savings culture created in the clients through the implementation of rotational savings. It should be noted that clients would have become familiar with this fund raising technique which is prevalent in Nigeria through the ATROSCA. Furthermore, the second source of funding would be through the institution of *zakāt*, *sadaqah* and *waqf*.

Self Help Groups could only seek for funds after they must have registered with the NGO through their Mosque Management Committees. They must have also met their financial obligations through the keeping of the required accounts with the NGO. Group members will, in the use of group dynamics, guarantee two (2) members of the group for equity financing or benevolent loans (*qard hasan*) at a time. Equity loans will be in form of provision of imputes to run any of the Islamic financial techniques. These financial techniques include partnership (*mushārahah*), trustee project financing (*mudārahah*), cost-plus (*murābahah*) leasing, (*ijārah*) and forward sale (*bay' as-salām*). As for the extremely poor who cannot afford saving before accessing credit, he/she is to receive an interest-free loan (*Qard hasan*). This loan would be sourced from *zakāt* fund. If he/she diverts the fund due to the challenge of consumption, it would be converted into a bad debt.

Members of staff of this NGO should be Muslims who are non-partisan or politically inclined. They must also show signs of dedication towards Islam. The substantive and ad-hoc members of staff and agents of the NGO should inculcate the habit of being counsellors and negotiators who would always preach peace and brotherhood among clients. They may benefit from specialised training courses from Islamic microfinance partners.

Conclusion

This paper has attempted to investigate the issues involved in providing a *Shari'ah* compliant NGO which will effectively utilise the mosque institution as the platform of its core programmes. To that end, it examined the informal microfinance model in Nigeria and the various Islamic financial instruments and their roles in microfinancing. The study further probed into the role of the mosque institution in modern the society. The Islamic institutions of *zakāh*, *sadaqah*, and *waqf* could serve as sources of funds for poor Nigeria Muslims. In addition, mosques are known for their multipurpose functions in the Prophetic era. These functions are still applicable to mosques in the post-modern era just as

they can be adapted to solve contemporary challenges, poverty inclusive. However, this would not be applicable if the rules of Islamic jurisprudence are not tenaciously followed. Consequently, the paper suggests the establishment of an Islamic microfinance NGO whose activities will mostly be mosque-based. This model would reduce running costs through maintaining minimal number of workers by utilising mosque workers as coordinators of the initiative. To effectively implement this programme, the following suggestions need to be implemented:

- i) The leadership of the Muslim community should embark on the counting of mosque and registering of worshippers in them.
- ii) The regional and national Islamic umbrella organisations should come together to establish the Islamic microfinance NGO.
- iii) The Federal Government should facilitate the establishment of Islamic banks to compliment the effort of this NGO.

Notes and References

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- 36) **Bottom-up Approach:** This is the system of attending to the poor through the initiative originated and controlled directly by them