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Islamic Finance; A Tool For Realizing Sustainable Development Goals (SDG) In Nigeria

Ibrahim Mohammed Lawal
ACIB, FNES, Heritage Bank, Maiduguri,
Borno State, Nigeria

Umar Babagana Imam
Limanti street shehuri North, Maiduguri,
Borno State, Nigeria

Abstract: Islamic finance is considered as an alternative form of finance to the conventional finance by economies of the world. This was well pronounced after the global crisis of 2007/08 when it was able to withstand the shocks compared to the conventional finance system. This study seeks to assess the role of Islamic Finance in achieving the Sustainable Development Goals (SDGs) in Nigeria. The study reveals that Islamic Finance via its social re-distributive instruments such as Sadaqah, Zakat, Waqf etc and its financing instruments like Sukuk, Musharakah, Murabahah etc will impact positively to the real sector of the economy which invariably will lead to the actualization of the Sustainable Development Goals (SDGs). The study concludes that adapting this form of financing will go a long way to solve the funding challenges and other challenges that has bedeviled the success of Millennium Development Goals (MDG).

Keywords: Islamic finance, Sustainable Development Goals, Shariah, Nigeria, Poverty

I. INTRODUCTION

The global financial crisis of 2007/08 has created awareness of the ethical flaws of the conventional financial system. This in turn has the potential to make Islamic finance appeal beyond the Muslim World because countries have deemed it necessary to search for a financial system that can withstand the taste of time and as a result the debate about the mission, operations and viability of the Islamic financial system has not only grown but has considerably widened. Islamic finance refers to as structuring financial instruments and financial transactions to satisfy traditional Muslim structures against the payment of interest and engaging in gambling (Tabash and Dhankar, 2014). it can also be defined as the provision of financial services in accordance with the *Shariah* (Kamar, Norat, Pinon, Prasad, Towe, and Zeidaine, and IMF Staff Team 2015) which is also known as *Fiqh Al-Mu' amalat* (Jurisprudence of Commercial transaction).The rules and practices of *Fiqh Al-Mu' amalat* emanated from the Quran, the Sunnah, and other secondary sources of Islamic law such as consensus of various school of thoughts (*ijma*), deductive reasoning (*qiyas*) and Personal reasoning (*ijtihad*). Shariah bans interest (Riba), products with excessive uncertainty (Gharar), gambling (Maysir) as well as financing of prohibited activities that are considered harmful to the society.

However, there are more than 500 Financial Institution in more than 75 countries globally that practice some form of Islamic finance and the industry has been growing at a rate of more than 15% annually with an indication of consistent growth in the future. In addition, recent report revealed that the global Islamic financial industry has been in an upward trajectory, evidenced by its asset double digit Compound Annual Growth Rate (CAGR) of 17% between 2009 and 2013. The industry assets are estimated to be worth USD1.87Trillion as at first half of 2014 having grown from USD1.79Trillion as at the end of 2013.

With this growth size, its still represent 1% of the total world asset (Economist, 2014) and it is heavily concentrated in the Middle East and Asia countries (Kammer *et al*, 2015).The Gulf Corporation Countries (GCC) region accounts for the largest proportion of Islamic financial asset as the sector set to gain mainstream relevance in most of its jurisdiction; the region represents 37.6% of the total global Islamic Financial asset. The Middle East and North (Excluding GCC' s) rank a close second with a 34.4% share, buoyed by Iran' s fully Shariah compliant banking sector. Asia rank third representing 22.4% share in the global total, largely spare headed by the Malaysian Islamic Finance market place (Islamic Financial Service Industry Stability Report,2015) with about 38Million customers globally (Ernest and Young,2013). The contribution from other region, particularly Europe and Sub-Saharan Africa remain very low particularly in Nigeria. Nevertheless, the country is gradually tapping into the Islamic financial system as there exist only one full-fledged Islamic bank in Nigeria known as Jaiz bank Plc, and three Islamic windows namely, Keystone Bank, StanbicIBTC, and Sterling Bank. In insurance and capital market sectors, the Lotus Capital; a full-fledged Islamic fund management company and Takaful Windows in African Alliance Plc, Niger Insurance Plc and Cornerstone Insurance Plc (Mikail, 2014).

A. RESEARCH PROBLEM AND OBJECTIVES

Globally, especially in the third world nations, people were wallowing in abject poverty, lack of shelter, good drinking water, health care system, increasing child mortality rate etc and in bid to resolve this issues, world leaders and developmental institutions converged and developed a blueprint tagged the Millennium Development Goals (MDGs) with an 8 point agenda and its declaration was signed in 2000 with a fixed deadline of 2015. In order to support the program in Nigeria, different programs were launched. Amongst which are National Economic Empowerment Development Strategy (NEEDS) 7-Points Agenda, Vision 20:2020, SURE-P etc. The MDG has come to an end in 2015 and progress has been made on some of the goals and some goals have been met. In order to consolidate the gains of the MDGs and to achieve more, the sustainable Development Goals was launched in September, 2015. Though, in course of implementing the MDGs, several lessons were learnt such as lack of early commencement, Need for incentive based interventions, need for incentive based policy instrument, political will and majorly which was funding challenge (MDG, End-Point Report,2015) because between 2006-2009; Nigeria' s MDGs office spent £1.23b (N305B) towards achieving these targets (Ahmed et al, 2013) but meanwhile it has been projected that the sum of N4Trillion ($28Billion) is required yearly to achieve the goals of MDGs in Nigeria between now and 2015 (Nwokeoma, 2013) but despite the funding gap, private sector were not actually carried along most especially financial institution (Islamic Financial Institutions) were neglected in the entire process of MDG implementation. Thus, created a vacuum. In order to fill this gap, necessitate the need for this study. However, the objectives of this study is as follows

- ✓ To examine the role Islamic Finance in achieving the objectives of SDGs.
- ✓ To identify the various modes of Islamic finance
- ✓ To assess some of the challenges of Islamic Finance in achieving the SDGs.
- ✓ To proffer recommendations.

II. LITERATURE REVIEW

Habib et al (2015) stressed that Islamic finance has a strong potentials in promoting financial stability, financial inclusion and shared prosperity and infrastructural development which will set an enabling environment for timely implementation of sustainable Development Goals (SDGs).

Khazzam (2015) argued that Islamic finance via its instrument sukuk funds Green Projects such as clean energy, mass transit, water conservation, forestry and low carbon technologies. These Green financing initiatives also include socially responsible investment designed to improves the lives of the people and communities. They are also designed to encourage investors to move capital into company that instill high governance standard for diversity, accountability and transparency.

Mohieldin, M; Iqbal, Z; Rostom, A; Fu, X (2012) stressed that the core principle of Islam which Islamic finance derived its roots is based on social justice, inclusion and sharing of resources between the haves and the haves not. They argue that if Islamic finance address the issue of financial inclusion or access to finance from two directions-one through promoting risk sharing contracts that provide a viable alternative to conventional finance and other through specific instrument of redistribution of wealth among the society (Zakat, Sadaqah, Waqf and Qard al Hassan) which is targeted at the poor of the society, thus eradicating poverty and build a healthy and vibrant economy.

Saddique and Chapra (2009) all argue that Islamic finance (Non Interest Bank) ensures financial stability because they exercise more market discipline, it is based on ethical funding approach, regulated financial innovativeness as well as asset backing and that is why they are not totally destabilized during the shock. Mobolaji (2011) stressed that Islamic finance encourage real sector development because many government initiatives could be financed at low cost or Zero interest rate via its sukuk instrument as it will be based on a longterm profit and loss sharing which will benefit both parties.

Tabash and Dhankar (2014) assess the contribution of Islamic finance in the growth of the economy of UAE using time series data from 1990 to 2010. The unit root test, co integration test and Granger Causality tests analysis were used. The study shows that there is a strong positive association between Islamic banks' financing and economic growth in the UAE, which reinforces the idea that a well-functioning banking system promotes economic growth. However, our results indicate that a causal relationship happens only in one direction, i.e., from Islamic banks' financing to economic growth, which supports Schumpeter' s supply-leading theory. In this case, the development in the Islamic financial sector acts as supply leading to transfer of resources from the traditional, low-growth sectors to the modern high-growth sectors, and to promote and stimulate an entrepreneurial response in these modern sectors.

A. SUMMARY OF MDG PERFORMANCE IN NIGERIA

Based on the MDG End Point Report (2015), below is the snap shot of MDG performance in consonance with its goals

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S/N	Goals	Scorecard
1	Eradicating Extreme Poverty and Hunger	Appreciable Progress; Goal Not met
2	Achieve Universal Primary Education	Weak Progress; goal no met
3	Promote Gender Equality and Empower women	Strong progress made in gender parity but weak progress in women empowerment. Goal not met
4	Reduce Child Mortality	Appreciable progress but goal not met
5	Improve maternal Health	Maternal mortality met, but weak progress in other indicators
6	Combat HIV and AIDs, Malaria and other disease	Appreciable but weak progress. Goal not me
7	Ensure environmental sustainability	Strong progress in the provision of safe drinking water but weak progress in other indicators. Goal not met.
8	Develop a global partnership for development	Goal met.

Table 1

B. SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The history of the SDG can be traced to 1972 when the government met under the umbrella of the United Nations Human and Environment to consider the rights of the human family to a healthy and productive environment. The phrase " sustainable" was adopted and polarized in 1987 in the report of the United Nations commission on Environment and development, known widely by the name of its chairwoman, Norwegian Prime Minister, Gro Harlem Brundtland.

The Brundtland commission provided a definition of Sustainable development that was used for the next 25years" Development that meets the need of the present without compromising the ability of the future generation to meet their own goal" . This intergenerational concept of sustainable development was adopted in 1992 at the United Nations Conference on Environment and Development in Rio de Janeiro. It was here that the first agenda for the environment and development was developed and adopted, also known as Agenda 21.

Twenty years later, at the Rio+20 Conference, a resolution known as the *future we want* was reached by member states with major emphasis on economic development, social inclusion and environmental sustainability. This is against the backdrop that the earlier definition of sustainable developed has evolved overtime to capture a more holistic approach. The Sustainable Development Goals was launched on 25th September, 2015 as a post 2015 Development program upon the expiration of the MDGs. This was adopted by 193 countries of the United Nations General Assembly. It is officially titled *Transforming our World; The 2030 Agenda for sustainable Development*.

The program consist of 17 goals with 169 targets contained in Paragraph 54 of UN resolution A/RES70/1 which set out quantitative objectives across the social, economic and environmental dimension of sustainable Development-all to be achieved by 2030. The goals provided a framework for shared action for people, planet and prosperity to be implemented by all countries and stakeholders acting in collaborative partnership.

C. GOALS OF SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Goals SDGs set to achieve by the end of 2030 are as follows

- ✓ *GOAL 1:* End Poverty in all its forms everywhere
- ✓ *GOAL 2:* End hunger, achieve food security and improve nutrition and promote sustainable agriculture
- ✓ *GOAL 3:* Ensure healthy lives and promote well-being for all lives at all ages
- ✓ *GOAL 4:* Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- ✓ *GOAL 5:* Achieve gender equality and empower all women and girls
- ✓ *GOAL 6:* Ensure availability and sustainable management of water and sanitation for all.
- ✓ *GOAL 7:* Ensure access to affordable, reliable, sustainable and modern energy for all.
- ✓ *GOAL 8:* Promote Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- ✓ *GOAL 9:* Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- ✓ *GOAL 10:* Reduce inequality within and among countries
- ✓ *GOAL 11:* Make Cities and human settlements inclusive, safe, resilient and sustainable
- ✓ *GOAL 12:* Ensure sustainable consumption and production patterns
- ✓ *GOAL 13:* Take urgent action to combat climate change and its impacts
- ✓ *GOAL 14:* Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- ✓ *GOAL 15:* Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forest, combat desertification and halt and reverse land degradation and halt biodiversity loss
- ✓ *GOAL 16:* Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
- ✓ *GOAL 17:* Strengthen the means of implementation and revitalize the global partnership for sustainable development.

III. ROLE OF ISLAMIC FINANCE TOWARDS ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDGS) IN NIGERIA

Countries of the world that have fully adopted Islamic finance as a financial system are reaping the benefits as it reflects in all facets of their economy but Nigeria is yet to fully adopt it. Though, with its gradual adoption and hope of its full adoption in the near future, its role or benefits cannot be underestimated in supporting the economy in achieving its desired objectives. Nigeria being a member states in adopting the SDGs, it has to put in place all the necessary machineries' in the realizations of the SDGs goals and targets; hence the role of Islamic finance cannot be overemphasized.

A. ISLAMIC FINANCE AND SDG1 (NO POVERTY), SDG 2 (ZERO HUNGER) AND SDG 10 (REDUCED INEQUALITIES)

This objective is aimed at ending poverty in all its forms everywhere around the world by 2030 as available reports indicates that more than 800M people around the world still lives less than \$1.25 a day (UNDP,2015) which Nigeria is not an exception as the poverty level remains significantly at 33.1% despite progress recorded. This is against the back drop that the MDG Performance Tracking Survey, 2015 report on the Goal 1 (eradication of poverty and Hunger) which it sought to halve between 1990 and 2015 so as to ascertain the proportion of people who suffers from hunger. In so doing, the prevalence of underweight in fewer than five children was measured, it depicts that there was a reduction by 6.9% that 27.40% in 2012 to 25.40%. Furthermore, the hunger in Nigeria is prevalence in Northern states and is more endemic in rural than urban areas (MDG End-Point Report, 2015). This implies that Nigeria did not meet the target of this indicator, strong progress was recorded. However, to close this gap, the adoption of Islamic finance is key because it possessed certain inbuilt potentials or qualities that tend to address this goal. For instance the Zakat instrument whereby individuals and Corporate organizations are expected to deduct 2.5 % of its capital and profit annually and the latter may also ask their clients that may wish to contribute to for charitable purpose and as such the funds will then be distributed to the poor as prescribe by the shariah for their welfare with the hope of not getting it back. These actions will go a long way to saves the poor from humiliation, the Waqf (endowment)- this can be donating a piece of land or building or even cash with no aim of reclaiming such asset, sadaqat (charity) and also the Qard al hasan loan (the benevolent loan)whereby the borrower does not pay interest in any form because interest acts as transferring wealth from the asset less section of the population (Chudhury and Malike,1992).

In addition with its role towards curbing financial exclusion, this will also assist the earlier unbanked individuals to have access to bank credits and other related financial services that will empower them in one way or the other because the EFInA Survey(2010) have it that 39.2M Nigerians representing 44.3% of the adult population are financially excluded. This instruments will play enormous role in social protection and in the redistribution of income which will go along way to reduce poverty and hunger.

B. ISLAMIC FINANCE AND SDG4 (QUALITY EDUCATION), SDG 6 (CLEAN WATER SANITION), SDG 7 (AFFORDABLE AND CLEAN ENERGY), SDG 6 (INDUSTRY, INNOVATION AND INFRASTRUCTURE)AND SDG 3 (GOOD HEALTH AND WELLBEING)

Islamic Finance will serve as a special purpose vehicle in achieving the above named objectives majorly via its instrument called sukuk. Sukuk according to AAOIFI (2008) refer to it as a certificate of same value of shares representing the ownership of some tangible asset of a firm. Sukuk are issued under different structures to accommodate the dynamics of different transactions. Some of these structures include salam, ijarah, mudarabah, musharakah etc. it can also be issued in local currency as well as foreign currency.

Sukuk is a very important tool for infrastructural development which is a big challenge today for Nigeria and the world at large a there exist an infrastructural deficit. At the global level, investment in infrastructure is estimated to be USD100Trillion over the next two decades and available report has it that sukuk issuance is estimated to be USD80Billion in 2014 (IMF,2015). Also in Nigeria, the infrastructure deficit is up to USD300Billion (N5.91Tn) that Nigeria core stock of infrastructure is only 20-25percent of the GDP compared with 70percent recorded by other middle-income countries.

However, countries like Malaysia, Qatar etc have used this instrument to achieve and to a great extent close their infrastructure gap, thus Nigeria should not be an exemption. This can be evidence from the Osun State Government when its Sukuk was first launched in 8th of October, 2013 through a wholly owned Special Purpose Company, Osun Sukuk Company Plc, the first sukuk in Sub-Saharan Africa worth N11.4 billion (\$70.6 million) under the Osun State N60 Billion Debt Issuance Programme to fund the development of 20 High Schools, 2 Middle Schools and 2 Elementary Schools in Osun State. The sukuk was issued at a rate of 14.75% per annum at N 1,000 per unit and matures on 08 October, 2020 (Oladunjoye,2014). This is to show that funds raised from the issuance of sukuk can be used to build better schools, Health care system etc.

In addition, the Federal Government of Nigeria is planning to issue sovereign sukuk that will be used that will be used to finance the deficit in the 2016 budget because such will attract significant amounts of affordable capital from the Gulf Countries and other established Islamic markets around the world into Nigeria. Thus, if all the states of the federation can adopted this instrument as an option for finance, it will assist in filling the countrys infrastructural deficit which on the overall will lead to the realization of the above goals.

C. ISLAMIC FINANCE AND SDG 8 (DECENT WORK AND ECONOMIC GROWTH), SDG 12 (RESPONSIBLE CONSUMPTION AND PRODUCTION)

This is a very critical goal that every economies of the world seeks to achieved and the fact that it has now become part and parcel of the SDG goals, it further motivate the drive of such government. To realize this goal, the role of Islamic finance cannot be down played. Several literatures/researches have posited that Islamic finance leads to economic growth. Popular amongst include Furqan and Mulyany (2009); Iqbal and Murakhir (2013); Iqbal (1997); Tabash and Dhankar (2014); Abuh and Chowdury (2012) etc.

Islamic finance provide cheap source of capital to various economic units taking into cognizance that it does not charge interest on loans. Interest charged on loans makes the cost of borrowing expensive, thus it discourages borrowers. In order to turnaround the situation the Islamic financial system operates on a profit and loss basis and they also lay less emphasis on collateral as they consider the viability of the business as the primary criterion. Most businesses have benefitted from this form of finance because majority of these businesses have no access to credit from the conventional banks due to low collateral strength, hence serves as a constraints in expanding their business operations. This form of finance is risk shared based, asset based and there is better risk management and as such makes it resilience to any form of shock. Islamic finance is done via its instruments such as murabahah, mudarabah, mushakah, ijarah, bai salam etc which its lending priority is basically to the real sector of the economy which will go a long way to promote production and as such output will increased which will also have impact on consumption, unemployment etc.

Furthermore, the system will also attract Foreign Direct Investment (FDI) more especially if sukuk is floated as also trade activities will also be boasted because Reports have indicated that trade between Sub Saharan Africa (SSA) and Gulf Cooperation Council (GCC) countries has risen five folds to reach USD35B in 2014, compared to UDS7B a decade ago. SSA' s trade with the Middle East has grown 12% annually since 2000, compared to 27% with China and 18% with India. In addition, South Africa, Nigeria, Ethiopia and Sudan accounts for 65% of all the trade between SSA and Arab Countries. Juxtaposing all this, it will have impact on Nigeria' s economic growth as well as other macro economic variables of the economy

D. ISLAMIC FINANCE AND SDG 13 (CLIMATE CHANGE), SDG 14 (LIVE BELOW WATER), SDG 15 (LIFE ON LAND), SDG (SUSTAINABLE CITIES AND COMMUNITIES)

Islamic finance does not negate that above goals in as far as it mode of operations is based on shariah. This is against the backdrop of the fact that the Holy Quran states that Unto him belongeth whatsoever is in the heavens and whatsoever is in the earth and whatsoever is between them, and what so ever is beneath the sod while it also observe that it is he who hath made the earth subservient unto you so walk in the paths thereof and eat of his providence. And unto him will be the resurrection and the Prophet (SAW) has said The world is sweet and verdant and verily Allah has made you steward in it, and he sees how you acquit yourselves (Muslim from Abu Said Al-Khudri) Therefore it is evidence that, the earth has been given to man to keep in sacred trust, and there is need to protect them. This makes Islamic finance appropriate due to its ethical, social and environment aspect of financing because it values more than just profits compared to the conventional finance where there are required to provide return for its clients or investors regardless of where that investment goes. To demonstrate its level of commitment, the apex Islamic financial institution called the Islamic development bank and the united Nation Environment Programme (UNEP) on the 20th January,2016 signed an agreement on environmental conservation in support of sustainable development and the fight against climate change.

In order to develop an environmentally friendly sector financed by Islamic banks, the Green Sukuk Working group formed by the Client Bond Initiatives, NGO Clean Energy Business council of the Middle East and North Africa and the Gulf Bond Initiatives and Sukuk Association. The group aimed to channel market expertise to develop best practices and promote the issuance of Sukuk for the financing of climate change investment projects such as renewable energy projects. Thus, with its potentials to make the environment friendly and ensure that it is not degraded for the future generation then there is need for partnership between the Nigerian Government and Islamic Financial institutions so that Green Sukuk can be floated in order to realize the SDG 13, SDG 11, SDG 14 and SDG 15.

E. ISLAMIC FINANCE AND SDG 16 (PEACE, JUSTICE AND STRONG INSTITUTION), SDG 17 (PARTNERSHIP FOR GOALS)

Islam means peace and one of its core objectives is to ensure universal brotherhood and justice (Chapra, 1979). Islam has frowned against injustice in whatever form be it politically, socially and economically etc. The fact that Islamic financial system is a child of Islam, it has to adhere to such objectives in all its dealings. The Quran has stated that" Help you one another in Al Birrr and At Taqwa (Virtue, righteousness and piety) but do not help one another in sin and transgression. And fear Allah, verily Allah is severe in punishment (Q5:2) and also regarding justice Allah has said " O you who believe! Be upright for God, bearer of witness with justice and let not the hatred of others makes you severe from justice. Be just, this is nearer to piety and fear God, for God is aware of what you do (Q5:8) and other similar verses are Q6:152, 4: 135, 26:183. Therefore, the ingredients of these goals are already inbuilt in the Islamic financial system so its just a walk through. To show its commitment the Islamic development Bank and the United Nation Environment Programme (UNEP) on the 20th January, 2016 signed an agreement on environmental conservation in support of sustainable development and the fight against climate and the fact that the apex Islamic bank has key in, others will follow suit.

However, based on the MDG Endpoint Report 2015, Nigeria has met Goal 8 of the MDG (Develop a global partnership for Development), hence, the need to further sustained such achievement, necessitate the need for a strong partnership between the Nigerian Government and Islamic financial institutions so that the target will be surpassed.

F. ISLAMIC FINANCE AND SDG 5 (ACHIEVE GENDER EQUALITY & EMPOWER ALL WOMEN AND GIRLS)

Based on the MDG Endpoint Report 2015, Nigeria has made strong progress in gender parity but weak progress in women empowerment, a vacuum that Islamic finance is also needed to fill. For instance out the 0.3 million adults who used non-interest banking products: 57.9% were male and 42.1% were female. This is still no good enough. Women have become a powerful force both in terms of industry talent and client targets. In order to explore this segment, Islamic finance in GCC countries especially in Malaysia have empowered women in one way or the other as they have multipled CEO' s including Fozia Amanulla, CEO of Alliance Islamic Bank and Raja The Maimunah Raja Abdul Aziz, CEO of Hong Leong Islamic Bank. Threee of 11-member Central Bank Shariah advisory Board are women while Dr. Zeti Akhtar Aziz has been the Governor of Central Bank since 2000. To demonstrate the system commitment, several organization were formed. Amongst which are Women in Islamic and Ethical Finance Forum (WIEFF) so as to encourage female involvement in Islamic practitioner and customer, the Women Banking Forum in GCC and MENA region etc

Furthermore, several products have been launched for the female segment such as the Johara since 2000 by Dubai Islamic Bank, Dana by the ADIB, Laha by Al Hilal Bank etc, all this aimed at empowering women. Therefore, Islamic finance in Nigeria via its products will integrate women into the financial system which make them have access to bank credits and other related financial services that will be used for the betterment of their lives which will aid the realization of the targets in SDG 5.

IV. CHALLENGES OF ISLAMIC FINANCE TOWARDS ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDGS) IN NIGERIA

Islamic Finance in Nigeria is faced with certain challenges that could hinder it from being a successful to towards achieving the SDGs. Amongst such challenges are as thus;

A. INADEQUATE LEGAL FRAMEWORK

A comprehensive legal and tax framework for the smooth operations of Islamic finance is lacking. This relates to management of investment risk, lack of legal precedence, consumer protections laws, double taxation etc. all this hinder the system to function effectively because most of these SDGs goals requires huge investment of capital but if they are not protected or covered, how will they participate fully into such drive?

B. ABSENCE OF ORGANIZED ISLAMIC MARKET

The market that exist in Nigeria be it money or capital market is conventionally based but the Islamic financial system is shariah based. Despite the gradual introduction of some Islamic financial instruments such as sukuk on the floor of the market, the level play ground is still unequal and as such it will discourage investors from GCC countries and MENA region to risk their investment.

C. INADEQUATE PRODUCTS

To be an impetus towards the realization of the SDG goals, there is need to have bouquet of shariah compliance products that will suit the various strata of our society but these products are seriously lacking due to some unresolved fiqh issues etc. And also on the part of the Government via the CBN different products called the intervention funds have been rolled out but Islamic Financial institution cannot have access to it because the way and manner it is structured is conventionally based, hence the products are not shariah complaint.

D. URBANISATION OF BANKING SERVICES

Based on the MDG End Point Report 2015 that there is more hunger in the Northern states and it is more endemic in the rural areas. This in one way tell us that there is a wide gap towards accessing financial services in the rural areas compared to the urban areas. Therefore the available Islamic financial institution in the country are urban based as the micro Islamic finance institutions that could take care of the needs of the rural populace are also urban based, this posed a great threat to Islamic financial institution towards being used as a tool for achieving the SDG goals.

E. ABSENCE OF TAKAFUL (ISLAMIC INSURANCE)

Takaful is derived from an Arabic word that means joint guarantee, whereby a group of participants agree among themselves to support one another jointly for the losses arising from specified risk. The absence of an organized Islamic insurance for Islamic banks activities compared to the conventional system is an issue of concern .For instance the Nigeria Deposit Insurance Corporation (NDIC) is structured conventionally, thus makes the Convention financial Institution have edge over the Islamic Financial Institution and as such the latter will not be cautioned to venturing into certain investments.

F. LEVEL OF PUBLIC AWARENESS

The level of awareness of this form of financial system is still at its low ebb as there is still misconception or misunderstanding about the concept of Islamic finance such as Islamic finance is only for Muslims, Islamic finance is not profitable because no interest is charged, Islamic finance is only offered in the Middle East, they want to Islamize the country etc and with the ethno religious diversity of Nigeria, this has to some extent jeopardize its success for acceptance and patronage by non-Muslims. This will also serve as a constraint toward using it to achieve the SDGs goals.

V. CONCLUSION AND RECOMMENDATIONS

Islamic Finance is still a growing industry in Nigeria but its gradually gaining momentum to compete with other financial institutions that has been in existence for decades. This is form of finance operates in consonance with the principles of Islamic law and it has recorded tremendous success in GCC countries and the MENA region because it has assist the various economic agents in one way or the other which have impacted positively on their economy. Hence Nigeria cannot be an exception. Nigeria is bedeviled with so many problems like high level of poverty, infrastructural deficit etc which the government seeks to address but the government cannot be left alone as the private sector needs to be included. However, in the course of implementing MDG, some of these issues strong progress were made towards addressing them but some still persist.

Though, with the introduction of the SDGs it will go a long way to reduce these issues to the minimum but this success can be fully achieved with the aid of Islamic finance as it possesses certain inbuilt features that tallies with the goals of the SDG. This can be done via its financing instruments such as sukuk, mudarabah, musharakah, ijara, qard al Hassan etc while its other instruments (redistributive) such as zakat, sadaqah, waqf etc. will also be used. Despite, its capacities in assisting towards realizing SDGs goal in Nigeria, there exist certain drawbacks earlier mentioned arising from the fact that the existing financial structure are conventionally based. Below are some of the recommendations in addressing the challenges:-

- ✓ Need for the CBN to rollout intervention fund products that are shariah complaint so that Islamic financial Institutions can also participate.
- ✓ Need for the CBN to grant licenses for the establishment of more Islamic Financial institutions more especially Islamic micro finance
- ✓ IFI' s should develop and rollout more shariah compliant products that will suits the rural dwellers so as to ensure proper financial inclusion.
- ✓ Creating an enabling framework or environment for the smooth operations of IFI' s as obtained by the conventional Finance via proper legislation that could address some of the issues mentioned earlier.
- ✓ The level of public awareness should be intensified via proper adverts, enlightenment campaign to market trade unions and association, localizing pamphlets so that the people can see Islamic finance as an alternative form of finance.
- ✓ Establishment of an Islamic money and capital market or creating a level playing ground that can accommodate the various forms of Islamic financial instrument as this will go along way to deepened the market and boast the investment.

Need for the establishment of Islamic takaful institutions especially Islamic micro takaful institution and also need for the NDIC to ensure a level playing ground between the IFI' s and Conventional system when it comes to their core mandate.

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