

# **Innovative Funding of Nigerian Private Islamic Universities: The Option of Islamic Financial Products (IFP)**

**Rafiu Ibrahim Adebayo<sup>1</sup> and Abdulganiy Ibrahim Jawondo<sup>2</sup>**

**Abstract:** In spite of the Nigerian government's exorbitant expenditure on the nation's public universities through the National Universities Commission (NUC), the Education Trust Fund (ETF) and now the Tertiary Education Trust Fund (Tetfund), other governmental agencies intervention funds, and huge internally generated funds, it is still manifest that tertiary education in Nigeria is yet to compete favourably with others globally. While the public universities have these sources of funds, private tertiary institutions rely extensively on their proprietors and, possibly, the fees paid by students for everything, including building and infrastructure. The fact still remains that private universities, particularly those established by Muslim individuals and organisations, are not adequately funded to withstand the cost of effective administration and financial demands of the universities. To sustain those universities and assure quality, their proprietors, in addition to the cumulative investment, have to subsidise the recurrent costs of the universities. The huge amount charged as school fees, though not up to the one charged by their Christian counterparts, is not affordable to many Muslims from low socio-economic backgrounds. Since the objective of the Islamic financial products is to bridge the gap between the rich and the poor, this paper proposes the usage of these products by the Islamic universities to facilitate their attendance by students from poor economic backgrounds and to provide other facilities needed for quality assurance in the institutions. The modus operandi of this is established in this paper.

---

<sup>1</sup> *Rafiu Ibrahim Adebayo* is an Associate Professor at Department of Religions, University of Ilorin, Nigeria. He can be reached at [adrafhope@yahoo.com](mailto:adrafhope@yahoo.com) & [rafiu@unilorin.edu.ng](mailto:rafiu@unilorin.edu.ng).

<sup>2</sup> *Abdulganiy Ibrahim Jawondo* is an Associate Professor at Department of History and International Studies, University of Ilorin, Nigeria. He can be reached at [jawondoi@yahoo.com](mailto:jawondoi@yahoo.com) & [jawondoi@unilorin.edu.ng](mailto:jawondoi@unilorin.edu.ng).

**Keywords:** Innovative Funding, Islamic education in Nigeria, Islamic Universities in Nigeria, Islamic Financial Products, *Waqaf* in Nigeria.

## Introduction

There are various phases of tertiary education in Nigeria. The first phase was the establishment of University College, Ibadan (UCI) in 1948 which was an affiliate of the University of London. This came into being following the Elliot Commission of 1943. Before the submission of report of the Ashby Commission of inquiry set up in April 1959 to advise the federal government on the higher education needs of the country, the Eastern region government established the University of Nigeria, Nsukka, in 1960. Two years after this, the Ashby Report was implemented by the establishment of the University of Ife (now Obafemi Awolowo University, Ile-Ife) in the Western region, the Ahmadu Bello University, in Zaria (located in the Northern region), and the University of Lagos by the federal government (Oloyede, 2010). The creation of the newly Mid-Western region necessitated the establishment of the University of Benin in 1970. These universities, therefore, became the first-generation universities in Nigeria. In 1975, the second-generation universities came into being, namely Bayero University in Kano, University of Calabar, University of Ilorin, University of Jos, University of Maiduguri, University of Port-Harcourt, and Usmanu Danfodiyo University in Sokoto.

Between 1980 and 1988, the third-generation universities were established each in Imo, Ondo, Niger, Kaduna, Bauchi, Adamawa, the Federal Capital Territory (FCT), Ogun, and Benue states. Various states of the federation also established their respective state universities during this period. The fourth-generation universities were established between 1991 and the present date and they include state universities established during the period, more federal universities in states where a federal university was not sited before, Open universities, and private universities (Oloyede, 2010).

The agitation for active involvement of private individuals in the establishment of universities in Nigeria is traced to the 1960s. However, because the government was not favourably disposed to this coupled with lack of funds, this could not be sustained. Dr. Basil Nnanna

Ukaegbu was said to have established the Imo Technical University at Owerri, in the late 1970s. This attempt was frustrated by the then military administration as it led to legal steps up to the Supreme Court. The rule was in his favour, but with the proviso that the National Assembly had the right to legislate on the quality of the programmes offered in such institutions. This victory was a milestone in the history of private involvement in the establishment of private universities. As such, 26 private universities were established within a period of five years, between 1979 and 1983. However, those private universities were forced to close down upon the military take-over led by General Muhammadu Buhari in December 1983, following the promulgated Decree No. 19 of June 1984, which abolished and prohibited private universities. Thereafter, Governor Chukwuemeka Ezeife of Anambra State signed the Madonna University Bill, which granted approval to Madonna University to operate as a private university in 1991. The Bill was, however, turned down by the Federal Government, who came out with a law claiming that only the Federal Government had the right to legislate on private universities (Omuta, 2010). The unending request for establishment of private universities led the then Head of State, General Ibrahim Badamosi Babangida, who took over the mantle of power from General Muhammadu Buhari, to set up the Longe Commission on the review of higher education in Nigeria; to review the law prohibiting individuals from establishing private universities. The Longe Report of 1991 recommended private participation in the establishment of private universities, hence the promulgation of Act No 9 of 1993, which repealed the Private Universities (Abolition and Prohibition) Act of 1984. The new Act No 9 of 1993, therefore, allowed individuals, organisations, corporate bodies, and even local governments to establish and run private universities, with the condition that such meet the laid down guidelines and obtain the approval from the government.

The involvement of private individuals and corporate bodies in the establishment of universities started in 1999 when three private universities were given the licence of operation, namely Babcock University in Ilishan Remo, Igbinedon University in Okada, and Madonna University in Okija. Bowen University, which is located in Iwo, was also registered in 2001. As of October 2015, a total number of 61 private universities operate in Nigeria.

It is observed that while some of the states of the federation have more than one private university, many cannot boast of any. It is equally conspicuous that the Muslim dominated states, especially the core north, host a very insignificant number of these private universities. Some of the reasons for this are the alarming rates of insecurity in the north, the high rates of poverty, and the attitude of some people in the geographical zone to Western education. However, the point of insecurity may not be totally considered as a factor for non-establishment of private universities in the north, as cases of insurgencies there became noticeable almost a decade ago. Indeed, the first generation of private institutions established between 1979 and 1983 had only one or two located in the north and it is uncertain if those two were established by Muslim individuals or organisations. Additionally, while most of these universities are established by Christian individuals and bodies, very few of them are from the Muslim individuals or bodies. Those conspicuously established by conscious Muslim individuals and organisations are Al-Hikmah University in Ilorin, Katsina University (now Al-Qalam University, in Katsina), Crescent University in Abeokuta, and Fountain University in Osogbo. Recently, Summit University, Offa, was given the licence of operation by Goodluck Jonathan's administration. It was founded by the Ansar-Ud-Deen Society. There are few others established by Muslim individuals but they do not attach any religious sentiment to their universities.

From all indications, these private Islamic universities have legions of challenges facing them just like their Christian counterparts. However, these challenges are more pronounced among the Islamic universities, possibly because of their mode of operation, environment, and targets, which Adebayo (2010) summarised under the captions of university-community relationship, funding, ranking, personnel, student enrolment, Islamisation of knowledge, and that of globalisation and internationalisation. For the purpose of this paper, attention will be paid to the challenges of funding which the Islamic universities face with a view to proffering Islamic solutions using Islamic financing products.

## **The Cost of Education in Nigeria and the Challenge of Quality Assurance**

In the 18<sup>th</sup> Convocation Lecture of the Lagos State University, Okojie (2013) defined quality assurance as the systematic activities implemented in a system so that quality requirements for a service and product are met. He also cited Okebukola to have defined it as “the policies, systems, strategies and resources used by the institution to satisfy itself that its quality requirements and standards are being met” (p. 7). Stressing the importance of funding for quality assurance in a university, Okojie (2013) wrote:

Funding affects the facilities to be provided for effective teaching, learning and research activities. The quantity and the quality of learning resources to be provided to make for a conducive learning environment is dependent on the volume of financial resources made available to the institution. Of course it also depends on the management of such resources. Funding affects the provision of laboratories, studios, theatres and workshops. The number, size and quality of classrooms, lecture theatres are all dependent on fund available; these in turn affect class size, cohort size and predict student performance. How much funding per student allocated to learning resources has a direct bearing on student effort and his/her performance (p. 13).

The above statement is an eloquent testimony that funding constitutes the bedrock for effective university education and institution. Without virile sources of funding, a university can hardly exist and survive.

Apart from the above, Nigeria is rated low in the Higher Education Participation Rate (HEPR), as many post-secondary candidates find it difficult to get admission into universities annually. Private participation in the establishment of tertiary institutions could not help the situation enough, as the existing ones are regulated so as to not take more than they can chew. Yet, it is observed that the available universities in Nigeria are grossly inadequate to accommodate the large number of secondary school students, considering the population of the country. The table below indicates some countries’ population and the number of universities there are, as of 2014.

**Table 1: Some Countries' Population and their Higher Education Participation Rate**

Country	Population in millions	Number of Universities	Higher Education Participation Rate
United States of America	313.9	4,495	40
Argentina	40.8	100	12
Spain	46.2	76	46
Mexico	112.3	187	20
Indonesia	241.0	191	12
Japan	127.6	778	43
France	63.6	109	36.7
China	1,350.4	2,236	22
South Africa	51.1	41	19
Nigeria	174.1	129	8.1

(Source: Peter A. Okebukola, 2014)

To solve the above problem, Okebukola (2014) calls for a massive upgrading of physical facilities in existing universities, particularly in the areas of more classrooms, laboratories, workshops, libraries, and offices. This also involves the recruitment of staff in the quantity and quality to match the annual growth in student enrolment, and which will gulp not less than Nigerian Naira (N) 900 million for building, equipment, and staffing per university.

It is difficult to refute the fact that the cost of education is sky rocketing every day. With particular reference to university education, the federal government of Nigeria attempts to face this challenge by pumping a substantial amount of money into tertiary education in Nigeria. For instance, in 2012, the then Federal Minister of Education, Professor Ruqayyatu Rufa'i announced that the government awarded N900 billion for tertiary institutions, while 12 tertiary institutions benefitted from another N24 billion for special intervention projects (Oluponna, 2013). In spite of this, Oluponna (2013) admits that the government alone could not bear all the educational responsibilities of

the nation. He, therefore, called on the alumni, parents, and students themselves to rise to the task of university funding by generating local resources to augment whatever the government offers. A testimony to Oluponna's submission that an alternative means of financing university education is contained in the observation of Abimbola on the situation of poor financing of university education in Nigeria, when he reportedly said:

More than ever before in the history of higher education in Nigeria, the university is going through a period of financial crisis which threatens the survival of the system. This financial crisis is a result of the general expenditure squeeze of the federal government due to the declining fortunes of the Nigerian economy. In a situation where the government is the main financier of the universities, the declining fortune of the government is bound to reflect on the university system. (Oni, 2012, p. 14)

Durosaro (2012) categorises the cost of education into three major areas relating to who bears which aspect of the cost. They are institutional cost, private or household cost, and public or social cost. He defines institutional cost as "that aspect of the cost of education borne by the educational institutions on account of fulfilling the objectives of education relevant to their education level, as stipulated in the National Policy on Education and for which the institution is established" (p.12), and this consists of recurrent costs like staff emolument, consumable materials, scholarship, incidentals, and other running costs, and the capital costs, such as building, equipment, furniture, and imputed rent. The private or household costs have to do with expenditure by the individual recipient of education or their household on account of receiving such education, such as tuition, purchase of books, uniform, transportation, meals, and other incidental expenses. The social or public cost of education is what is expended on education by the society, "a combination of both institutional cost minus scholarship and private cost, excluding tuition" (p. 12). With particular reference to private educational institutions, Durosaro (2012) observes that both the capital and recurrent expenditures are sourced through tuition, levies, endowments, loans, stock, shares, and other internally generated revenue from library, examination, registration forms, and sales of boarded items.

Despite the meagre sources of funds by private institutions, Durosaro (2012) observed that there are wide gaps between the cost of education in public institutions and the privately-owned institutions. He cited, for instance, a state where a student spends an average of N80,000 per session in the public higher institution while their counterparts who attend private higher institutions spend an average of N250,000. This development implies that only the well-to-do families could afford sending their children to private institutions while those from the less-privileged backgrounds would continue to struggle for the limited spaces in public institutions. If a student from a poor socio-economic background is fortunate to have secured admission into a private institution, the student could face the challenge of supporting themselves for food and other household expenses during their study. Therefore, the student may have to resort to the popular feeding formula 0–0–1 (i.e. no breakfast, no lunch, but only supper), which Durosaro (2012) observed could be counterproductive.

### **The Peculiar Funding Challenges of Islamic Universities**

At the First International Conference on Islamic Universities, Jibril (2010) observed that the then existing four private Islamic universities were operating under varying degrees of financial constraints due to “capital intensity of universities and poor resource mobilisation on the parts of Muslims.” To drive home his point, he itemised the initial costs of establishing a university in Nigeria totalling N16,640,750,000. Although this estimate may seem outrageous and demoralising to those who intend to establish a university, a glossary look at the recurrent and capital expenditure of a particular federal university will confirm that the Professor had rather under-estimated the cost.

Furthermore, Jibril (2010) observed that the fees charged as tuition fees are arbitrarily low when compared to their Christian counterparts. While there are some private universities which charge as much as N1.6 million per student, some Islamic universities in Nigeria charge between N60,000 and N400,000 per student per annum depending on the university and the course, and that those charging almost N2 million per student per annum find it difficult to meet the full recurrent costs of running the university, not including the capital costs. It is, therefore, not surprising that there are few Islamic universities in Nigeria as financial



constraints are the major obstacle to establishing one. Thus, the existing ones are encouraged to sustain themselves so that the wave of financial predicament will not force them to fold up or to become mere glorious secondary schools.

Another major challenge that could have caused the existing Islamic universities to fall into a financial mess is the attitude of some parents to seek admission for their children in private Islamic universities not because they could not afford the school fees but because of the feeling that those universities could not compete favourably with their Christian counterparts in terms of delivery. The population of students in the existing private Islamic universities and their Christian counterparts manifest the extent of the inferiority complex of some Muslim parents who consider the Islamic universities as sub-standard.

Similarly, the Christians parents are also conscious of where to enrol their children that many are not ready to register them in any Islamic school or university. Such parents prefer to delay the admission of their children to the next available opportunity than to register them in Islamic universities. As such, private Christian universities are more populous in terms of students than those of Islamic universities.

Furthermore, it has been observed that most of the private universities run courses that are market-driven and profit-generating for them to make the ends meet. However, most of the Islamic universities in Nigeria could not afford such costly courses, such as Medicine, Engineering, and Law, while they equally avoid mounting courses that they think do not have a high prospect of employability in the Arts, such as History, Literature, Language and Linguistics, and Religious Studies. This explains why some of the private Islamic universities do not offer Arabic and Islamic Studies as disciplines in the Humanities. They rather prefer to mount some courses in these disciplines as general courses as operated in Fountain and Crescent Universities.

In addition to the above, the poor socio-economic background of many Muslim parents makes it difficult for them to patronise private institutions, especially if the family is polygamous and attempts to enrol a child from one wife in a private institution and another child from another wife in a public institution. This generates tension and rancour in the family. Thus, many Muslim children who intend to pursue their higher education have no alternative means than to wait until they are

able to secure admission in federal universities where fewer fees are charged. Therefore, Islamic universities, despite the low tuition fees charged, are not meant for downtrodden Muslims but for the affluent ones who could afford the fees.

## Islamic Financial Products Relevant to Universities' Funding

### 1. *Zakat*

*Zakat* is described by Khan (1994) as a major instrument for the provision of social security, curbing of excessive economic disparities between the haves and have nots, and a means of eradicating poverty. The Qur'an specifically identifies those who are eligible to benefit from the *zakat* funds in the following verse:

Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); 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 (Qur'an 9: 60).

From the above Qur'anic verse, it is noted that the purpose of *zakat* is to alleviate the sufferings of the poor, the *fuqarā'*, and the *masākīn* among others. One can fall into this category of recipient due to certain circumstances, such as death of a breadwinner, parents, or spouse as the case may be, and other unforeseen circumstances. As such, the poor and needy may be "orphan, divorced, old age, handicapped, patients, permanent low income, families of the prisoners and missing people and students" (Sikandar, 2010, p. 26-27). According to Sikandar (2010), *zakat* can be paid to those people directly if they have no expertise or are handicapped, sickly, or weak. It can also be paid indirectly to empower a poor student to become productive and self-employed in the future.

*Zakat* payment to Islamic universities can also fall into the category of those inclined towards Islam. It is expedient to note that some of the Islamic universities in Nigeria do not offer Islamic Studies as a programme in their curriculum not because they are not ready to do that, but because many parents do not want to register their children for such courses like Arabic and Islamic Studies for the sake of job

marketability and because some could not afford the exorbitant amount paid as school fees in those universities. To the latter, the only means of making the courses attractive to them is to subsidise the school fees of interested candidates and, this way, their minds will be inclined to study Arabic and Islamic Studies. Additionally, there are courses and programmes that need the attention of the Muslim *ummah*, but due to the high cost of running such programmes, the existing Islamic universities could not mount them. There is no doubt that Muslims in medical and related professions are scanty in Nigeria. Yet, none of the existing Islamic universities have the faculty or college of health sciences. The same thing is applicable to engineering courses. Such universities can be inclined into mounting these programmes if they are able to access funds from any Islamic means to serve the *ummah*. In short, those who have been inclined towards Islam could be students who can be easily integrated into the Muslim community via their attendance of a Muslim university.

In the same vein, spending *zakat* funds on education can fall into the category of *fi sabilillah*. Sikandar (2010) observes that renowned scholars such as Maududi, Syed Qutb, Abul Kalam, and Shibli Nomani view spending *zakat* in the cause of Allah to have included Islamic education, propagation of Islam, and other activities in the direction of establishing an Islamic way of life, such as through manpower training and education in various scientific and technical fields, but with the condition that such programmes have links to the poor. He also cites Mohammad Qutb who also agrees that *zakat* funds can be used for social services, such as hospitals, schools, and factories which create employment opportunities for the people. However, according to Qaradawi (1973), *zakat* cannot be used on public interests or general goods, such as irrigation, canals and dams, establishing mosques, schools, road rehabilitation, and the like. Nevertheless, for *zakat* to liberate the poor completely from poverty and to enable the poor to desist from begging throughout their entire lives as opined by Imam Shafi'i (Ulwa, n.d.), it needs to be directed to education. A practical demonstration of this is the Kuwait Zakat House which in its pursuit of *zakat* disbursement through an investment-oriented approach provides interest-free loans to people in need of money and secure its payment by way of instalments. It also finances vocational training for capacity-building of people capable of becoming productive citizens under the scheme called productive rehabilitation

scheme and also sponsors poor students' education by offering them interest-free loans (Sikandar, 2010). This is an eloquent testimony to the fact that Islamic universities could be assisted through *zakat* funds for poor students to have access to non interest-free loans to pursue their education. Such funds can be maintained under the auspices of the university or an Islamic bank assigned to do such. Stressing the use of a bank for this purpose, Raquib (2011) writes:

Islamic Bank Bangladesh Ltd has been collecting *zakat* through its subsidiary Islamic bank Foundation and properly utilising the *zakat* fund in philanthropic and poverty reduction program like establishment of hospital to provide health services with low cost, maintaining women destitute rehabilitation centres, Technical training institutes, poverty reduction investment program for self-employment and providing financial support to the poor students (p. 23).

## 2. *Waqf* (Charitable endowment)

By *waqf*, dedication or appropriation of property for charitable purposes is done where the property endowed is being managed by the *wāqif* themselves or an agent appointed to do so on their behalf. It is defined literally by Awqaf Foundation of South Africa (Awqaf SA) as “to stop, contain or to preserve” and in Shari’ah as a voluntary, permanent, irrevocable dedication of a portion of one’s wealth – in cash or kind – to Allah” (<http://www.awqafsa.org.za> accessed on 20/9/2015). By implication, once a property becomes dedicated as *waqf*, it never gets gifted, inherited, or sold. Its proceeds may however be used for any Shari’ah compliant purpose (<http://www.awqafsa.org.za> accessed on 20/9/2015). Stressing further on the relevance and nature of endowment to private institutions, Akindede, Oginni, and Omoyele (2012) write:

However there are two major ways common to all the private universities in the countries which are endowment and membership contribution. Endowment are funds donated permanently to a college, university, or other non-profit institutions, in which the income earned each year is used to support the institution’s programs. Most endowments result from gifts made to institutions by

individuals, with the requirement that the principal—that is, the amount of the original gift—never be spent. The gift is invested as part of the endowment and earns interest income that is spent to support the institution year after year. In some cases, donors to an endowment permit the institution to decide how the income will be spent each year. In other cases, donors restrict use of the income to specific purposes. Colleges and universities use endowment income for a wide variety of purposes, including student scholarships, research programs, and the salaries of certain faculty members (p. 36-37).

The relevance of *waqf* to education is enormous as it is being extensively utilised in some Muslim countries to establish institutions of learning, pay staff salaries and stipends to students, providing teaching materials, and putting up structures used in institutions. Universities such as Al-Qairawan in Fez, Al-Azhar in Cairo, Al-Nizamiyya and Al-Mustansiriyah in Baghdad are said to have depended extensively on proceeds of *awqaf* (Abbas, 2013). Stressing further on the significance of *waqf* to education, Abbas (2013) writes:

The provision of *awqaaf* for education is one of the responsible factors which made Islamic Scholars more relevant to their communities. It also contributed to reducing the socio-economic differences by offering education to those who can take it on merit basis rather than ability to pay for educational services. Hence, the economically poor classes always had equal educational opportunities that allow them to climb faster on the socio-economic ladder (p. 131).

The institution of *waqf* could also be useful to students in Islamic universities in the form of scholarship awards and grants which would in turn facilitate the students' devotion to serious pursuance of knowledge. Students from poor economic backgrounds can also benefit from *waqf* in the form of provision of free education and free hostel accommodation for them.

It needs to be mentioned that as popular as *waqf* is in many Muslim countries, very few Nigerian Muslims are aware of this laudable programme as a veritable source of financing education and assisting

the existing Islamic universities in carrying out their projects. Oseni (2011) observed some *waqf*-like practices in the names of foundation and funds in places like Sokoto, Ilorin, Okene, Lagos, Minna, Kano, and Auchi, and thus concluded that Nigerian Muslims have a long way to go in respect of *waqf*. It is, however, observed that lack of awareness about *waqf* as a means of funding institutions may be a factor for charging high tuition fees to meet their numerous challenges. The high tuition fees, therefore, make private institutions unaffordable to students from low income backgrounds.

Ignorance of many Muslims about what *waqf* entails or lack of knowledge of who to entrust it to might be a reason for not adopting this charitable institution in Islam. One is aware of the fact that some personalities do engage in this act, but many still have to join to make the impact of *waqf* felt in Islamic institutions. *Waqf* has been considered an effective tool to supply books into libraries, to provide medicine into university clinics, and to build staff quarters and students' hostels. It is also an effective weapon to support the poor students to pay their school fees and their other needs in the institution.

### 3. *Musharakah*

*Musharakah* is an Islamic financial product which can be used to finance university projects. This is a way of involving a financier to carry out a project where the institution, for instance, is financially incapacitated. Using diminishing *musharakah* (*Musharakah al-mutanaqisah*), for instance, an Islamic university can embark on a hostel project, staff quarters, purchase of school buses, and other viable physical projects in the university.

*Musharakah al-mutanaqisah* is a type of partnership between two partners in which the two are combined for the joint purchase of assets, such as residential buildings or a venture of which the ownership will be transferred to the partner with little share at the end, on the assurance that the partner will be purchasing the share of the financier in instalments or in units, in addition to the payment of rental due for using the financier's share in the property and proportion of allottable profit as agreed upon between them in case of venture. For example, a university may seek help from a financier in building a N10 million hostel accommodation.

In this case, the financier provides 80 per cent of the amount, while the university provides the balance of 20 per cent.

The two shares are added together and used for the construction of the hostel. Thus, 80 per cent of the hostel is owned by the financier while the remaining 20 per cent is owned by the university. The university uses the hostel for students’ accommodation, receives hostel fees from students, and pays rent to the financier for using the financier’s share in the property. At the same time, the share of the financier is further divided into eight equal units, each unit representing 10 per cent ownership of the hostel. The university, therefore, purchases one unit of the share by paying one-tenth of the price of the hostel per quarter. This reduces the percentage of the financier until the university purchases the whole share of the financier, reducing the share of the financier to zero and increasing the university’s share to 100 per cent. This arrangement, according to Usmani (2010), “allows the financier to claim rent according to his proportion of ownership in the property at the same time allows him periodic return of a part of his principal through the purchases of the units of his share” (p. 71). The table below indicates the share purchase process.

**Table 2: Share Purchase table**

	Financier’s Share	University’s Share Purchase	Financier’s Share Balance
Take-off balance	N8 million	N2 million	N8 million
1 <sup>st</sup> quarter, 1 <sup>st</sup> year	N8 million	N1 million	N7 million
2 <sup>nd</sup> quarter, 1 <sup>st</sup> year	N7 million	N1 million	N6 million
3 <sup>rd</sup> quarter, 1 <sup>st</sup> year	N6 million	N1million	N5 million
4 <sup>th</sup> quarter, 1 <sup>st</sup> year	N5 million	N1million	N4 million
1 <sup>st</sup> quarter, 2 <sup>nd</sup> year	N400,000	N1million	N3 million
2 <sup>nd</sup> quarter, 2 <sup>nd</sup> year	N300,000	N1million	N2 million
3 <sup>rd</sup> quarter, 2 <sup>nd</sup> year	N200,000	N1million	N1million
4 <sup>th</sup> quarter, 2 <sup>nd</sup> year	N100,000	N1million	N 0

#### 4. *Mudharabah*

*Mudharabah* is slightly different from *musharakah*, in the sense that it is a kind of partnership which combines financial experience with business experience. Whereas in *musharakah* all partners participate in the management of the business, *mudharabah* is exclusively managed by the *mudharib* while the *rabbul-mal* does not participate. In this sense, an Islamic university can partner with a financial institution to embark on a project relevant to the university and the profit generated from such are shared in a predetermined ratio. In this case, the financier does not participate in the business.

#### 5. *Istisna'*

This Islamic financial product involves ordering a manufacturer to manufacture a specific commodity for the Islamic university according to specifications while the price is fixed with consent of all parties involved. Adebayo (2010) sees it as “a contractual agreement to process or manufacture a particular commodity with the price agreed to be paid instalmentally at any time according to the agreement of the parties” (p. 18). This product can be used in installation of modern information and communication gadgets in the Islamic university. It can also be used in manufacturing engineering and science equipment. The condition of *istisna'* that the goods to be delivered to the other party should conform to the agreed specifications at the time of contract -or else, the latter has the right to reject the goods - is another added advantage to the Islamic institutions to ensure quality in the materials manufactured.

#### 6. Special Education Funds for Islamic Universities

In an Islamic state, certain means are identified as sources of generating funds for maintaining the state. Such sources include, but are not limited to, *zakat*, *kharaj*, *fay'*, *jizyah*, and *ghanimah*. It also recognises special levies to cater for cases of emergency. It is in this context that special education funds should be levied on Muslims to cater for the educational needs of the *ummah* in Nigeria, particularly the existing Islamic universities. Therefore, it is suggested that one per cent of the total *hajj* fare should be levied on all intending pilgrims in Nigeria.



Those who embark on *umrah* should equally be levied one per cent of the total cost of the fare. This will be a veritable source of funding to liberate Islamic universities from total financial collapse. This could be done through collaboration between the National Hajj Commission of Nigeria (NAHCON) and the Nigerian Supreme Council for Islamic Affairs (NSCIA). If, for instance, there are 45,000 pilgrims for a particular year and each pilgrim were to pay a total sum of N650,000, one percent of this, i.e. N6,500 could be added to each of the pilgrim's total cost as special Islamic education fund. It means that a total of N292,500,000 could be gathered from the fund for the year. If a total number of those who go to *umrah* for the year is 10,000, at the rate of N300,000, an additional N3,000 could be added as special Islamic education fund. Therefore, a total of N30,000,000 could be gathered. Such an amount can now be distributed or expended among the existing Islamic universities to ensure quality in them. However, the means through which this is gathered, i.e. the NAHCON and NSCIA, could equally enjoy a certain percentage from the total amount gathered.

## Conclusion

It is not an exaggeration that education at any level is highly capital-consuming, particularly in terms of establishing, maintaining, and sustaining a university. If this is cumbersome on the government, one wonders what the private universities will be experiencing. For the existing Islamic universities in Nigeria to survive, alternative Islamic financial means need to be sought. This is one of the ways through which these universities can compete favourably with their counterparts in terms of quality and quantity. To harvest these means, however, the following recommendations are to be considered by different stakeholders in Islamic education and other Islamic affairs in the country:

- Establishing a coordinating committee to monitor the collection and distribution of *zakat*; there are many *zakat* agencies in Nigeria, but there is not an umbrella body supervising these agencies. This body can observe the modalities of collection and disbursement of *zakat* funds within the limit of Islam and see how a certain percentage of the funds could be set aside for Muslim education among others.

- Each Islamic university should set up a *zakat* department for the purpose of seeking *zakat* to alleviate the suffering of indigent students. Well-to-do parents of the students in the university can be encouraged to pay their *zakat* for this purpose.
- The existing Islamic universities should, as a matter of urgency, open or move their accounts to the Islamic compliant banks, particularly JAIZ Bank, to avoid un-Islamic banking transactions and for the purpose of partnering with the banks, as they have the same objectives – promoting Islamic ethical values in all its ramifications. The universities should, in addition, maintain cordial partnerships with the existing Islamic economic and financial institutions, such as JAIZ Bank, Lotus Capital, and other Islamic Cooperative societies for possible assistance of any form. This can be in the form of collaborating with them to finance certain projects or to organise seminars and conferences.
- There is the need for Muslim scholars to embark on serious enlightenment programmes on the institution of *waqf* and its relevance to improving the socio-economic lives of the less privileged ones. Many buildings and materials which could have been given out as *waqf* are deteriorating after the demise of their owners who during their life were not aware of the institution of *waqf* in Islam.
- Each Islamic university should have a data bank of the students' socio-economic and financial background for the purpose of identifying students who really need financial assistance.
- Proprietors of private Islamic universities should see the business as an act of *'ibadah* and service to humanity, and hence, should not expect immediate profit until such universities are able to break-even.
- The Nigerian Supreme Council for Islamic Affairs (NSCIA) must rise to the task of assisting the Islamic universities to ensure quality through various means, such as paying occasional visits to them for the purpose of identifying their needs, advising them where necessary, and coming up with a proposal to the National Hajj Commission of Nigeria on the generation of funds by levying

intending pilgrims to contribute a small percentage of their *hajj* fare to the special purpose of Muslim education in Nigeria.

- The existing Islamic universities in Nigeria should come together under one umbrella body, namely the Association of Islamic Universities in Nigeria (AIUN), for the purpose of identifying their common problems and discussing on issues affecting their institutions. This will also allow the NSCIA to identify members of this body, should there be any need to come to their aid.

## References

- Abbas, U.S. (2013). "The Role of Waqf in Alleviating Socio-Economic Problems of Muslim Community, The Kano Experience" *Al-Asalah International Journal*, 4(2).
- Adebayo, R.I. (2010). "Adl as the Bedrock of Islamic Financial Service Delivery", *Journal of Islamic Economics, Banking and Finance*, 6 (2).
- Adebayo, R.I. (2010). "Prospects and Challenges of Private Universities in Nigeria: Focus on Islamic Missions' Universities" in Okojie, J, Oloyede, I.O. & Obanya, P. (eds), *50 Years of University Education in Nigeria: Evolution, Achievements and Future Directions*. Ilorin, University of Ilorin & National Universities Commission.
- Akindele, R.I., Oginni, B.O., & Omoyele, S.O. (2012). "Survival of private universities in Nigeria: Issues, Challenges and Prospects", *International Journal of Innovative Research in Management*, 1(2).
- Durosaro, D.O. (2012). "Where the Shoe Pinches: The Cost of Education." 103<sup>rd</sup> Inaugural Lecture, University of Ilorin, delivered on 29<sup>th</sup> March. <http://www.awqafsa.org.za> accessed on 20/9/2015.
- Jibril, M. (2010). "Funding of Islamic Universities in Nigeria". A paper presented at the First international conference on Islamic Universities, 15<sup>th</sup> September.
- Khan, M. (1994). *An Introduction to Islamic Economics*, Virginia, International Institute of Islamic Thought & Institute of Policy Studies.
- Okebukola, Peter A. (2014). "Towards a National Strategic Vision for Nigerian Universities." A paper presented at the 2014 Executive Education Programme for Vice-Chancellors organised by the Association of Vice-Chancellors of Nigerian Universities, Uyo, November 19-20.

- Okojie, J. (2013). "Quality Assurance and the Challenges of Mandate Delivery in Nigerian Universities". Lagos State University (LASU) 18<sup>th</sup> Convocation Lecture, delivered on 19<sup>th</sup> February.
- Oloyede, I.O. (2010). "Phases in the Development of a Nigerian University: The University of Ilorin Experience" in Okojie, J, Oloyede, I.O. and Obanya, P. (eds), *50 Years of University Education in Nigeria: Evolution, Achievements and Future Directions*. Ilorin, University of Ilorin & National Universities Commission.
- Oluponna, K.K. (2013). "Rethinking Higher Education in Contemporary Nigeria: Reforms, Challenges and Possibilities." Public Lecture of the Centre for International Education, University of Ilorin, delivered on March 19.
- Omuta, G.E.D. (2010). *The Place of Private Participation in Higher Education: A Periscope On Private Universities in Nigeria*. Benin City: Centre for Population and Environmental Development (CPED).
- Oni, J.O. (2012). "Reflections on the Growth and Development of University Education in Nigeria" *Bulgarian Journal of Science and Education Policy (BJSEP)* 6 (1).
- Oseni, Z.I. (2011). "Focus on Waqf in Nigeria: A New Beginning." A paper presented at the South Africa WAQF Training Course held at the Ushaka Conference Centre, Durban, South Africa on 17<sup>th</sup>– 20<sup>th</sup> February.
- Qaradawi, Y. (1973). *Fiqh Az-Zakat*, Beirut, Muassasah al-Risalah, 2.
- Raqib, A. (2011) "Islamic Banking & Zakat – An Alternative Approach to Poverty Reduction in Bangladesh", *Journal of Islamic Economics, Banking and Finance*, 7 (2).
- Sikandar Shah, S. (2010). "Investment of Zakat Fund: Modern Juristic Debate and Modes of Financing", *Journal of Islamic Banking and Finance*, 27 (3).
- Ulwan, A.N. (undated). *Ahkam Az-Zakat 'ala dawhi al-Mazaib al-Arba 'ah*, Egypt, Darus-Salam.
- Usmani, M. Taqi. (2010). "Musharakah and Mudarabah as Modes of Financing", *Journal of Islamic Banking and Finance*, 27 (3).