

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A MECHANISM FOR MANAGING THE EFFECTS OF COVID- 19 PANDEMIC: ISLAMIC LAW PERSPECTIVE**

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### **Abstract**

The Covid-19 pandemic has posed serious social and economic challenges to Global economy and financial buoyancy/status of most countries, states, communities, corporate bodies and individuals. Encounters such as loss of life, loss of income, business closures, etc. are evident in almost all communities globally. Managing these challenges and its aftermath requires the positive response and concerted efforts of States, Corporate Bodies and other stakeholders at both local and international level. Islamic Financial Institutions (IFIs) are significant stakeholders in communities where they operate and are active players in the socio-economic development of such communities in line with the spirit of Sharia provisions on Corporate Social Responsibility (CSR). Similarly, CSR as one of the cardinal objectives of IFIs is well entrenched in Islamic law such that certain activities are either mandated or recommended in principle. This paper using doctrinal approach examined the Islamic law perspective that promotes the operationalization of CSR by IFIs through some highlighted policies such as zakat, waqf, qard hasan etc. These policies will generally assist in mitigating the socio-economic challenges faced by the society and specifically those posed by Covid 19. The paper argued that ameliorating the effects of Covid 19 can best be achieved through the instrumentality of CSR by IFIs. Implementing CSR by IFIs is generally beneficial particularly to the immediate communities where they operate. The paper therefore recommends for an enactment of viable laws that will mandate the conduct of CSR by all IFIs in Nigeria and mandate such

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institutions to engage in more CSR that will positively impact the society and alleviate the sufferings caused by Covid 19.

Keywords: Covid-19, CSR, *IFIs*, *Zakat*, *Waqf*, *Charitable activities*.

## 1.0 INTRODUCTION

The deadly Coronavirus disease (COVID-19) is an infectious upper respiratory disease. The virus has since spread worldwide presenting one of the most serious global health crises in history, with high socio-economic consequences. While the health impacts are directly through contagion, the economic impacts are largely a consequence of the preventive measures adopted by the respective governments to curtail its spread. Key measures adopted by most countries to curtail the spread include the closing of their frontiers and partial or complete lockdowns of economies by means of temporary closure of businesses, schools and social services.<sup>1</sup>

In order to have a coordinated international response to the disease, the World Health Organization (WHO) declared Covid-19 a global pandemic. This action was indeed necessary since the devastating effect of Covid-19 was huge and the fact that the world was not prepared for large-scale pandemic. This resulted to lockdowns and sudden freezing of economic activities. Consequently, governments and International Financial Institutions announced economic packages to help countries to mitigate the devastating health challenges of the pandemic and post-lockdown economic recovery.<sup>2</sup>

To mitigate the effects of a pandemic of this magnitude, no quantum of ameliorating efforts will be too much. Thus, effort of both government, non-governmental organizations and other financial institutions are necessary. Islamic Financial Institutions (IFIs), particularly Islamic Banks being significant stakeholders in communities where they operate and active players in the socio-economic development of their

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<sup>1</sup> Gondwe, G. Assessing the Impact of COVID-19 on Africa's Economic Development. An article in the United Nations Conference on Trade and Development. 2020. P. 1.

<sup>2</sup> Islamic Development Bank. The Covid-19 Crisis and Islamic Finance: Response of the Islamic Development Bank Group. Discussion Draft. 2020. P. 36.

jurisdiction of operation are expected to implement certain policies through Corporate Social Responsibility (CSR) such as *Zakah*, *Waqf*, and other charitable activities with a view to addressing the adverse economic effects of Covid-19. This paper argues that CSR can be put up as an effective response to Covid-19 pandemic. The paper will reveal the Islamic law perspective on CSR as well as the action policies that could be implemented by IFIs striking balance between the rich and the poor in the society, fair and equitable distribution of wealth in the society amongst individuals, corporate bodies and especially financial institutions in ameliorating the impacts of the covid-19 pandemic via the instrumentality of Corporate Social Responsibility.

## **2.0 EMERGENCE OF COVID-19 AND ITS SOCIO-ECONOMIC CHALLENGES**

In the first quarter of 2020, a transmissible virus known as coronavirus was discovered in Wuhan City, China. The case was there since December 2019. However, the news spread at the beginning of January 2020. Consequently, the World Health Organization (WHO) was motivated to declare it a world pandemic. Although the historical background on the emergence of Covid-19 is important, the focus of this section of the paper is to reveal the socio-economic consequences of the virus.<sup>3</sup>

The spread of covid-19 pandemic prompted several policies which were taken by the public authority such as the policy of maintaining physical distance between people or social distancing and the limitation or avoidance of public gatherings. These policies are considered to be factors that positively checked the spread of the deadly covid-19. These universal measures aimed at curtailing the spread of the virus have multiplier consequences on several aspects of people's life, socially and economically. Small and Medium Enterprises (SMEs), large business enterprises, companies, industries and other sectors of the economy around the globe were affected.<sup>4</sup> Other consequences of Covid-19 like the economic meltdown, closure of borders and shops,

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<sup>3</sup> Alani, I. A. et al. Mitigating the Effect of Covid-19 on the Society Through the Islamic Social Finance. The Journal of Management Theory and Practice (JMTP). Volume-2, Issue-1, 2021. P. 56.

<sup>4</sup> Alani, I. A. et al. Mitigating the Effect of Covid-19 on the Society Through the Islamic Social Finance. The Journal of Management Theory and Practice (JMTP). Volume-2, Issue-1, 2021. P. 56.

restriction of movement, absolute inhouse lockdown and the suspension of economic activities has negatively affected the global economy. Consequently, several private and public commercial activities including stock markets were locked down leading to unemployment and loss of income, interest rate is slashed by central banks, industrial production has dropped to nearly zero, thereby leading into enormous loss of job<sup>5</sup> and income. This resulted in decline in employment sectors and occupations.

The Covid-19 pandemic further poses challenges for liquidity, resilience, and capital for the Islamic banking sector, the largest component of the Islamic financial industry. To deal with the crisis, central banks have announced several measures for liquidity support to the banking sector. These include (i) lowering reserve requirements, (ii) lowering of the regulatory capital buffer, (iii) bond/*Sukūk* buying programs, and (iv) availability of central bank credit lines. The first two measures helped both the Islamic and conventional banks while the last two measures in some jurisdictions are hard to obtain, either due to non-availability or legal impediments.<sup>6</sup>

In addition to the adverse impact on economy and employment, the covid-19 crisis has affected the education sector. School closures affected 1.6 billion learners globally at the peak of the pandemic and continue to disrupt learning for millions. These disruptions had disproportionate adverse impacts on schooling thereby widening the preexisting gaps in infrastructure (such as access to electricity and internet), which constrained the ability of instructors to implement remote learning. Low-income households faced disproportionately greater risk of learning because they are less likely to have parental support for remote learning and women needing additional caregiving and teaching responsibilities while at home are put to a disadvantage. These interruptions to learning and work have cumulative negative implications to the education and well-being of families and communities at both local and global level.<sup>7</sup> In view of the above challenges posed by Covid 19, a new paradigm is needed to respond to

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<sup>5</sup> Ibid.

<sup>6</sup> Islamic Development Bank. The Covid-19 Crisis and Islamic Finance: Response of the Islamic Development Bank Group. Discussion Draft. 2020. P. 36.

<sup>7</sup> International Monetary Fund. Boosting Productivity in the Aftermath of Covid-19: A Note prepared by International Monetary Fund. 2021. P. 15.

the pandemic-induced poverty and other economic hardship. This is explored from the Islamic Law perspective.

### 3.0 ISLAMIC LAW PERSPECTIVE ON CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility has become a commonly used term in contemporary society and refers to such practices which are done by corporations in order to benefit its various stakeholders particularly the society where it carries out its activities or investments.<sup>8</sup> The concept of social responsibility and justice has been the foundation of an Islamic Society since its advent in the seventh century. The Holy Prophet Muhammad (peace and blessings of Allah be upon him) exemplified the principles of social responsibility and justice embedded in the Holy Qur'an through his practices (*Sunnah*) to establish a social system that was just and harmonious.<sup>9</sup> For instance, imposition of obligatory payment *Zakah*, Philanthropic trust (*Waqf*), alms and charity (*Sadaqah*), and interest free loans (*Qard Al-Hassan*).

In Islamic law, the rights and obligations of individuals and organizations against the others are clearly regulated by the religion (Islam) and not justified by personal opinion. Islamic law has clearly defined responsibilities for the individual, corporations and the nation-state. In Islam, the features of social responsibilities and justice are deeply rooted in the Glorious Qur'an and Prophetic traditions. The Glorious Qur'an States:

“It is not righteousness that you turn your faces toward east or west; but it is righteousness to believe in Allah... to spend of your substances, out of love for Him, for your kin, for orphans, for the needy, for the wayfarer, for those who ask and for the ransom of slaves...and practice regular charity...”<sup>10</sup>

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<sup>8</sup> Tariq, M. K. et al. Corporate Social Responsibility (CSR) – Definition, Concepts and Scope (A Review). Vol. 2, No. 7, Universal Journal of Management and Social Sciences. 2012. P. 41. Available: <https://www.semanticscholar.org/paper/Corporate-Social-Responsibility>. Accessed on 14 May, 2022.

<sup>9</sup> AKhtar, J.M. Corporate Social Responsibility in Islam. PhD thesis, submitted to the faculty of Business, Auckland University of Technology, New Zealand, 2007. P. 10.

<sup>10</sup> Qur'an 2 V. 177.

The above verse signifies the responsibility of Muslims either as an individual or in company with others to help others through alms and charity, donations and freeing of captives.

It was also reported in a Hadith narrated by Salman Bin Amir that the holy Prophet Muhammad (peace and blessings of Allah be upon him) said: “Alms for the poor are charity. And the charity to family has two advantages, namely the rewarding from Allah and Strengthening brotherhood.”<sup>11</sup> In the same vein, it was reported that Usman Bin Affan (*Radhiyal-Lahu Anhu*) and Abdurrahman bin Auf who were both successful businessmen had contributed much to the poor and society. As successful businessmen, Usman bin Affan (*Radhiyal-Lahu Anhu*) bought the well of *Rumah* at high price and donated it to the people of *Madinah*. While Abdurrahman bin Auf (*Radhiyal-Lahu Anhu*) bought a piece of land worth of 40,000 Dinars and donated a part of it to the less fortunate. He (Abdurrahman bin Auf (*Radhiyal-Lahu Anhu*)) also provided shelters for single widowed mothers.<sup>12</sup>

Therefore, Islam as a perfect way of life can be a strong and effective base for guiding firms, corporate bodies in applying their ethical values.<sup>13</sup> Hence, CSR derives its bases from core principles of the Glorious *Qur'an*.

From the above Islamic principles, Islamic scholars have identified the CSR practices as an integral part of Islamic financial institutions' responsibilities due to its impact on societal developments and its emphasis on people's welfare.<sup>14</sup> The concept CSR is now widely

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<sup>11</sup> Jimaain, A.S et al. Entrepreneurs' Contributions towards the Development of Dakwah and Education: A Review of the early Islamic Age. P. 3 Available: <https://www.academia.edu/24541842>. Accessed on 14 May, 2022.

<sup>12</sup> Zahabi, S. M. Siyar A'alam-in-Nubalaa'i. Al'Qahirah, Maktabatus –Safaa Publishers, Vol. 2. 2003. Pp. 141-117. See also Jimaain, A.S et al. Entrepreneurs' Contributions towards the Development of Dakwah and Education: A Review of the early Islamic Age. P. 4 Available: <https://www.academia.edu/24541842> accessed on 14 May, 2023.

<sup>13</sup> Ramadhini, A. T. et al. CSR in Islamic Financial Institution: A Literature Review. Vol, 11, NO. 2, Tazkia Islamic Finance and Business Review. 2017. P. 110-111.

<sup>14</sup> Yusoff, W. et al. Islamic Banks' Corporate Social Responsibility and its Impact on Societal Development in Malaysia: An Analysis from Islamic and conventional Economic Perspectives. Available: <http://www.scribd.com/document/26/530873> Accessed on 08 June, 2022.

accepted and practiced by Islamic banks and other financial institutions across the globe. While advocating the role of IFIs in championing the cause of CSR, Dusuki put up his argument as follows:

Corporations that operate in compliance with the *Shari'ah* principles and employ *taqwa*-paradigm in their approach of conducting business activities do not focus solely on profit generation as they acknowledge and put more emphasis on the importance of social, ethical and moral dimensions in their agenda. They also undertake CSR as vicegerents of Allah (the Most High), who is the owner of themselves and the resources they utilise and manage.<sup>15</sup>

Furthermore, the ever-increasing relevance of the modern concept of CSR precipitated the coming up of legal regimes, regulations and policies both at national and international level with a view to promoting socially responsible conduct and regulating the practice of corporations.

#### 4.0 CORPORATE SOCIAL RESPONSIBILITY IN NIGERIA

The Nigerian financial institutions are not left out in the implementation of CSR to their host communities. It is now common to find CSR foundations for various firms, Banks and Islamic Finance bodies engaging in CSR activities on education, philanthropy, health and poverty alleviation.

However, it is a challenge that there is no substantive hard law on CSR in Nigeria. The concept is mainly regulated by soft law having link to many areas of law, including international law, corporate law, corporate governance, contract law, labor and environmental law. It is worthy to mention that the above areas of law significantly contribute to the development of CSR. The practice and implementation of CSR is, till date at the discretion of the companies and other corporate bodies.<sup>16</sup> In other words, Nigeria is yet to enact a specific law which

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<sup>15</sup> Platonova, E. Corporate Social Responsibility from an Islamic Moral Economy Perspective: A Literature Survey. Vol, 2, Issue 1 & 2, Afro Eurasian Studies. 2013. P. 287.

<sup>16</sup> Ugwunwanyi, A. and Ekene, C. Corporate Social Responsibility and its Implementation in Nigeria: Problems and Prospects. Vol, 4, No. 2, Global Journal of Human Resource Management. 2016. P. 65. See also Hakeem, I. Challenges of

directly regulate the level of activities, expectations and initiatives of companies, organizations, banks and firms concerning CSR. Even though, there are several legislation that incorporated within their provisions certain expectations that directly or indirectly regulate the observance or practices of CSR,<sup>17</sup> on corporate bodies, there is no direct onus on such bodies that is expressly and specifically directed at such bodies on the promotion and coordination of the concept of CSR with specific sanctions for failure to respect the law. CSR may be enforced by means of other laws, regulations, policies and standards of other sectors, industries or international organizations. For instance, Nigeria had signed the United Nations Global Compact which is the world's largest corporate sustainability initiative that calls on companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals.<sup>18</sup> However, this is more of recommendatory provision with no enforcement provision. However, Islamic Law plays a major role in addressing some of these legal inadequacies highlighted above. Thus, Islamic law can be used as a mechanism for the mitigation of the negative effects of Covid 19 and even go beyond through the instrumentality of CSR of IFIs. Below are some of the roles of IFIs in that respect.

## **5.0 MITIGATING THE IMPACT OF COVID-19 THROUGH POLICIES BY ISLAMIC FINANCIAL INSTITUTIONS (IFIs)**

Suffice to say that, from the Islamic law perspective, CSR is an obligation that a corporation must fulfil in order to determine its relationship with the individual and the society where it carry out its

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Corporate Social Responsibility in the Niger Delta Region of Nigeria. Vol, 3, NO. 1, Afe Babalola University: Journal of Sustainable Development Law and Policy. 2014. P. 67.

<sup>17</sup> Mordi, C. et al. Corporate Social Responsibility and the Legal Regulation in Nigeria. Vol. LXIV, No. 1, Journal of Economic Insights Trends and Challenges. 2012. P. 2. See also Chikaji, A. I. and Abdullahi, M. A Conceptual Analysis of the Impact of Corporate Social Responsibility in Nigeria. Vol, 2, MAYFEB Journal of Business and Management. 2016. P. 2.

<sup>18</sup> Ackon, P. Legal Review of Corporate Social Responsibility in Ghana and Nigeria. Vol, 1, NO. 2, International Review of Law and Jurisprudence (IRLJ). 2019. P. 117.

economic venture.<sup>19</sup> Since CSR is mandatory, the methodology of its implementation is also well spelt out under Islamic law. These methodologies are in form of policies which are implementable with a view of mitigating the socio-economic negative impacts of Covid-19 by Islamic financial institutions. These policies include:

### 1) Policy for Zakah

*Zakah* is a right which becomes due in certain types of wealth, and disbursable to specific categories of recipients. It is an in rem duty when its conditions are satisfied. It is obligatory on gold, silver, currencies, trade articles, livestock (camels, cows and goats), agricultural produce, minerals and *Rikaz* (treasures).<sup>20</sup>

The philosophy and significance of *zakat* is basically premised on redistribution of wealth which is meant to establish economic equity and social justice.<sup>21</sup> *Zakah* aims at eliminating poverty and the desire for personal accumulation at any cost and encouraging a socially orientated behavior. It aims at reducing the socio-economic differences among the people by providing support and financial help from the haves to the have-nots. It is an effective means of redistribution of wealth on a yearly basis to keep the poor happy and facilitate the attainment of full enjoyment. The major social and economic objectives of *zakah* include satisfaction of the basic economic needs of the poor, defense of the Muslim Ummah, mitigating dangerous problems such as poverty, unemployment, pandemics, catastrophes, indebtedness and inequitable income distribution.<sup>22</sup>

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<sup>19</sup> Ilyas, M. Islamic world Ethics and Corporate Social Responsibility in Business Organization Issues and Challenges. Vol. 22. Special Issue, Academy of Accounting and Financial studies Journal. 2018. P. 2.

<sup>20</sup> See Paragraph 3, AAOIFI, Shari'ah Standard No. 35 on Zakah, in AAOIFI Shariah Standards: Full Text of Shariah Standards for Islamic Financial Institutions as at December. Manama, Dar Almaiman Publication, 2015. P. 872-873.

<sup>21</sup> Afolabi, A.S. The Administration of Zakat in Lagos and Ogu State. Research on Humanities and Social Sciences. Vol. 4, No. 21, 2014, P. 75. Available: [www.iiste.org](http://www.iiste.org) Accessed on 08 Sept, 2022.

<sup>22</sup> Ahmad, D.B. Poverty Alleviation Through Zakah and Waqt Institutions: A Case for the Muslim Ummah in Ghana, 2009 P. 14. Available: <https://mpra.ub.uni-muenchen.de/231/91/> Accessed on 08 Sept, 2022.

In line with *Shari'ah* requirements, the responsibility of paying *zakah* does not only rest on the individual Muslim but also financial institutions, especially Islamic banks. IFIs also operate to fulfill the economic and social needs of *Ummah* within the confines of the Islamic faith.<sup>23</sup> Hence, under Islamic law, IFIs are expected to promote social welfare and mitigate the effects of pandemics through *zakah*, which is collected and managed on behalf of investors, shareholders and donors. The payment of *zakah* is therefore imposed by *Shari'ah* on individuals and businesses in order to lay emphasis on social responsibility in society. For instance, Jaiz bank has a special fund known as Jaiz *Zakat* and *Waqf* Trust Fund' through which it distributes *zakah* to the beneficiaries and in 2018, the bank distributed the sum of N5 million as *zakah* to the poor in Lagos.<sup>24</sup>

## 2) Policy for Waqf Management

In Arabic language the word *Waqf* or *Habs* means preventing something from movement. While in *Shari'ah* terminology, *Waqf* refers to making a property invulnerable to any disposition that leads to transfer of ownership, and donating the usufruct of that property to beneficiaries.<sup>25</sup>

The institution of *waqf* in the contemporary socio-economic set-up under Islam is as an additional source to support the program relating to poverty alleviation. The past history of *waqf* suggest that the institution can be used to mobilize additional resources for poor sections of the society to address socio-economic agenda such as; Education, Skills and Micro entrepreneurial development.<sup>26</sup>

Recently, the involvement of IFIs especially, Islamic banks in endowment activities made significant and positive impact to the society. This is because endowment provides material infrastructure

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<sup>23</sup> Zuha, S. M. et al. A Review on Zakat Payments by Islamic Banks in Malaysia. Vol. Special Issue, International Journal of Zakat. 2018. P. 71.

<sup>24</sup> See <https://m.guardian.ng/features/friday-worship/jaiz-zakat-foundation> accessed on 17th May, 2022.

<sup>25</sup> See Paragraph 2, AAOIFI, *Shari'ah Standard No. 35 on Zakah*, in AAOIFI Shariah Standards: Full Text of Shariah Standards for Islamic Financial Institutions as at December. Manama, Dar Almaiman Publication, 2015. P. 814.

<sup>26</sup> Ahmad, D.B. Poverty Alleviation Through Zakah and Waqt Institutions: A Case for the Muslim Ummah in Ghana, 2009 P. 15. Available: <https://mpra.ub.uni-muenchen.de/231/91/> Accessed on 08 Sept, 2022.

and creates a source of revenue for use in, among others, social welfare enhancing activities both at family, community and state levels.<sup>27</sup> Consequently, implementing CSR policy via managing *waqf* properties by Islamic banks is very crucial. Though this policy is recommendatory IFIs are expected to establish a *waqf* management department, put in place certain rules and regulations based on Islamic law for its management and give discounted rates and flexible terms for *waqf* investment financing.<sup>28</sup>

### 3) Policy for Qard Hasan

*Al-Qard Hasan* is an interest-free benevolence loan, which Islamic banks provide to individuals (and exceptionally to commercial clients in difficulty) for socially beneficial purposes. *Qard Hasan* is one of the social contributions that Islamic banks make to the society in which they operate.<sup>29</sup> *Qard Hasan* is a major type of loan recognized in Islam. Allah, the Most High, refers to it in the Glorious Qur'an, thus: "*Who is he that will loan to God a beautiful loan (Qard Hasan), which God will double unto his credit and multiply many times? It is God that giveth (you) Want or plenty, and to Him shall be your return.*"<sup>30</sup> *Qard hasan* is a gratuitous loan given to needy people for a fixed period without requiring the payment of interest or profit. The recipient is only required to repay the principal.<sup>31</sup> As a financial intermediary, Islamic banks (and other Islamic financial institutions) are in a special position in society to implement and encourage *qard hasan* activities both within itself and with its clients and customers. This is because Islamic banks are able to direct funds from depositors and customers and also allocate them to the needy and other vulnerable members of the society.<sup>32</sup> Certainly, *qard hasan* can be used to ameliorate the hardship

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<sup>27</sup> Dogarawa, A. B. Principles of Islamic Banking, in Shehu, U.R. (eds) Readings In Islamic Banking and Finance, Kano, Benchmark Publishers Limited. 2013, P. 68.

<sup>28</sup> Paragraph 33, AAI OFI Governance Standard for Islamic Financial Institutions, NO. 7, 'Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions' Manama, Bahrain. 2010. P. 80.

<sup>29</sup> Maali, B. et al. Social Reporting by Islamic Banks. Vol. 42, NO. 2, ABACUS. 2006. P. 275.

<sup>30</sup> Qur'an 2 V. 245

<sup>31</sup> The Glorious Qur'an and prophetic traditions encourage Muslims to give interest-free loans to the needy with lenient repayment terms and even to remit the loans by way of charity if they can afford such generosity.

<sup>32</sup> Farook, S. A Standard of Corporate Social Responsibility for Islamic Financial Institutions: A Preliminary Study, in Obaidullah, M. (eds) Islamic Finance for Micro

caused by Covid-19. It is the argument of this paper that no other social organization has the opportunity to offer special intermediation such as *qard hasan* than IFIs.

Given the importance of *qard hasan* loans, AAOIFI recommended that Islamic banks may implement a CSR policy for benevolence loan (*qard hasan*) for social reasons. Where this policy is initiated, its provisions may include matters pertaining to: sources of fund for *qard hasan* and its maintenance; types of beneficiaries of such funds and the circumstances in which loans are advanced to them; contractual enforcement measures for debtors to repay the loans as well as the write off conditions for debtors who are unable to repay the loans.<sup>33</sup>

The workings of this policy are that Islamic banks usually create an account that caters for such loans. The capital for such loans usually comes via *zakah* due from the earnings of the bank and from the customers who allowed or authorize an Islamic bank to deduct *zakah* from what they earned in the joint investment with the bank or from their deposits with the bank. Other sources of this fund include contributions, endowment and other charitable donations for the bank to distribute to the poor and needy.<sup>34</sup>

Besides granting soft loans to persons who suffers some financial setback, Islamic bank uses the funds of benevolence account to improve the general welfare of the people of the society where the bank operates in the fashion of CSR. This may involve sponsorship in education, execution of social welfare projects, provision of health services and granting aids to needy and vulnerable persons (such as internally displaced persons) in times of pandemics, disaster and the like.<sup>35</sup> Policy on *qard hasan* is a veritable tool for addressing and ameliorating the socio-economic challenges of Covid-19.

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and Medium Enterprises (Proceedings of the 1st International Conference Organized by Islamic Development Bank and the Centre for Islamic Banking, Finance and Management of Universiti Brunei Darussalam), 2008, P. 46-47. See also Taman, S. The Concept of Corporate Social Responsibility in Islam. Vol. 21, NO. 3, IND. INT'L and COMP. LAW REV. 2011. P. 505.

<sup>33</sup> Paragraph 21, AAOIFI Governance Standard for Islamic Financial Institutions, NO. 7, 'Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions' Manama, Bahrain. 2010. P. 76-77.

<sup>34</sup> Ahmad, N.A. and Mansur, I. Principles and Practice of Islamic Banking. Kano, Benchmark Publishers Ltd, 2015, P. 37-38.

<sup>35</sup> Ibid.

#### 4) Policy on Charitable Activities

Islam encourages charitable contributions and donations to those in need and less privileged members of the society. Stressing the multiple rewards of charitable activities, the Glorious Qur'an provides: *"The parable of those who spend their substance in the way of Allah is that of a grain of corn: it groweth seven ears, and each ear Hath a hundred grains. Allah giveth manifold increase to whom He pleaseth: And Allah careth for all and He knoweth all things"*<sup>36</sup>

Several verses of the Glorious Qur'an encourage Muslims to give out charity. IFIs are recommended to give charity to the full extent of their capacity. As a financial intermediary, IFIs particularly Islamic banks, are in a special position to source charitable funds, both from within and without, for deserving causes. With minimal financial outlay, Islamic banks are able to create charity accounts and fund raising drives for charity from customers and clients to complement their banking operations. This gesture will certainly enable Islamic banks to utilize their existing capacity for the benefit of society's most deserving individuals.<sup>37</sup>

It is noteworthy that Jaiz bank undertook CSR activities through its foundation called Jaiz Charity and Development. The foundation implemented the bank's CSR program such as intervention in the areas of eradicating extreme hunger and poverty, provision of education, wealth, and portable drinking water among others.<sup>38</sup> The bank had "partnered with International Institute of Islamic Banking and Finance (IIIBF), Bayero University, Kano in organizing 2018 Global Money Week. The focus of the program was training 100 women in SME's as well as panel discussions involving 250 students from 25 secondary schools. The bank also donated educational materials for school kids during the Children's Day Celebration.

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<sup>36</sup> Qur'an 2 V. 261

<sup>37</sup> Farook, S. A Standard of Corporate Social Responsibility for Islamic Financial Institutions: A Preliminary Study, in Obaidullah, M. (eds) Islamic Finance for Micro and Medium Enterprises (Proceedings of the 1st International Conference Organized by Islamic Development Bank and the Centre for Islamic Banking, Finance and Management of Universiti Brunei Darussalam), 2008, P. 50.

<sup>38</sup> Jaiz Charity and Development Foundation: About Us. Available: <http://jaiz.foundation.org.ng/index.php/?route=> accessed on 28 February, 2022.

Similarly, as an immediate response to the Covid-19 pandemic, the Islamic Development Bank Group committed up to USD 2.3 billion funding package to be extended to its Member Countries in support of country efforts to fight against the pandemic and to address the adverse effects on their economies. The program envisages a holistic approach in the short-, medium- and long-term, accommodating priorities beyond the health sector, considering that the Covid-19 pandemic has not only affected the health of the people but their means of livelihood, resulting to loss of income and other challenges earlier highlighted. In order to streamline the support at different stages of the response capacity and recovery trajectory, the package consists of a Respond, Restore & Restart program, economic empowerment, and partnership development.<sup>39</sup>

#### **5) Policy for Micro and Small Business and Social Savings and Investments**

One of the key principles of Islam in achieving its ideal of redistributive justice is supporting and empowering the weak. Many verses of the Qur'an enjoin Muslim to assist of the weak (in education, economic, family affairs). This injunction can be easily achieved through economic empowerment of family units in the lowest echelons of society. Micro and medium sized business can usually be run by such families if given the appropriate seed capital to initiate business. Islamic banks can also make profitable divisions serving this class of clients.<sup>40</sup> It is recommended that Islamic banks and even wealthy members of the society should give priority in their investments to areas that help in solving the problems of the society. This can be achieved by implementing policy to assist micro and small business and social savings and investments. The policy should include among other things social savings for marriages, community-based programs

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<sup>39</sup> Islamic Development Bank. The Covid-19 Crisis and Islamic Finance: Response of the Islamic Development Bank Group. Discussion Draft. 2020. P. 36.

<sup>40</sup> Farook, S. A Standard of Corporate Social Responsibility for Islamic Financial Institutions : A Preliminary Study, in Obaidullah, M. (eds) Islamic Finance for Micro and Medium Enterprises (Proceedings of the 1st International Conference Organized by Islamic Development Bank and the Centre for Islamic Banking, Finance and Management of Universiti Brunei Darussalam), 2008, P. 49.

and children's education.<sup>41</sup> This gesture will greatly assist members of the society that are negatively affected by the vagaries of Covid-19.

#### 4.0 CONCLUSION AND RECOMMENDATION

From the foregoing, the paper traced the origin of Covid-19 and highlighted some of its devastating socio-economic consequences. The paper argued that Corporate Social Responsibility (CSR) is one of the mechanisms of striking balance between members of the society and a means of distribution of resources from the rich to the poor/less privileged. Similarly, Islamic law has a more robust regime on CSR as a tool for ameliorating the negative effects of Covid-19. This can better be achieved by the engagement of Islamic Financial Institutions (IFIs). Islamic banks, which usually control large funds, are therefore expected to participate in providing such charitable donations. Islamic society and the stakeholders of the bank should know about the bank's contribution to the wellbeing of society, by helping the poor and needy. It is argued that charitable activities can best be implemented by IFIs through some identified policies such as *zakah*, *waqf*, *qard hasan*, charitable ventures and the assistance of small and medium scale Enterprises. The paper recommends the implementation of these policies by establishing charity fund and the need for the creation of avenues for voluntary donations, creation of trust foundation and other means by which accumulated charity may be fairly distributed. The paper therefore recommends for an enactment of viable laws that will mandate the conduct of CSR by all IFIs in Nigeria and mandate such institutions to engage in more CSR that will positively impact the society and alleviate the sufferings caused by Covid-19.

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<sup>41</sup> Paragraph 31, AAI OFI Governance Standard for Islamic Financial Institutions, NO. 7, 'Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions' Manama, Bahrain. 2010. P. 79.