



Islamic microfinance in Muslim majority countries case study of Jabal Al-Hoss - Syrian Arab Republic

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Abstract

This study aims to analyze a controversial case in Islamic microfinance in the Arab Muslim Majority country of Syria. This case was described as a remarkable experience that built a socially embedded and community based model in Syria. As microfinance sector in Syria is still in its beginnings, studying the first Syrian experience in this field could be interesting especially because that many researches considered it as a successful and even an exotic case. This case-study is concerned with the experience of Rural community Development Program in Jabal Al-Hoss or (RCDP in Jabal Al-Hoss) project that has been working in the one of the poorest Syrian regions for ten years till the date of this research. (RCDP in Jabal Al-Hoss) was studied in many papers and was suggested to be the ideal model that is worth replication all around the country and even the region of Middle East and North Africa (MENA). This study endeavors to investigate the key factors behind the sound described successful model that was implemented in (RCDP in Jabal Al-Hoss) mainly in the two aspects of Islamic microfinance and (CMLF) model. Studying the case of (RCDP in Jabal Al-Hoss) can enlighten many important issues in microfinance starting from the point of working with the poorest, building a CMLF model and applying an equity-share methodology, following an Islamic approach, and finishing with being supported from donors and then from the government. The questions of this paper are designed in order to try to answer to the mentioned points.

The research is conducted as an exploratory practice-oriented single case study. It uses observation and different types of interviews as research methods. The research adapts exploratory interpretivism (phenomenology) as its comprehensive philosophy; however, the reasoning of this research is inductive as it starts with observation, building patterns until reaching the tentative hypothesis. The qualitative approach was used in accordance with the interpretive philosophy.

Main results of the study could be summarized in the following points: firstly, (RCDP in Jabal Al-Hoss) didn't consider the Islamic approach as an ideology for the institution, however, it followed the approach having in mind the importance of at least not excluding any of the poor villagers in the region. The implemented CMLF model as well guarantees more effective communication and commitment with the local community. The extreme poverty in the region, the lack of entrepreneurial opportunities and the high risks inhered in any of the existed activities, adding to that the illiteracy and isolation of the local community in Jabal Al-Hoss, all of that make any success, even if small, remarkable and being worth studying and learning from.

Secondly, regarding the management of (RCDP in Jabal Al-Hoss), it should be highlighted that the two management teams which each of them ran the project for almost five years played important roles in the project's life. The dereference in management mentalities harmed the project as it added to its various difficulties a confusion in embedding deeply in a very poor community.

Finally and beside the importance of understanding the culture of the community as clarified previously, the role of the management should be studied in the context of the roles of other involved parties in running (RCDP in Jabal Al-Hoss). The lack of experience in the field of microfinance in Syria, the unclear view of the governmental role in development, in addition to absence of coordination between the different parties that were involved and effective in directing the institution in Jabal Al-Hoss. All of the mentioned factors weakened the project and made its success doubtful.