

MICRO-CREDIT PROGRAMME AND POVERTY ALLEVIATION IN RURAL NIGERIA: A CASE STUDY OF AKWA IBOM STATE

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ABSTRACT

Micro-lending schemes have emerged as a means of guaranteeing access to credit for the poor through a financial intermediation strategy that is responsive to their socio-economic realities. This paper investigates micro-credit scheme and its impact on rural poverty, using of a lending scheme operated by a local NGO in Akwa Ibom State as a case study. Drawing upon qualitative data collected through in-depth personal and group interviews with beneficiaries of the scheme, the paper examines the scope of micro credit programs for reducing poverty, the constraints facing credit schemes and how they may be addressed. The findings showed among others that micro-credit schemes present enormous potentials for enhancing income generation; improving household's living condition and reducing abject poverty in rural areas. Therefore, gendering credit programmes, integrating social collateral and shared liability principles, training beneficiaries on small business management and building the capacity of program staff as measures for improving efficiency were recommended.

Keywords: *Micro-credit, Poverty, Reduction, Rural, Nigeria*

INTRODUCTION

The concept of poverty reduction has gained topicality in development discourse against a background of the growing concern with high levels of poverty in many countries of the third world. Emerging debate posits that empowering the private sector to take its place as the prime mover of the economy holds the key to accelerating economic development and reducing poverty. As part of its National Economic Empowerment and Development Strategy (NEEDS), the Government of Nigeria has sought to strengthen and support the private sector towards improved efficiency and productivity (NPC, 2004), in line with its commitment to engendering sustainable economic growth and general improvement in the quality of life of the Nigerian people. As a strategy for achieving the above, the government provides financial services to small and medium scale enterprises mostly through Commercial Banks. However, poor people, especially rural dwellers, have very limited access to

the financial services provided by commercial banks due to the disparities between their needs and concerns and the procedures of the banks (Izugbara, 2004; Olomola n.d.; Kabee, 1999). Historically, access to credit for the Nigerian rural poor was problematized by incorrect pacing and sequencing of financial system reforms during the initial years of the reforms (Soyibo, 1996). The financial crises that resulted from these reforms, the reversals in several policy measures and general instability in the political and economic environments had very adverse impact on the functioning of the financial system, including difficulty in obtaining credits for poor credit users (Tomori et al., 2005).

The formal banking system still faces constraints in reaching dispersed poor clients due to lack of improved service infrastructure. Similarly, formal lending is highly collateralized and attracts very high interest rates. Collateral requirements help formal institutions in determining the credit worthiness of potential borrowers, since they often know very little about would-be borrowers. But they make financial services inaccessible to the poor. Improved access to credit for the rural poor is central to sustainable poverty alleviation because it enables them to invest in and improve productivity in agriculture, small businesses and small-scale manufacturing, thereby empowering them to break out of poverty in a sustained and self-determined way. Guaranteeing rural people's access to credit for meaningful economic activities require specific financial service schemes that mobilize savings and intermediate financial services.

Micro-credit schemes emerged to fill this gap in the financial service delivery system. Modeled after the Grameen Bank poverty reduction initiatives in Bangladesh, micro-credit schemes mediate the delivery of small, low interest and non-collateralized credits to the rural poor, relying on social collateral and joint liability (Aryeteey, 1995; 2005; Olomola, 2000). This aimed at discussing the impact of micro-credit scheme on rural poverty and the factors constraining their effectiveness in Akwa Ibom State, Nigeria.

METHODOLOGY

The research design for this study is survey. The paper derives from fieldwork involving beneficiaries and managers of one of the largest micro-credit schemes in Akwa Ibom State (Organization for Youth Development). The field work, which lasted between July 2007 and April 2008, relied on qualitative methods of data collection and analysis. Both primary and secondary data were used. Primary data were gathered through in-depth, open-ended interviews with beneficiaries and key informants (credit scheme managers). The fieldwork took place in the Local Government Areas (LGAs) where beneficiaries of the credit schemes were drawn, which spreads across the three geo-political zones of the state² namely; Uyo, Ikot Ekpene and Eket. Under Uyo geo-political zone, field work took place in Uyo, Ibiono Ibom and Ibesikpo Asutan Local Government Areas, where 2 communities with

beneficiaries were purposively selected from each of the 3 LGAs. In Ikot Ekpene geo-political zone, Ikot Ekpene, Abak and Atim Ekpo LGAs were selected; 2 communities were selected purposively from each of the 3 LGAs. Then in Eket geo-political zone, fieldwork took place in Oron, Mbo and Onna LGAs; in 2 purposively selected benefiting communities from each of the 3 LGAs. In each of these sites, in-depth personal interviews were conducted with a minimum of 13 beneficiaries. The total number of beneficiaries surveyed was 329 (male [39.5%] and female [60.4%]). Interviews with beneficiaries focused on: their livelihood conditions; the socio-economic activities they engage in; credit management, including savings, record keeping and repayment, and; the impact of credit on their income, living conditions and social status.

Key informant interviews were also conducted with 9 managers of the scheme in their office in Uyo. The interviews sought information on the demand for credit in rural areas; beneficiaries' credit behaviour; problem of payment, and; the factors constraining the efficiency of the scheme. The choice of key informants and in-depth personal interviews was informed by the desire to focus on individual case studies and to gain an overview of the performance of micro-credit schemes in rural contexts. Primary data were complemented by secondary data tapped from archival materials, particularly official documents of the credit program obtained from the organization's office.

Content and thematic methods of qualitative data analysis, yielded a rich body of qualitative data, which could afford multiple thematizations was employed data analysis. The analysis involved, identifying and formulating all ideas and themes relating to the research objectives; interpreting the themes and ideas identified, and; developing integrative memos to synthesize the themes and ideas identified into a coherent database for examining micro-credit scheme and its impact on the livelihood of beneficiaries.

RESULTS AND DISCUSSION

Poverty in Rural Nigeria: Nigeria is reckoned the giant of Africa because of the sheer size of her population, which approximates 140 million persons (NPC, 2006). About 53% of Nigeria's population resides in rural areas, which is characterized by limited access to social services and infrastructures such as drinking water, electricity supply, decent accommodation, well-equipped schools, motor-able roads and modern healthcare facilities. Despite its abundant human and natural resource endowments, poverty is widespread in Nigeria. Several surveys have established that majority of Nigerian people live below the national poverty line and possess little or no formal education, land and other resources with which to earn a decent living and extricate themselves from the vicious grip of poverty. Adepaju (n. d.) observes that a large number of Nigerian people suffer deprivations of adequate health care services, shelter and remunerable jobs. The incidence, depth and severity of poverty in Nigeria have

seriously undermined the capacity of the extended family to serve as a safety net. Poverty in Nigeria is more austere in the rural areas. The bulk of the rural populace lives in abject poverty. They rely on agriculture for food and income. Rural farmers provide about 90% of the country's food from rain-fed agricultural system. The majority of these farmers (estimates says 44% of male and 72% of female [IFAD, 2004]) cultivate small plots of land not exceeding 1 hectare. Yet hunger, malnutrition and illnesses are wide-spread among rural farmers. Majority of these farmers have been stricken down by HIV/AIDS.

Women and female headed households are the poorest and the most marginalized in rural Nigeria (Alarape, 1992; Udoh, 1995). This is due to the low status of women in Nigerian societies, lack of formal education and access to socio-economic resources such as land for agriculture and capital for income generating activities. Rural women suffer socio-economic marginalization and abject poverty. They perform bulk of the tasks involved in food production and processing. They are also highly represented in various sectors of the rural economy, from farming to informal sector activities. Most rural female farmers have limited access to agricultural inputs and micro-credit to enhance their productivity and income (UNDP, 1998). Poverty defines a general condition of deprivation involving inability to meet one's basic needs such as food, shelter, water sanitation and health care. It results from various factors that interact with and reinforce each other in ways that deepen the precarious living conditions of the poor. For several years, successive governments in Nigeria concentrated development programs and activities in the urban sector, neglecting the rural areas (Olaniyan, 2000). This pattern of development, aptly labeled 'enclave development' (cf. Ake, 1982), has fed and sustained deep inequalities between the urban and rural sector, producing a low income, capital-starved rural sector and a capital intensive, high income urban sector. Therefore, the challenge facing the Nigerian government is that of building sustainable mechanisms that will support the development of human capital and providing financial services that will enable the rural poor to participate in the national economy and lift themselves out of poverty in a sustainable manner.

Micro Credit & Poverty Reduction: Micro-finance is a very viable strategy for ameliorating the inadequacies of the formal lending system and guaranteeing access to credits for the rural poor through a financial intermediation option that is responsive to their livelihood conditions. It emerged in response to the irrepressible desire of the rural poor to improve their conditions and to meet the basic needs of their households. In the face of limited opportunity for employment in the wage labour market, the bulk of the rural poor survive by creating work and sourcing income for the betterment of themselves and their families where no job existed. Self-employed rural poor population comprises about 60% of the labour force of developing countries (Micro-Credit Declaration, 1996).

Despite their large number, the rural poor are the least recognized group of borrowers by formal financial institutions. Studies (Olomola, 2004; Izugbara, 2004;

Iheduru, 2002; Akanji, 2004) indicate that the effort of the rural poor to improve their condition by accessing and utilizing small credits is largely ignored by the formal financial system.

The specific factors constraining the rural poor from accessing small credits from formal institutions include: lack of material and other asset-based collateral; high interest rate on credits; complex procedures for accessing credit (including a formidable amount of paper work that is beyond the capacity of a largely illiterate and semi-illiterate borrowers), the unwillingness of most formal institutions to incur the set-up costs involved in reaching a dispersed (rural) poor clientele due to the risk analysis and lack of familiarity with the rural poor (Aryeetey, 2005). Taken together, these bottlenecks pose a formidable obstacle to the effort of the rural poor to obtain credit for income generating activities. Since they are not recognized as credit-worthy or perceived as a profitable market for credit, the (rural) poor are forced to turn to traditional money lenders, who may charge rates as high as 10% per day.

Emerging literature supports the argument that the poor can engage in meaningful income generating activities if they have access to subsidized credit and proper guidance on small business management. Iheduru (2002) contended that the poor possess the capacity to use credit facilities for productive purposes and to gradually incorporate themselves into the financial market, repaying the loans and accumulating savings. These and other arguments counter popular misperceptions about the rural poor. The challenge is not the lack of credit worthiness of the rural poor but the absence of financial intermediation mechanism that is adaptable to their concerns.

Against this background, micro-credit scheme has been designed to engage the economic potentials of the rural poor towards poverty reduction and sustainable economic empowerment. It provides financial services to the poor, who are traditionally not served by conventional financial institutions. Micro-credit schemes are distinguishable from the formal financial system by three essential features, which are: (1) the small size of the loan provided and the savings collected; (2) the absence of asset-based collateral and; (3) simplicity of operations (CBN, 2005).

Micro-credit schemes extend small, low interest loans to the rural poor for self-employment, income generation and poverty alleviation. Development scholars (Umoh, 1997; Odejide, 1997) view it as a veritable strategy for poverty reduction and sustainable development. As a unique development intervention, micro-credit provides access to flexible, convenient and affordable financial services that empower and equip the poor to make their own choices and create wealth for themselves (Littlefield, Morduch and Hashemi, 2003). Its services can be reached by both the poor and the extremely poor, and it allows the poor to protect, diversify and increase their sources of income (Aryeetey, 2005).

There is evidence in the literature to support the argument that micro-credit schemes have made significant contribution to the global effort to reduce poverty, as enshrined, for instance, in the UN Millennium Development Goals (MDGs). By

giving the poor access to small credit, which enables them to take advantage of business opportunities, provide the basic needs of their household and lead a decent life, micro-credit empowers the poor to extricate themselves and their households from the grip of poverty. Zaman (2004) pointed out that micro-credit schemes enable the poor to increase their household income, build assets and reduce their vulnerability to daily life crises. It also bolsters investment in children's education; improve nutrition and utilization of appropriate healthcare services as well as planning for the future. Improved sanitation, child immunization and utilization of modern contraceptives by women have also been associated with micro-credit (Zaman, 2004). Even women's decision making capacity, marital stability, control over resources and personal mobility is shown to have been positively impacted by micro-credit loans (CGAD, 2004). Micro-credit schemes simply intermediate and link the poor to financial services, either from donor agencies, the government or the formal financial system.

It may be structured as a multi-functional system that provides both social and financial intermediation services to the rural poor or as an alternative financial institution, usually an NGO, providing social intermediation service by linking the organized poor to a mainstream institution that delivers the financial intermediation services. Whereas the former stresses establishing small mutual guarantee self-help groups such as Osusu, Ajoarisam and Dhikfi (Seibel, 1990), the latter emphasis creating local financial structures with autonomy in loan decisions and management (for example, the village bank system).

Where the objective is to evolve a large-scale social organization capable of creating collective asset and delivering technical, financial and social services, a saving and credit cooperative society of the community based development organization type is the result². All these, however depends on the institutional vision, organizational model and service mix of the outfit (Aryeetey, 2005). As credit-focused systems, micro-credit schemes seek to provide credits to low income clients, such as the rural poor. They play down on profiteering, while developing and perfecting innovative and efficient methods for providing and recovering small, low interest and non-collateralized credits. Little wonder that a large number of rural borrowers rely on micro-finance institutions to serve their credit needs. As Olomola (2004) noted, this is not unconnected with their low informational and transaction costs, timeliness and simplicity of operation as well as their accessibility to the rural poor.

The Case Study

Organization for Youth Development (OFYD)³ is a Community Based Organization (CBO) in Uyo, Akwa Ibom State of Nigeria. Established in 1995, OFYD's central objective is the empowerment of youths, women and the poor through activities that build self-reliance, develop human and material resources and improve their living conditions (OFYD, The Constitution, 2001). The programmatic focus of the organization includes poverty reduction, youth and women empowerment, health/HIV/AIDS intervention as well as housing and entrepreneurial development. As

part of its poverty reduction activities, OFYD provides small, low interest credits to groups of rural farmers, traders and small-scale business people. OFYD is registered with the state and Federal Government and has about 136 groups registered under it. The organization has established many agricultural projects such as cassava and palm oil processing mill, poultry farm, piggery and pineapple plantation to create employment for rural youths and to contribute to the development of local communities in the state in partnership with host communities.

OFYD started as a co-operative or self-help group with 9 members groups, who were mostly low income groups of farmers, petty traders and small-scale entrepreneurs. The forum was established in order to meet the needs of the members for co-operation in economic activities, self help, savings and access to credit. It was essentially a financial association popularly known in Ibibio language as Osusu or Etibi (Mr. John, 2008; key informant interviews). Owing largely to its popularity in promoting savings and securing credit for its members, the association grew in membership within a period of few years. This led to the registration of the group as a Community Based Organization (CBO) and the evolution of administrative structures in the form of executive members.

With the formalization of the group came increased access to credit facilities from formal financial institutions such as commercial banks, community banks and intermediary NGOs. Credit facilities are disbursed to members on a re-cycling basis. The most recent credit facility obtained by the organization came from Community Development Foundation (CDF), an intermediary NGO based in Abuja, the capital territory of Nigeria. The facility, which is put at six million naira (N6,000,000.00) was distributed to 100 beneficiaries (groups) spread across the 3 geopolitical zones of the state at an average credit size of one hundred thousand naira per group at 3% interest rate (OFYD: Letter to CDF, File No 37, March, 2006).

The Impact of Credit Scheme on Rural Poverty: Beneficiaries' Narratives

The credit scheme has contributed significantly to improvement in the livelihood of the beneficiaries and their households. Information gathered during fieldwork provides sound support for this assertion. The credits were used by the beneficiaries to augment their capital base, and this enabled them to increase the scope of their businesses. For instance, traders, especially crayfish, dried fish, garri and palm oil dealers, utilized the credit they obtained to increase their profit margin by 'reducing the cost of transportation and increasing the percentage of discount obtained on purchases' (Anonymous Beneficiary; 2007; Personal Interviews). Furthermore, increase in the amount of goods purchased per time enabled these traders to reduce the prices of their goods and increase the rate of sales within a period of time. One of the beneficiaries told us:

This money has really helped me in my small business. Before I got it, I used to buy 2 to 3 bags of garri. But now I buy as much as 10 bags... I spend the same amount of money on transport for many bags of garri as I use to

do on a few. My profit has increased even though garri is not a very lucrative business. It (credit) has really helped... (Anonymous garri dealer interviewed during fieldwork, 2007).

Farmers used the credit to procure agricultural inputs such as fertilizer, seedlings, farm implements and food processing equipments. This resulted in increased productivity and more income for them.

Access to credit has also enabled the beneficiaries to diversify their economic activities and optimize their gains. For instance, some of the traders we interviewed reported that with the help of the loan they got they can now buy and sell more than one type of good. Some of the traders, who dealt only in food stuff before now, reported that they've also ventured into the non-food stuff market, such as cloths and cosmetics. Similarly, farmers, who were into land cultivation, now operate fisheries and poultry farms.

The credit scheme has also impacted positively on the savings of some of the beneficiaries. Interview accounts reveal that some of the traders now save up to two thousand three hundred naira (N2,300.00) monthly. Anecdotal evidence suggests that some of the beneficiaries, who have made savings consistently for the past 2 years they have benefited from the credit scheme, have accumulated sufficient savings to offer small loans to their relatives in financial crises. Generally, emerging evidence points to improvement in the income of beneficiaries of the scheme. Increase in beneficiaries' income translates into improvement in the living conditions of their households. In concrete terms, this improvement is evident in school enrollment for children, food and clothing for the family, access to decent accommodation and utilization of health care services. Beneficiaries were full of praise for their credit program and their providers. They reported that the scheme has "wiped tears from their eyes", "given them a standing among their mates", "helped them to really do business", and "helped their households come out of poverty". A beneficiary captured these sentiments thus:

I am very happy that they brought this program to us. You know we are villagers and government has neglected us. But they have decided to help us with loans to improve our business. Now we can make enough money to pay our children's school fees and provide food for our family (A male beneficiary interviewed during fieldwork, 2007)

However, the credit scheme has not been without constraints. Evidence emerging from our fieldwork indicates that a number of factors currently beleaguer the program and constrain its potentials for sustainable poverty reduction in these rural communities. A critical examination of these constraints will highlight lessons for improving micro-credit schemes in rural Nigeria.

Constraints on Micro-Credit Scheme

Aryeetey (2005) has noted that most micro-credit programs in the developing world are hampered by constraints, including limited loan portfolio, administrative problems, lack of proper co-ordination of activities and problems associated with

loans and interest repayment. The credit scheme managed by OFYD is not an exception to this rule. Although, the scheme has made a difference in the lives of benefiting rural households, it is also fraught with a number of setbacks. Among these constraints, problems with repayment of credit and interest are the most prominent. The rate of repayment has been very slow as to render the scheme inefficient. Key managers of the program, including program officers, monitoring and evaluation officers and credit recovering team members, pointed out that most of the beneficiaries pay their monthly loan funds several weeks or months after the date they are supposed to remit.

They further observed that even the interest due to the organization, which goes into administrative cost and payment of lender's interest, are also tied down by the majority of beneficiaries. In some cases, resort has been made to litigation as a way of obtaining repayments. Such drastic measures, however, further compounds the problem (Mr. Tony, 2008; key informant interview). The problem of repayment of loan funds and interests arise from a number of factors, which together constitute corks in the wheel of the scheme's progress. These factors include the perception that credits are rural people's share of government's revenue allocation (as noted, for instance, in the comment of the beneficiary quoted earlier). One of the program officers told us that:

Since they see the loan we give them as their share of government revenue, some of the beneficiaries do not take the demand for repayment of loans seriously, much less interest repayment; they regard this as a way of ensuring that they use the funds properly and not squander it (Mrs. Ben, 2007; key informant interview).

Unfortunately, this deeply embedded cultural attitude towards credit program has been very impervious to change, despite effort to educate beneficiaries on the need to make remittance. Poor savings culture of beneficiaries poses another formidable constraint to micro-credit schemes. Most beneficiaries find savings a very difficult practice to imbibe⁴. They spend most of their income on household food, children's education and on the acquisition or redemption of leased lands (Anonymous Beneficiary, 2008).

Furthermore, some beneficiaries consider their income too small to be saved away. Thus, in the face of pressing economic challenges such as feeding, they consider spending the funds to address these needs a rational decision. The value that rural people bestow on feeding, children's well-being, and land makes saving a secondary consideration. As a result, they often lack the funds to make repayments for credit obtained. This trajectory furnishes insight into the specific ways in which socio-cultural values and attitudes influence the use of credits by rural people.

Another constraint on micro-credit schemes in rural areas is poor financial record keeping among rural credit beneficiaries. Fieldwork evidence shows that majority of the beneficiaries of the scheme lacked proper record of their daily financial transactions. This problem was factored largely on their low educational level (that

is, their inability to read and write). Even those who enlisted the help of their educated children in record keeping did not have a consistent and comprehensive record of their transactions. Lack of financial record made it difficult for them to track cash flow in the business. As a result, most beneficiaries had a very difficult time separating profit from capital and allocating funds for repayment. It also affected their capacity to maximize the potentials of the credit they had received. Most of the beneficiaries measured their gains from the credit based on material assets such as land, school fees and household items and not on profit margin of the savings accumulated. Low literacy status and poor record keeping practices seriously restrict beneficiaries' capacity to benefit optimally from credits. It also hindered the smooth operation of the credit scheme by making loan and interest recovery difficult.

Credit abuse due to the diversion of the money to other ventures other than what it was meant for (which is a practice common among male beneficiaries) is another critical set back on micro-credit schemes in rural areas. It was reported that some beneficiaries used credit funds to renovate or complete their houses, purchase a land or fund litigation to reclaim disputed lands. Others spent it to organize traditional marriages and child naming ceremonies. Still other beneficiaries used it to start an unapproved, capital intensive business, and abandoned it mid-way without recovering the loans.⁵ The tendency among rural small scale entrepreneurs to use small credit loans to finance large-scale businesses reveals a lack of commitment to growing a business venture gradually. They want to build the proverbial Rome in a day. On the other hand, it indicates that most rural beneficiaries lack requisite business management skills. Evidence from micro-finance programs in different developing countries support the argument that limited capacity and lack of management skills is the reason behind the failure of most credit-financed businesses. The lack of business management skills among credit beneficiaries' manifest two traits: 'start big mentality' and 'uncalculated investments'. The outcome of this is avoidable waste of credit funds.

They are also some institutional constraints facing the credit scheme. These include limited credit portfolio, perceived high interest rate on credit and limited capacity of staffs in managing the scheme. Taken together, these factors threaten to plunge the micro-credit scheme into the maze of inefficiency.

Addressing Challenges to the Efficiency of Credit Scheme

It has been observed that the structure of a micro-finance institution emerges in response to changes in the larger socio-economic and political contexts within which they operate and the characteristics and composition of the group they serve. This is true of OFYD as a micro-credit organization. In response to the constraints impinging on its operations, OFYD has evolved various coping strategies. As part of its strategies OFYD now disburse loans only to women groups in rural communities. The rationale for adopting this approach is that women beneficiaries of the scheme consistently had higher repayment rates than their men counterpart.

Furthermore, improvement in women's income is usually felt in the improvement of the living condition of their households. The organization has also adopted a group guarantee mechanism based on collective liability⁶ as basis for awarding credit. As noted by Olomola (2000), the principle of shared liability implies that all group members are treated as defaulters if any member fails to repay her loan. This strategy insures the scheme against risk of default and increases the rates of repayment. To further mitigate the problems they face in providing credit to rural borrowers, OFYD provides extra-financial services such as training on small business management to inculcate basic business skills in the beneficiaries so they can better manage their businesses maximize profit and make remittance appropriately. Furthermore, the organization undertakes to educate would-be beneficiaries on the importance of loans repayment to the sustainability of the scheme. It also seeks to increase the skills of its staff through internal training and skill building workshops. However, the problem of interest rates and inadequate loan facility has not still been satisfactorily resolved.

CONCLUSION AND POLICY REFLECTIONS

In this study, the potentials of micro-credit schemes for poverty reduction and the constraints facing them has been examined, using Organization for Youth Development's Micro-credit Program in Akwa Ibom State as a case study. As demonstrated by information gathered during fieldwork, micro-credit presents critical scope for improving rural people's income, bolstering their economic activities and making significant difference in the living conditions of rural households. The efficiency and sustainability of these schemes as a poverty reduction strategy are, however, constrained by low rates of loan and interest repayments, poor savings culture of beneficiaries, lack of proper financial record keeping, beneficiaries low literacy status, diversion of credit funds to ill-advised ventures and resultant loss of loan funds, as well as organizational challenges. To address these problems, OFYD has devised such strategies as giving loans to women groups only; using social collateral and joint liability to guarantee repayment; providing business management skills development services, and training of staffs.

A number of important lessons may be gleaned from this case study to improve micro-finance policies and programs targeting poor borrowers in rural Nigeria. Firstly, micro-credit schemes should focus more on women, especially those who reside in rural communities. This recommendation is made on the grounds that women's credit performance in terms of funds management, savings and repayment increases the efficiency of micro-credit schemes and their economic empowerment usually translates into improvement of poor rural households and communities.

Secondly, the design of micro-credit programs must be sensitive and responsive to the socio-cultural realities of rural people. This implies that credit schemes must privilege and provide for the specific concerns of the rural populace, including their low literacy level, poor living condition, and cultural attitude towards savings. Addressing these concerns, through the provision of basic reading, writing

and arithmetic training and sustained attitudinal re-orientation, is key to increasing the efficiency of micro-credit programs, empowering rural people economically and reducing the level of poverty in the rural sector. Thirdly, micro-credit programs should be built upon the social structures of local communities and should harness such critical resources as social capital, social collateral, shared liability and enforceable trust to raise the stakes and ultimately guarantee their efficiency and sustainability. Finally, micro-credit programs should be adequately financed, either by the government or with funding from international donor agencies, in order to meet the rising demand for credit by the rural poor and to address the problem of interest rates, which makes credit inappropriate for the poor.

NOTES

1. The National Economic Empowerment and Development Strategy (NEEDs) were launched in 2003 under the leadership of President Olusegun Obasanjo. The strategy was designed to consolidate political stability, democratic governance and socio-economic development achieved within the previous years and to lay a solid foundation for sustainable poverty reduction, employment generation, wealth creation and value reorientation.
2. Akwa Ibom State is divided into 3 geo-political zones, referred to in Nigerian political parlance as senatorial districts. The zones form the basis of government revenue allocation, distribution of political appointments and development projects.
3. In Nigeria, Micro-credit schemes, driven by community Bank, NGOs and other informal financial systems serve the credit needs of 65% of the population, consisting largely of poor and marginalized rural dwellers.
4. Observers of rural life have aptly noted that squandering money is a cultural habit among most poor rural dwellers.
5. During fieldwork, we gathered that one of the beneficiaries used the credit funds of twenty five thousand naira to finance the development of a local gin production factory. He only went as far as clearing the site and procuring a couple of equipment. According to the Program Officer Mr. John, the fellow in question is one of the few beneficiaries that the organization has charged to court.
6. This mechanism is often referred to as 'social collateral' in the micro finance literature

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